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This announcement is for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for securities, nor is it calculated to invite any such invitation or offer.

The securities referred to herein have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the “U.S. Securities Act”) and may not be offered or sold in the United States absent registration or an applicable exemption from the registration requirements of the U.S. Securities Act. No public offering of the securities referred to herein will be made in the United States.

This announcement and the listing document referred to herein have been published and are for information purposes only as required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and do not constitute an offer to sell or acquire or the solicitation of an offer to buy any securities. Neither this announcement nor anything referred to herein (including the listing document) forms the basis for any contract or commitment whatsoever. For the avoidance of doubt, the publication of this announcement and the listing document referred to herein shall not be deemed to be an offer of securities made pursuant to a prospectus issued by or on behalf of the Issuer and the Guarantor (each as defined below) for the purposes of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong nor shall it constitute an advertisement, invitation or document containing an invitation to the public to enter into or offer to enter into an agreement to acquire, dispose of, subscribe for or underwrite securities for the purposes of the Securities and Futures Ordinance (Cap. 571) of Hong Kong.

Notice to Hong Kong investors: The Issuer and the Guarantor confirm that the Notes (as defined below) are intended for purchase by professional investors (as defined in Chapter 37 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited) only and are listed on The Stock Exchange of Hong Kong Limited on that basis. Accordingly, the Issuer and the Guarantor confirm that the Notes are not appropriate as an investment for retail investors in Hong Kong. Investors should carefully consider the risks involved.

PUBLICATION OF OFFERING CIRCULAR ON
THE STOCK EXCHANGE OF HONG KONG LIMITED
PCGI Intermediate Holdings (III) Limited (the “Issuer”)
(incorporated with limited liability under the laws of the Cayman Islands)
U.S.\$225,000,000 4.50 per cent. Guaranteed Notes due 2026 (the “Notes”)
(Stock Code: 40810)
unconditionally and irrevocably guaranteed by
PCGI Holdings Limited (the “Guarantor”)
(incorporated with limited liability under the laws of the Cayman Islands)

Joint Global Coordinators, Joint Lead Managers and Joint Bookrunners

HSBC

Credit Suisse

DBS Bank Ltd.

J.P. Morgan

SMBC Nikko

**Standard
Chartered Bank**

This announcement is issued pursuant to Rule 37.39A of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

Reference is made to the notice of listing of the Notes on The Stock Exchange of Hong Kong Limited dated 23 August 2021 published by the Issuer.

Please refer to the offering circular relating to the Notes dated 16 August 2021 (the “**Offering Circular**”) appended herein in relation to the issuance of the Notes. As disclosed in the Offering Circular, the Notes are intended for purchase by professional investors (as defined in Chapter 37 of the Listing Rules) only and have been listed on The Stock Exchange of Hong Kong Limited on that basis.

The Offering Circular does not constitute a prospectus, notice, circular, brochure or advertisement offering to sell any securities to the public in any jurisdiction, nor is it an invitation to the public to make offers to subscribe for or purchase any securities, nor is it circulated to invite offers by the public to subscribe for or purchase any securities.

Hong Kong, 24 August 2021

As at the date of this announcement, the directors of the Issuer are Mr. Lim Beng Jin and Ms. Naomi Tofukuji.

As at the date of this announcement, the directors of the Guarantor are Ms. Naomi Tofukuji and Mr. Peter Anthony Allen.

APPENDIX – OFFERING CIRCULAR DATED 16 AUGUST 2021

IMPORTANT NOTICE

NOT FOR DISTRIBUTION TO ANY PERSON OR ADDRESS IN THE UNITED STATES.

IMPORTANT: You must read the following before continuing. The following applies to the offering circular (the “**Offering Circular**”) following this page, and you are therefore advised to read this carefully before reading, accessing or making any other use of the Offering Circular. In accessing the Offering Circular, you agree to be bound by the following terms and conditions, including any modifications to them any time you receive any information from us as a result of such access. The terms “United States”, “directed selling efforts” and “offshore transaction” shall have the same meaning as in Regulation S of the U.S. Securities Act of 1933, as amended (the “**Securities Act**”).

NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN OFFER OF SECURITIES FOR SALE IN THE UNITED STATES OR ANY OTHER JURISDICTION WHERE IT IS UNLAWFUL TO DO SO.

THE SECURITIES HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE SECURITIES ACT OR THE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR OTHER JURISDICTION AND THE SECURITIES MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES, EXCEPT IN ACCORDANCE WITH REGULATION S UNDER THE SECURITIES ACT OR OTHERWISE PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND APPLICABLE STATE OR LOCAL SECURITIES LAWS.

THIS OFFERING CIRCULAR MAY NOT BE FORWARDED OR DISTRIBUTED TO ANY OTHER PERSON, MAY NOT BE REPRODUCED IN ANY MANNER WHATSOEVER AND, IN PARTICULAR, MAY NOT BE FORWARDED TO ANY ADDRESS IN THE UNITED STATES. ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THIS DOCUMENT IN WHOLE OR IN PART IS UNAUTHORISED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS.

Confirmation of your Representation: This Offering Circular is being sent at your request and by accepting the e-mail and accessing this Offering Circular, you shall be deemed to have represented to PCGI Intermediate Holdings (III) Limited (the “**Issuer**”), PCGI Holdings Limited (the “**Guarantor**”) and The Hongkong and Shanghai Banking Corporation Limited, Credit Suisse (Hong Kong) Limited, DBS Bank Ltd., J.P. Morgan Securities plc, SMBC Nikko Securities (Hong Kong) Limited and Standard Chartered Bank (together, the “**Joint Lead Managers**”) that (1) you and any customers you represent are not, and the electronic mail address that you gave to the Issuer and to which this e-mail has been delivered is not located in the United States and, to the extent you purchase the securities described in the Offering Circular, you will be doing so pursuant to Regulation S under the Securities Act and (2) you consent to delivery of such Offering Circular and any amendments and supplements thereto by electronic transmission.

You are reminded that this Offering Circular has been delivered to you on the basis that you are a person into whose possession this Offering Circular may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located, and you may not, nor are you authorised to, deliver this Offering Circular to any other person.

Except with respect to eligible investors in jurisdictions where such offer is permitted by law, nothing in this electronic transmission constitutes an offer or an invitation by or on behalf of any of the Issuer, the Guarantor, the Joint Lead Managers or any agent of the foregoing of the securities or the Joint Lead Managers to subscribe for or purchase any of the securities described herein, and access has been limited so that it shall not constitute directed selling efforts (within the meaning of Regulation S under the Securities Act) in the United States or elsewhere. If a jurisdiction requires that the offering be made by a licensed broker or dealer and the Joint Lead Managers or any affiliate of the Joint Lead Managers is a licensed broker or dealer in that jurisdiction, the

offering shall be deemed to be made by the Joint Lead Managers or its affiliates on behalf of the Issuer in such jurisdiction.

IN ORDER TO BE ELIGIBLE TO VIEW THE ATTACHED DOCUMENT OR MAKE AN INVESTMENT DECISION WITH RESPECT TO THE SECURITIES, INVESTORS MUST BE OUTSIDE THE UNITED STATES AND COMPLY WITH THE FOLLOWING PROVISIONS. YOU HAVE BEEN SENT THE ATTACHED DOCUMENT ON THE BASIS THAT YOU HAVE CONFIRMED TO THE ISSUER, THE GUARANTOR AND THE JOINT LEAD MANAGERS THAT YOU AND ANY CUSTOMER YOU REPRESENT ARE OUTSIDE THE UNITED STATES AND THAT, TO THE EXTENT YOU PURCHASE THE SECURITIES DESCRIBED IN THE ATTACHED DOCUMENT, YOU WILL BE DOING SO IN AN OFFSHORE TRANSACTION, AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT, IN COMPLIANCE WITH REGULATION S.

This Offering Circular has been sent to you in an electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of electronic transmission and consequently none of PCGI Intermediate Holdings (III) Limited, PCGI Holdings Limited, the Joint Lead Managers or any person who controls PCGI Intermediate Holdings (III) Limited, PCGI Holdings Limited, the Joint Lead Managers, or any director, officer, employee or agent of PCGI Intermediate Holdings (III) Limited, PCGI Holdings Limited or the Joint Lead Managers, nor any affiliate of any such person accepts any liability or responsibility whatsoever in respect of any difference between the Offering Circular distributed to you in electronic format and the hard copy version available to you on request from the Joint Lead Managers.

You are responsible for protecting against viruses and other destructive items. Your use of this electronic mail is at your own risk, and it is your responsibility to take precautions to ensure that it is free from viruses and other items of a destructive nature.

PCGI Intermediate Holdings (III) Limited
(incorporated with limited liability under the laws of the Cayman Islands)
U.S.\$225,000,000 4.50 per cent. Guaranteed Notes due 2026
Guaranteed by

PCGI Holdings Limited
(incorporated with limited liability under the laws of the Cayman Islands)

Issue Price: 100.00 per cent.

The U.S.\$225,000,000 4.50 per cent. Guaranteed Notes due 2026 (the “Notes”) will be issued by PCGI Intermediate Holdings (III) Limited (the “Issuer”) and the due and punctual payment of all sums payable by the Issuer in respect of the Notes will be unconditionally and irrevocably guaranteed (the “Guarantee”) by PCGI Holdings Limited (the “Guarantor”). The Notes will constitute direct, general, unconditional, unsubordinated and (subject to Condition 3 (*Negative Pledge*) of the Terms and Conditions of the Notes) unsecured obligations of the Issuer ranking *pari passu* without any preference among themselves and at least *pari passu* with all other present and future unsecured and unsubordinated obligations of the Issuer, save for such obligations as may be preferred by provisions of law that are both mandatory and of general application.

Interest on the Notes is payable semi-annually in arrear on 23 February and 23 August in each year, commencing on 23 February 2022. Payments on the Notes will be made without deduction for or on account of taxes of the Cayman Islands to the extent described under “*Terms and Conditions of the Notes—Taxation*”.

The Notes mature on 23 August 2026 at their principal amount but may be redeemed at the option of the Issuer, in whole but not in part, at (i) any time prior to 23 August 2024 (the “**First Call Date**”) at the Make Whole Redemption Price (as defined in the Terms and Conditions of the Notes); or (ii) any time on or following the First Call Date, at the applicable Call Option Redemption Price (as defined in the Terms and Conditions of the Notes), together with interest accrued but unpaid to the date fixed for redemption. See “*Terms and Conditions of the Notes—Redemption and Purchase—Redemption at the option of the Issuer*”. The Notes are subject to redemption, in whole but not in part, at their principal amount, together with interest accrued to the date fixed for redemption, at the option of the Issuer at any time in the event of certain changes affecting taxes of the Cayman Islands. See “*Terms and Conditions of the Notes—Redemption and Purchase—Redemption for tax reasons*”. The Notes may be redeemed at the option of the holders of the Notes at 101 per cent. of their principal amount together with interest accrued to the date fixed for redemption following the occurrence of a Change of Control (as defined in the Terms and Conditions of the Notes). See “*Terms and Conditions of the Notes—Redemption and Purchase—Redemption for Change of Control*”.

Application will be made to The Stock Exchange of Hong Kong Limited (the “SEHK”) for the listing of the Notes by way of debt issues to professional investors (as defined in Chapter 37 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited) (“**Professional Investors**”) only. This Offering Circular is for distribution to Professional Investors only.

Notice to Hong Kong investors: The Issuer and the Guarantor confirm that the Notes are intended for purchase by Professional Investors only and will be listed on the SEHK on that basis. Accordingly, the Issuer and the Guarantor confirm that the Notes are not appropriate as an investment for retail investors in Hong Kong. Investors should carefully consider the risks involved.

The SEHK has not reviewed the contents of this Offering Circular, other than to ensure that the prescribed form disclaimer and responsibility statements, and a statement limiting distribution of this Offering Circular to Professional Investors only have been reproduced in this Offering Circular. Listing of the Notes on the SEHK is not to be taken as an indication of the commercial merits or credit quality of the Notes, the Issuer, the Guarantor, the Group or quality of disclosure in this document. Hong Kong Exchanges and Clearing Limited and the SEHK take no responsibility for the contents of this Offering Circular, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Offering Circular.

Investing in the Notes involves certain risks. See “Risk Factors” beginning on page 4 for a description of certain factors to be considered in connection with an investment in the Notes.

The Notes and the Guarantee have not been, and will not be, registered under the U.S. Securities Act of 1933, as amended (the “**Securities Act**”) and are subject to United States tax law requirements. The Notes are being offered in offshore transactions outside the United States by the Joint Lead Managers (as defined in “*Subscription and Sale*”) in accordance with Regulation S under the Securities Act (“**Regulation S**”), and may not be offered, sold or delivered within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. For a description of these and certain further restrictions on offers and sales of the Notes and the distribution of this Offering Circular, see “*Subscription and Sale*”.

PRIIPs REGULATION/PROHIBITION OF SALES TO EEA RETAIL INVESTORS: The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (“**EEA**”). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (“**MiFID II**”); or (ii) a customer within the meaning of Directive (EU) 2016/97 (the “**Insurance Distribution Directive**”), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II. Consequently no key information document required by Regulation (EU) No 1286/2014 (the “**PRIIPs Regulation**”) for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

PROHIBITION OF SALES TO UK RETAIL INVESTORS – The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the United Kingdom (“**UK**”). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (“**EUWA**”); or (ii) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA. Consequently no key information document required by Regulation (EU) No 1286/2014 as it forms part of domestic law by virtue of the EUWA (the “**UK PRIIPs Regulation**”) for offering or selling the Notes or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

SINGAPORE SECURITIES AND FUTURES ACT PRODUCT CLASSIFICATION: In connection with Section 309B of the Securities and Futures Act (Chapter 289) of Singapore (the “**SFA**”) and the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore (the “**CMP Regulations 2018**”), the Issuer has determined, and hereby notifies all relevant persons (as defined in Section 309A(1) of the SFA), that the Notes are “prescribed capital markets products” (as defined in the CMP Regulations 2018).

The Notes will be represented by beneficial interests in a global note certificate (the “**Global Note Certificate**”) in registered form, without interest coupons attached, which will be registered in the name of a nominee of, and shall be deposited on or about 23 August 2021 (the “**Closing Date**”) with, a common depository for Euroclear Bank SA/NV (“**Euroclear**”) and Clearstream Banking S.A. (“**Clearstream**”). Beneficial interests in the Global Note Certificate will be shown on, and transfer thereof will be effected only through, records maintained by Euroclear and Clearstream. Except as described herein, certificates for Notes will not be issued in exchange for interests in the Global Note Certificate.

Joint Global Coordinators, Joint Lead Managers and Joint Bookrunners

HSBC	Credit Suisse	DBS Bank Ltd.	J.P. Morgan	SMBC Nikko	Standard Chartered Bank
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This Offering Circular is dated 16 August 2021

IMPORTANT NOTICE

The Issuer, having made all reasonable enquiries, confirms that to the best of its knowledge and belief (i) this Offering Circular contains all information with respect to the Issuer, the Guarantor and their respective subsidiaries (collectively, the “**Group**”), the Notes and the Guarantee, that is material in the context of the issue and offering of the Notes and the Guarantee (including all information which, according to the particular nature of the Issuer, the Guarantor and the Group, is necessary to enable investors to make an informed assessment of the assets and liabilities, financial position, profits and losses and prospects of the Issuer, the Guarantor and the Group and of the rights attaching to the Notes and the Guarantee); (ii) the statements contained in this Offering Circular relating to the Issuer, the Guarantor, the Group, their affiliates, the Notes and the Guarantee are in all material respects true and accurate and not misleading; (iii) the opinions and intentions relating to the Issuer, the Guarantor and the Group expressed in this Offering Circular are honestly held, have been reached after considering all relevant circumstances and are based on reasonable assumptions; (iv) there are no other material facts relating to the Issuer, the Guarantor, the Group, their affiliates, the Notes and the Guarantee, the omission of which would, in the context of the issue and offering of the Notes and the Guarantee, make any statement in this Offering Circular, in light of the circumstances under which it was made, misleading; and (v) all reasonable enquiries have been made by the Issuer and the Guarantor to ascertain such facts and to verify the accuracy of all such information and statements.

This Offering Circular has been prepared by the Issuer solely for use in connection with the proposed offering of the Notes described in this Offering Circular. The distribution of this Offering Circular and the offering of the Notes in certain jurisdictions may be restricted by law. Persons who are in possession of this Offering Circular are required by each of the Issuer, the Guarantor and The Hongkong and Shanghai Banking Corporation Limited, Credit Suisse (Hong Kong) Limited, DBS Bank Ltd., J.P. Morgan Securities plc, SMBC Nikko Securities (Hong Kong) Limited and Standard Chartered Bank (together, the “**Joint Lead Managers**”), and the Agents (as defined in “*Terms and Conditions of the Notes*”) to inform themselves about and to observe any such restrictions. No action is being taken to permit a public offering of the Notes or the possession or distribution of this Offering Circular or any offering or publicity material relating to the Notes in any jurisdiction where action would be required for such purposes. There are restrictions on the offer and sale of the Notes and the circulation of documents relating thereto in certain jurisdictions and to persons connected therewith. For a description of certain further restrictions on offers, sales and resales of the Notes and the distribution of this Offering Circular, see “*Subscription and Sale*”. This Offering Circular does not constitute an offer of, or an invitation to purchase, any of the Notes in any jurisdiction in which such offer or invitation would be unlawful. By purchasing the Notes, investors represent and agree to all of those provisions contained in that section of this Offering Circular.

No person has been or is authorised in connection with the issue, offer or sale of the Notes to give any information or to make any representation concerning the Issuer, the Guarantor, the Group and the Notes other than as contained herein, and if given or made, any such other information or representation should not be relied upon as having been authorised by the Issuer, the Guarantor, the Group, the Joint Lead Managers or the Agents or any of their respective affiliates. Neither the delivery of this Offering Circular nor any offering, sale or delivery made in connection with the issue of the Notes shall, under any circumstances, constitute a representation that there has been no change or development reasonably and likely to involve a change in the affairs of the Issuer, the Guarantor or the Group, or any of them since the date hereof, or create any implication that the information contained herein is correct as at any date subsequent to the date of such information. This Offering Circular does not constitute an offer of, or an invitation by or on behalf of the Issuer, the Guarantor, the Joint Lead Managers or the Agents or any of their respective affiliates to subscribe for or purchase any of the Notes and may not be used for the purpose of an offer to, or a solicitation by, anyone in any jurisdiction or in any circumstances in which such offer or solicitation is not authorised or is unlawful.

This Offering Circular is being furnished by the Issuer in connection with the offering of the Notes solely for the purpose of enabling a prospective investor to consider purchasing the Notes. Investors must not use this Offering Circular for any other purpose, make copies of any part of this Offering Circular or give a copy of it to any other person, or disclose any information in this Offering Circular to any other person. The information contained in this Offering Circular has been provided by the Issuer and other sources identified in this Offering Circular. Any reproduction or distribution of this Offering Circular, in whole or in part, and any disclosure of its contents or use of any information herein for any purpose other than considering an investment in the Notes offered by this Offering Circular is prohibited. Each offeree of the Notes, by accepting delivery of this Offering Circular, agrees to the foregoing.

No representation or warranty, express or implied, is made or given by the Joint Lead Managers or the Agents or any of their respective affiliates, directors or advisers as to the accuracy, completeness or sufficiency of the information contained in this Offering Circular or any other information supplied in connection with the Notes, and nothing contained in this Offering Circular is, or shall be relied upon as, a promise, representation or warranty by the Joint Lead Managers, the Agents or any of their respective affiliates. The Joint Lead Managers, the Agents and their respective affiliates have not independently verified any of the information contained in this Offering Circular and can give no assurance that this information is accurate, truthful or complete.

To the fullest extent permitted by law, none of the Joint Lead Managers, the Agents or any of their respective affiliates, directors or advisers accepts any responsibility for the contents of this Offering Circular or any statement made or purported to be made by any such person or on its behalf in connection with the Issuer, the Group or the issue and offering of the Notes. Each of the Joint Lead Managers, the Agents and their respective affiliates, directors or advisers accordingly disclaims all and any liability whether arising in tort or contract or otherwise that it might otherwise have in respect of this Offering Circular or any such statement. None of the Joint Lead Managers, the Agents or any of their respective affiliates, directors or advisers undertakes to review the financial condition or affairs of the Issuer, the Guarantor or the Group for so long as the Notes remain outstanding nor to advise any investor or potential investor of the Notes of any information coming to the attention of any of the Joint Lead Managers, the Agents or their respective affiliates.

This Offering Circular is not intended to provide the basis of any credit or other evaluation, nor should it be considered as a recommendation by the Issuer, the Guarantor, the Joint Lead Managers or the Agents that any recipient of this Offering Circular should purchase the Notes. Each potential purchaser of the Notes should determine for itself the relevance of the information contained in this Offering Circular, and its purchase of the Notes should be based upon such investigations with its own tax, legal and business advisers as it deems necessary.

Any of the Joint Lead Managers and their respective affiliates may purchase the Notes for its or their own account and enter into transactions, including credit derivatives, such as asset swaps, repackaging and credit default swaps relating to the Notes and/or other securities of the Issuer, the Guarantor or their respective subsidiaries or associates at the same time as the offer and sale of the Notes or in secondary market transactions. Such transactions may be carried out as bilateral trades with selected counterparties and separated from any existing sale or resale of the Notes to which this Offering Circular relates (notwithstanding that such selected counterparties may also be purchasers of the Notes). Furthermore, investors in the Notes may include entities affiliated with the Group.

This Offering Circular includes particulars given in compliance with the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) for the purpose of giving information with regard to the Issuer, the Guarantor and the Group. Each of the Issuer and the Guarantor accepts full responsibility for the accuracy of the information contained in this Offering Circular and confirms, having made all reasonable enquiries, that to the best of its knowledge and belief, there are no other facts the omission of which would make any statement herein misleading.

Hong Kong Exchanges and Clearing Limited and the SEHK take no responsibility for the contents of this Offering Circular, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Offering Circular. Listing of the Notes on the SEHK is not to be taken as an indication of the merits of the Issuer, the Guarantor, the Group or the Notes. In making an investment decision, investors must rely on their own examination of the Issuer, the Guarantor, the Group and the Terms and Conditions, including the merits and risks involved. See “*Risk Factors*” for a discussion of certain factors to be considered in connection with an investment in the Notes. Each person receiving this Offering Circular acknowledges that such person has not relied on the Joint Lead Managers or any person affiliated with the Joint Lead Managers in connection with its investigation of the accuracy of such information or its investment decision.

Investors are advised to read and understand the contents of this Offering Circular before investing. If in doubt, an investor should consult his or her adviser.

Under the Cayman Islands Data Protection Act (as amended) and, in respect of EU data subjects, the EU General Data Protection Regulation (together, the “**Data Protection Legislation**”), individual data subjects have rights and the Issuer as data controller has obligations with respect to the processing of personal data by the Issuer and its affiliates and delegates. Breach of the Data Protection Legislation by the Issuer could lead to enforcement action.

Prospective investors should note that personal data may in certain circumstances be required to be supplied to the Issuer in order for an investment in the Notes to continue or to enable the Notes to be redeemed. If the required personal data is not provided, a prospective investor will not be able to continue to invest in the Notes or to redeem the Notes.

The Issuer has published a privacy notice (the “**Data Privacy Notice**”), which provides prospective investors with information on the Issuer’s use of their personal data in accordance with the Data Protection Legislation. The location and means of accessing the Data Privacy Notice is specified in the “*General Information*” section of this Offering Circular.

IN CONNECTION WITH THE ISSUE OF THE NOTES, THE JOINT LEAD MANAGER APPOINTED AND ACTING IN ITS CAPACITY AS STABILISATION MANAGER (OR PERSONS ACTING ON BEHALF OF THE JOINT LEAD MANAGER) (THE “STABILISATION MANAGER”) MAY OVER ALLOT NOTES OR EFFECT TRANSACTIONS WITH A VIEW TO SUPPORTING THE PRICE OF THE NOTES AT A LEVEL HIGHER THAN THAT WHICH MIGHT OTHERWISE PREVAIL. HOWEVER STABILISATION MAY NOT OCCUR. ANY STABILISATION ACTION MAY BEGIN ON OR AFTER THE DATE ON WHICH ADEQUATE PUBLIC DISCLOSURE OF THE TERMS OF THE NOTES IS MADE AND, IF BEGUN, MAY CEASE AT ANY TIME, BUT IT MUST END NO LATER THAN THE EARLIER OF 30 DAYS AFTER THE ISSUE DATE OF THE NOTES AND 60 DAYS AFTER THE DATE OF THE ALLOTMENT OF THE NOTES. ANY STABILISATION ACTION OR OVER-ALLOTMENT SHALL BE CONDUCTED IN ACCORDANCE WITH ALL APPLICABLE LAWS AND RULES.

Listing of the Notes on the SEHK is not to be taken as an indication of the merits of the Issuer, the Guarantor, the Group or the Notes. In making an investment decision, investors must rely on their own examination of the Issuer, the Guarantor and the Group and the terms of the offering of the Notes, including the merits and risks involved. See “*Risk Factors*” for a discussion of certain factors to be considered in connection with an investment in the Notes. The Issuer, the Guarantor, the Group, the Joint Lead Managers and the Agents and their respective affiliates are not making any representation to any purchaser of the Notes regarding the legality of any investment in the Notes by such purchaser under any legal investment or similar laws or regulations. The contents of this Offering Circular should not be construed as providing legal, business, accounting or investment

advice. Each person receiving this Offering Circular acknowledges that such person has not relied on the Joint Lead Managers, the Agents or any of their respective affiliates in connection with its investigation of the accuracy of such information or its investment decision.

Market data and certain industry forecasts and statistics in this Offering Circular have been obtained from both public and private sources, including market research, publicly available information and industry publications. Although the Issuer and the Guarantor believe this information to be reliable, it has not been independently verified by the Issuer, the Guarantor, the Joint Lead Managers, the Agents or their respective directors, advisers and affiliates, and none of the Issuer, the Guarantor, the Joint Lead Managers, the Agents or their respective directors, advisers, affiliates or employees makes any representation as to the accuracy or completeness of that information. In addition, third party information providers may have obtained information from market participants, and such information may not have been independently verified. This Offering Circular summarises certain documents and other information, and investors should refer to them for a more complete understanding of what is discussed in those documents.

The contents of this Offering Circular have not been reviewed by any regulatory authority in any jurisdiction. Investors are advised to exercise caution in relation to the offering of the Notes. If investors are in any doubt about any of the contents of this Offering Circular, investors should obtain independent professional advice.

PRIIPs REGULATION/PROHIBITION OF SALES TO EEA RETAIL INVESTORS: The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (“**EEA**”). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (“**MIFID II**”); or (ii) a customer within the meaning of Directive (EU) 2016/97 (the “**Insurance Distribution Directive**”), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II. Consequently no key information document required by Regulation (EU) No 1286/2014 (the “**PRIIPs Regulation**”) for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

PROHIBITION OF SALES TO UK RETAIL INVESTORS – The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the United Kingdom (“**UK**”). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (“**EUWA**”); or (ii) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA. Consequently no key information document required by Regulation (EU) No 1286/2014 as it forms part of domestic law by virtue of the EUWA (the “**UK PRIIPs Regulation**”) for offering or selling the Notes or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

SINGAPORE SECURITIES AND FUTURES ACT PRODUCT CLASSIFICATION: In connection with Section 309B of the Securities and Futures Act (Chapter 289) of Singapore (the “**SFA**”) and the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore (the “**CMP Regulations 2018**”), the Issuer has determined, and hereby notifies all relevant persons (as defined in Section 309A(1) of the SFA), that the Notes are ‘prescribed capital markets products’ (as defined in the CMP Regulations 2018).

FORWARD-LOOKING STATEMENTS

Certain statements under “*Risk Factors*”, “*Description of the Issuer*”, “*Description of the Guarantor*”, “*Description of PCGI Intermediate Holdings Limited*” and elsewhere in this Offering Circular constitute “forward-looking statements”. Words such as “believe”, “expect”, “plan”, “anticipate”, “schedule”, “estimate” and similar words or expressions identify forward-looking statements. However, these words are not the exclusive means of identifying forward-looking statements. In addition, all statements other than statements of historical facts included in this Offering Circular, including, but without limitation, those regarding the financial position and results of operations, business strategy, prospects, capital expenditure and investment plans of the Group and the plans and objectives of the Group’s management for its future operations (including development plans and objectives relating to the Group’s operations), are forward-looking statements. Such forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results or performance of the Group to differ materially from those expressed or implied by such forward looking statements. Such forward-looking statements are based on numerous assumptions regarding the Group’s present and future business strategies and the environment in which the Group will operate in the future. These forward-looking statements speak only as of the date of this Offering Circular. Each of the Issuer and the Guarantor expressly disclaims any obligation or undertaking to release any updates or revisions to any forward-looking statements contained herein to reflect any change in the Group’s expectations with regard thereto or any change of events, conditions or circumstances on which any such statements were based. This Offering Circular discloses, under “*Risk Factors*” and elsewhere, important factors that could cause actual results, performances or achievements of the Group to differ materially from the Group’s expectations. All subsequent written and forward-looking statements attributable to the Group or persons acting on behalf of the Group are expressly qualified in their entirety by such cautionary statements.

CERTAIN TERMS AND CONVENTIONS

Except as otherwise indicated or required by context, all references in this Offering Circular to the “**Group**” are to the Issuer, the Guarantor and their respective subsidiaries taken as a whole. References to “**PCGI Intermediate Holdings Limited**” or “**PCGIH**” are to PCGI Intermediate Holdings Limited and its subsidiaries taken as a whole, unless the context requires otherwise and relates solely to PCGI Intermediate Holdings Limited.

Unless otherwise specified or the context otherwise requires, references to “**Hong Kong**” are to the Hong Kong Special Administrative Region of the PRC, “**Macau**” are to the Macau Special Administrative Region of the PRC, “**PRC**” are to the People’s Republic of China (excluding, for the purposes of this Offering Circular only, Hong Kong, Macau and Taiwan), “**U.S.**” or “**United States**” are to the United States of America and “**U.S. dollars**” or “**U.S.\$**” are to the lawful currency of the United States.

In this Offering Circular, where information has been presented in thousands or millions of units, amounts may have been rounded up or down. Accordingly, totals of columns or rows of numbers in tables may not be equal to the apparent total of the individual items, and actual numbers may differ from those contained herein due to rounding.

PRESENTATION OF FINANCIAL INFORMATION

The Issuer was incorporated on 18 June 2021 and does not have any financial statements as at the date of this Offering Circular.

The Guarantor’s audited financial statements as at and for the years ended 31 December 2018, 2019 and 2020 (the “**Guarantor’s Audited Annual Financial Statements**”) have been prepared in accordance with

International Financial Reporting Standards (“IFRS”) except that the Guarantor has not prepared consolidated financial statements of the Guarantor and its subsidiaries which are required by IFRS 10 “**Consolidated Financial Statements**” because, in the opinion of the directors of the Guarantor, compliance with this requirement would involve expenses and delay and be out of proportion to the value to the shareholder of the Guarantor. As a consequence, the financial statements do not give all the information required about the economic activities of the Group of which the Guarantor is the parent.

As the Guarantor’s assets principally consist of its holding of shares in PCGIIH, the Issuer and the Guarantor have also incorporated by reference PCGIIH’s audited consolidated financial statements as at and for the years ended 31 December 2018, 2019 and 2020. PCGIIH’s audited consolidated financial statements as at and for the years ended 31 December 2018, 2019 and 2020 have been prepared in accordance with IFRS.

CERTAIN FINANCIAL INFORMATION

In addition to the financial information presented in accordance with IFRS contained in this Offering Circular, other financial measures have also been included in this Offering Circular.

Certain actuarial metrics of PCGIIH, namely relating to value of new business (“VNB”) and embedded value (“EV”), are set out in this Offering Circular to illustrate PCGIIH’s performance. Such metrics are used by PCGIIH to evaluate, and as alternative measure with which to monitor, the group’s economic, financial and operating performance, identify trends in its business, prepare financial projections and make strategic decisions. These measures are not meant to be predictive of future results.

Some of these measures, namely Group EV, EV Equity, VNB, Protection VNB, baseline VNB and VNB Margin (each as further described under “*Description of PCGI Intermediate Holdings Limited – Supplemental Data*”), are actuarially determined estimates that rely upon certain assumptions and estimates made by management of PCGIIH. These indicators may not be comparable to other similarly titled measures of other life insurers or companies, since they are not uniformly defined or calculated, have limitations as analytical tools and should not be considered in isolation, or as alternatives or substitutes for analysis, of PCGIIH’s operating results reported under the IFRS. Accordingly, prospective investors should exercise caution in comparing these measures as reported by PCGIIH to those of other life insurance companies.

In addition, some of these measures are non-IFRS measures and are not performance indicators recognised under IFRS. Prospective investors should not consider them as alternatives to financial measures and ratios reported under IFRS. Prospective investors should also take into account, unless otherwise stated, that these measures reflect the impact of the acquisitions PCGIIH has made during the periods discussed in this Offering Circular.

INCORPORATION BY REFERENCE

The following document shall, by virtue of this Offering Circular, be incorporated in, and form part of, the Offering Circular and can also be obtained at the website of the SEHK:

- (a) the audited consolidated annual financial statements of PCGIIH prepared under IFRS for the years ended 31 December 2018, 2019 and 2020 as set forth on pages F-2 to F-145 of the consent solicitation memorandum annexed to the announcement dated 17 June 2021 and titled “Consent Solicitation by FWD Group Limited in respect of its U.S.\$750,000,000 Zero Coupon Subordinated Perpetual Capital Securities, U.S.\$900,000,000 5.75 per cent. Subordinated Notes due 2024 and U.S.\$600,000,000 6.375 per cent. Capital Securities” published on the website of the SEHK (<https://www1.hkexnews.hk/listedco/listconews/sehk/2021/0617/2021061700065.pdf>).

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SUMMARY OF THE OFFERING

The following is a brief summary of the terms of the offering of the Notes. For a more complete description of the terms of the Notes, see “Terms and Conditions of the Notes” in this Offering Circular. Terms used but not defined herein have the meanings set forth in “Terms and Conditions of the Notes”.

Issuer	PCGI Intermediate Holdings (III) Limited.
Guarantor	PCGI Holdings Limited.
Notes Offered	U.S.\$225,000,000 4.50 per cent. Guaranteed Notes due 2026.
Guarantee	<p>The Guarantor will, in the Guarantee, unconditionally and irrevocably guarantee the due and punctual payment of all sums payable by the Issuer in respect of the Notes.</p> <p>None of Mr. Richard Li (the “Shareholder”), PCGIH, FWD Limited (“FL”) or FWD Group Limited (“FGL”) is providing a guarantee or credit support for the Notes.</p> <p>The Issuer and the Guarantor are holding companies and the Guarantor’s assets principally consist of its holding of shares in PCGIH. The Issuer and the Guarantor are therefore reliant on other sources of capital to service their respective ongoing debt obligations. In addition, PCGIH has no history of paying any dividends or distributions to the Guarantor. In addition, any dividends or distributions to be paid are at the full discretion of PCGIH and neither the Issuer nor the Guarantor may demand such payment or any other payment of cash flows from PCGIH or other Group subsidiaries. Please see “—<i>Risk Factors</i>” for further details.</p>
Issue Price	100.00 per cent. of the principal amount.
Issue Date	23 August 2021.
Maturity Date	23 August 2026.
Interest Payment Dates	23 February and 23 August in each year, commencing on 23 February 2022.
Interest	The Notes will bear interest from, and including, the Issue Date at the rate of 4.50 per cent. per annum, until the Maturity Date, payable semi-annually in arrear on 23 February and 23 August in each year.
Status of the Notes	The Notes constitute direct, general, unconditional, unsubordinated and (subject to Condition 3 (<i>Negative Pledge</i>)) unsecured obligations of the Issuer that will at all times rank <i>pari passu</i> without any preference or priority among themselves and at least <i>pari passu</i> with all other present and future unsecured and unsubordinated obligations of the Issuer, save for such obligations as may be preferred by provisions of law that are both mandatory and of general application.
Status of the Guarantee	The Guarantee will constitute a direct, general, unsecured, unconditional and unsubordinated obligation of the Guarantor which will rank at least <i>pari passu</i> with all other present and

Negative Pledge	<p>future unsecured and unsubordinated obligations of the Guarantor, save for such obligations as may be preferred by provisions of law that are both mandatory and of general application.</p> <p>The Notes will contain a negative pledge provision as further described in Condition 3 of the Terms and Conditions of the Notes.</p>
Events of Default	<p>Upon the occurrence of certain events as described in Condition 8 (<i>Events of Default</i>) of the Terms and Conditions of the Notes, upon notice in writing addressed to the Issuer and the Guarantor and delivered to the Issuer and the Guarantor or to the Specified Office (as defined in the Agency Agreement referred to in the Terms and Conditions of the Notes) of the Fiscal Agent, any Noteholder may declare its Notes immediately due and payable, whereupon they shall become immediately due and payable at their principal amount together with accrued interest without further action or formality.</p>
Offering	<p>The Notes are being offered only outside the United States in reliance on Regulation S. The Notes have not been registered and will not be registered under the Securities Act and, subject to certain exemptions, may not be offered or sold in the United States.</p>
Cross-Acceleration	<p>The Notes will contain a cross acceleration provision as further described in Condition 8(d) (<i>Cross-acceleration of Issuer, Guarantor or Subsidiary</i>) of the Terms and Conditions of the Notes.</p>
Transfer Restrictions	<p>The Notes and the Guarantee will not be registered under the Securities Act or under any state securities laws of the United States and will be subject to customary restrictions on transfer and sale. See "<i>Subscription and Sale</i>".</p>
Final Redemption	<p>Unless previously redeemed, or purchased and cancelled, the Notes will be redeemed at their principal amount on 23 August 2026.</p>
Redemption for Tax Reasons	<p>The Issuer may redeem the Notes in whole but not in part, at their principal amount, together with interest accrued to, but excluding the date fixed for, redemption, in the event of certain changes in the Cayman Islands taxation, as further described in Condition 5(b) (<i>Redemption for tax reasons</i>) of the Terms and Conditions of the Notes.</p>
Redemption at the Option of the Issuer	<p>The Issuer may redeem the Notes, in whole, but not in part, at:</p> <ul style="list-style-type: none"> (i) any time prior to 23 August 2024 (the "First Call Date"), at the Make Whole Redemption Price (as defined in the Terms and Conditions of the Notes); or (ii) any time on or following the First Call Date, at the applicable Call Option Redemption Price (as defined in the Terms and Conditions of the Notes),

	<p>together with interest accrued but unpaid to the date fixed for redemption, as further described in Condition 5(d) of the Terms and Conditions of the Notes.</p>
Redemption upon Change of Control	<p>A Noteholder shall have the right, at such Noteholder's option, to require the Issuer to redeem all but not some only of such Noteholder's Notes at 101 per cent. of their principal amount together with interest accrued to, but excluding the date fixed for, redemption, following the occurrence of a Change of Control, as further described in Condition 5(c) (<i>Redemption for Change of Control</i>) of the Terms and Conditions of the Notes.</p>
Further Issues	<p>The Issuer may from time to time, without the consent of the Noteholders, create and issue further Notes having the same terms and conditions as the Notes in all respects (or in all respects except for the first payment of interest) so as to form a single series with the Notes.</p>
Governing Law	<p>The Notes, the Guarantee and all non-contractual obligations arising out of or in connection with them are governed by, and construed in accordance with, English law.</p>
Form and Denomination	<p>The Notes will be issued in registered form in the denominations of U.S.\$200,000 and integral multiples of U.S.\$1,000 in excess thereof.</p>
Clearing Systems	<p>The Notes will be represented by beneficial interests in the Global Note Certificate in registered form, which will be registered in the name of a nominee of, and shall be deposited on or about the Closing Date with, a common depository for Euroclear and Clearstream. Beneficial interests in the Global Note Certificate will be shown on, and transfers thereof will be effected only through, records maintained by Euroclear and Clearstream. Except as described herein, certificates for Notes will not be issued in exchange for interests in the Global Note Certificate.</p>
ISIN	<p>XS2370772613.</p>
Common Code	<p>237077261.</p>
Legal Entity Identifier	<p>213800AMTRWQ8MTEFH09.</p>
Listing	<p>Application will be made to the SEHK for the listing of, and permission to deal in, the Notes by way of debt issues to Professional Investors only, and such permission is expected to become effective on 24 August 2021.</p>
Fiscal Agent	<p>The Hongkong and Shanghai Banking Corporation Limited.</p>
Paying and Transfer Agent	<p>The Hongkong and Shanghai Banking Corporation Limited.</p>
Registrar	<p>The Hongkong and Shanghai Banking Corporation Limited.</p>
Use of Proceeds	<p>The Issuer and the Guarantor intend to use the net proceeds for refinancing, capital injections into PCGIIH, working capital and any other general corporate purposes.</p>

RISK FACTORS

Prior to making any investment decision, prospective investors should consider carefully all of the information in this Offering Circular, including but not limited to the risks and uncertainties described below. The Group's business, financial condition and results of operations could be materially and adversely affected by any of these risks and uncertainties. Additional risks and uncertainties not presently known to the Group or which the Group currently deems immaterial may arise or become material in the future and may have a material adverse effect on the Group, including on the ability of the Issuer and the Guarantor to fulfil their obligations under the Notes and the Guarantee.

The Group believes that the following factors may affect its ability to fulfil its obligations under the Notes and the Guarantee. In addition, factors that are material for the purpose of assessing the market risks associated with the Notes and the Guarantee are also described below. These factors are contingencies that may or may not occur, and the Group is not in a position to express a view on the likelihood of any such contingency occurring. The information below is given as at the date of this Offering Circular and will not be updated after the date hereof, and is subject to the reservations in the section headed "Forward-Looking Statements" in this Offering Circular.

As the Guarantor's assets principally consist of its holding of shares in PCGIIH, references to the Group's business below are primarily to PCGIIH's business (including the businesses of FL (as defined below) and FGL (as defined below)), unless otherwise specified. As such, save for the section entitled "Risks relating to the Issuer and the Guarantor", most risks as described below relate to PCGIIH, FL and FGL.

RISKS RELATING TO THE ISSUER AND THE GUARANTOR

The Issuer's and the Guarantor's ability to fulfil their obligations under the Notes and the Guarantee is dependent on the Guarantor's sole shareholder or the Issuer's or the Guarantor's ability to raise further financing.

The Issuer and the Guarantor are holding companies with no significant business operations. In addition, PCGIIH has no history of paying any dividends or distributions to the Guarantor. In addition, any dividends or distributions to be paid are at the full discretion of PCGIIH and neither the Issuer nor the Guarantor may demand such payment or any other payment of cash flows from PCGIIH or other Group subsidiaries (see also "*Obligations of the Guarantor under the Guarantee are structurally subordinated to the liabilities and obligations of the Guarantor's subsidiaries.*").

The Noteholders have no recourse to any of Mr. Richard Li (the "**Shareholder**"), PCGIIH, FWD Limited ("**FL**") or FWD Group Limited ("**FGL**") as none of the Shareholder, PCGIIH, FL or FGL is providing a guarantee or credit support for the Notes. Whilst the Issuer and the Guarantor understand that the Shareholder intends on making available capital in the form of equity injections to service the payment obligations under the Notes, the Issuer's ability to meet its debt obligations is dependent upon its ability to raise future financing, including any such equity injections from the Shareholder.

The Shareholder wholly owns the Guarantor and is able to exercise significant influence over the Guarantor.

As at the date of this Offering Circular, the Shareholder wholly owns the Guarantor. The Shareholder is able to appoint or remove any member of the Board of Directors of the Guarantor and is not a member of the Board of Directors of the Guarantor. The Board of Directors of the Guarantor operates and manages the businesses within the Group independently, subject to the powers granted under the memorandum and articles of association of the Guarantor.

Obligations of the Guarantor under the Guarantee are structurally subordinated to the liabilities and obligations of the Guarantor’s subsidiaries.

As an investment holding company that operates through PCGIIH, (i) the Guarantor’s obligations under the Guarantee will be effectively subordinated to all existing and future obligations of its existing or future subsidiaries and operating subsidiaries and (ii) all claims of creditors of its existing or future operating subsidiaries, including trade creditors, lenders and all other creditors, and rights of holders of preferred shares of such entities (if any) of the operating subsidiaries will have priority as to the assets of such entities over the Guarantor’s claims and those of its creditors, including the holders of the Notes. In particular, the Guarantor’s subsidiaries, FL and FGL, have conducted debt capital raisings and may continue to increase the amount of its debt funding, whether by way of subordinated notes or otherwise, and the Notes do not include any limitations on the indebtedness of the Issuer, the Guarantor or their respective subsidiaries.

None of PCGIIH, FL or FGL is providing a guarantee or any credit support for the issue of the Notes.

As the Guarantor’s assets principally consist of its holding of shares in PCGIIH, the Issuer and the Guarantor have also included PCGIIH’s audited consolidated financial statements as at and for the years ended 31 December 2018, 2019 and 2020 (the “**PCGIIH Financial Statements**”). However, even though the financial information of PCGIIH are included in this Offering Circular, PCGIIH is not providing a guarantee or any credit support for the issue of the Notes by the Issuer. In addition, neither FL nor FGL are providing a guarantee or any credit support for the issue of the Notes by the Issuer.

The Issuer and the Guarantor will require additional capital from external sources to service their ongoing debt obligations.

The Issuer is a special purpose vehicle and the Guarantor’s assets principally consist of its holding of shares in PCGIIH. Notwithstanding the proposed initial public offering of PCGIIH (see also “*The proposed initial public offering of PCGIIH may not proceed as planned.*”), there is currently no trading market or quoted price for the shares in PCGIIH and as and when there is a trading market or quoted price, the price and trading volume of PCGIIH’s shares may also be highly volatile. There is no assurance that the Guarantor will be able to sell its shares to generate capital to service its ongoing debt obligations (should it need or wish to do so) and the price and trading volume are subject to factors such as variations in the Group’s revenues, earnings and cash flows, fluctuations in prices for securities of comparable companies, changes in government regulations and changes in general economic conditions nationally or internationally could cause the price and trading volume of the PCGIIH shares to change. Any such developments may result in large and sudden changes in the trading volume and price of the Notes.

The Issuer and the Guarantor are therefore reliant on other sources of capital, including shareholder equity, to service their respective ongoing debt obligations. To the extent that the Issuer’s and the Guarantor’s existing sources of capital are not sufficient to satisfy its needs, it may have to seek external sources. The Issuer’s and the Guarantor’s ability to obtain additional capital from external sources in the future is subject to a variety of uncertainties, including existing cash flows, regulatory considerations, general market conditions for capital raising activities and economic, political and other global macroeconomic conditions.

The Guarantor faces the risk of continued losses.

The Guarantor recorded losses of U.S.\$14,674, U.S.\$15,845 and U.S.\$985,279 for the years ended 31 December 2018, 2019 and 2020, respectively. The Guarantor’s assets principally consist of its holding of shares in PCGIIH and it does not have any ongoing business operations. For further details, please refer to note 8 of the Guarantor’s Audited Annual Financial Statements.

The Guarantor’s Audited Annual Financial Statements contain a qualified opinion from its auditor.

The Guarantor’s Audited Annual Financial Statements have been prepared in accordance with IFRS except that the Guarantor has not prepared consolidated financial statements of the Guarantor and its subsidiaries which

are required by IFRS 10 “Consolidated Financial Statements” because, in the opinion of the directors of the Guarantor, compliance with this requirement would involve expenses and delay and be out of proportion to the value to the shareholder of the Guarantor. As such, the Guarantor’s Audited Annual Financial Statements contain a qualified opinion from its auditor to that effect. For further details, please refer to the section entitled “Basis for Qualified Opinion” and note 2.1 of the Guarantor’s Audited Annual Financial Statements.

RISKS RELATING TO PCGI INTERMEDIATE HOLDINGS LIMITED

Political instability, market fluctuations, general economic conditions and the outbreak of severe communicable diseases and pandemics impact PCGIIH’s business.

PCGIIH’s business is inherently subject to political instability, market fluctuations, general economic conditions and the outbreak of severe communicable diseases and pandemics. Difficult macroeconomic conditions could reduce demand for PCGIIH’s products and services, reduce the returns from, or give rise to defaults or losses in, PCGIIH’s investment portfolio, and otherwise have a material adverse effect on PCGIIH’s business, financial condition and results of operations.

Global financial markets have experienced, and continue to experience, uncertainty brought on by various political events and monetary policies among the world’s major economies, which may prompt a new round of volatility in capital flows. In particular, there is significant uncertainty as to the pace of future interest rate hikes by the U.S. Federal Reserve and other central banks and the rolling back of quantitative easing programmes, which would have a material impact on global borrowing costs. There are also ongoing concerns over European sovereign debt, economic growth and investor confidence in the Eurozone, the United States and Asia Pacific, the possible consequences of quantitative easing programmes by central banks, regional and geopolitical instability in the Middle East, Eastern Europe, Asia Pacific and other parts of the world, as well as concerns about a general slowing of global demand reflecting an increasing lack of confidence among consumers, companies and governments. In addition, there are fears of global trade wars as a result of the announcement of tariffs and other protectionist policies by a number of key economies, including the United States and the PRC. Upheaval in the financial markets may affect general levels of economic activity, employment and customer behaviour. For example, insurers may experience an elevated incidence of claims, lapses or surrenders of policies, and some policyholders may choose to defer or stop paying insurance premiums.

The demand for insurance products may also be adversely affected. The ongoing COVID-19 pandemic on a global scale has and may continue to affect investment sentiment and result in sporadic volatility in global capital markets. In addition, the ongoing COVID-19 pandemic has resulted in restrictions on travel and public transport and prolonged closures of workplaces which has had a material adverse effect on the economies that have imposed such restrictions, and has in turn had a wider adverse impact on the global economy. While a number of biopharmaceutical manufacturers have developed COVID-19 vaccines, there remains uncertainty regarding the efficacy, safety, and durability of such vaccines, as well as how quickly and widely the vaccines might be made available. The COVID-19 pandemic continues to affect many countries globally and there remains significant uncertainty as to when the pandemic will end and whether governments will extend or implement further travel restrictions or other restrictive measures to contain the COVID-19 pandemic.

Any sustained volatility in the global financial markets is likely to have a negative impact on the insurance sector over time and may consequently have a negative impact on PCGIIH’s business, financial condition and results of operations. Moreover, any economic instability or downturn in the global economy may have a negative impact on the insurance sector and in turn, a material adverse effect on PCGIIH’s business, financial condition and results of operations.

PCGIIH will require additional capital from external sources to service the Group’s ongoing debt obligations.

PCGIIH does not currently generate sufficient cash flows from operations to service the Group’s ongoing debt obligations, and is therefore reliant on either additional cash flows from operations or other sources of capital,

including shareholder equity, to service the ongoing debt obligations of the Group (including FL and FGL). There can be no assurance that the cash flows generated by PCGIIH's operations will continue to grow and therefore be sufficient to service the Group's debt obligations. To the extent PCGIIH's existing sources of capital are not sufficient to satisfy its needs, it may have to seek external sources. PCGIIH's ability to obtain additional capital from external sources in the future is subject to a variety of uncertainties, including PCGIIH's future financial condition, results of operations and cash flows, regulatory considerations, general market conditions for capital raising activities and economic, political and other global macroeconomic conditions.

There can be no assurance that PCGIIH will be able to obtain financing in the future on commercially acceptable terms, or at all. In particular, future financing, if obtained, could include terms that restrict PCGIIH's financial flexibility or restrict its ability to manage its business freely, which may adversely affect PCGIIH's business and results of operations.

New business activities and significant acquisitions present risks to PCGIIH's business.

As part of its overall strategy, PCGIIH may acquire certain businesses, assets and technologies, as well as develop new products, new geographic markets and distribution channels that are complementary to its business. PCGIIH may experience difficulties integrating any investments, acquisitions, distribution arrangements and/or partnerships into its existing business and operations or identifying successful initiatives in the future.

The introduction and development of such new areas of business and/or new products or services and/or new geographical markets may not be completed in accordance with the expected timetables, and the pricing and profitability targets may not prove accurate or feasible. There can be no assurance that new products or channels will be as successful as intended, or at all. Furthermore, expansion into any new areas of business, any new distribution channels and/or new geographic markets could have a material adverse effect on the effectiveness of PCGIIH's internal control system to the extent PCGIIH fails to effectively adapt its internal controls to such new businesses or distribution channels. Any such difficulty could have a material adverse effect on PCGIIH's business, financial condition and results of operations.

Entry into new markets may also bring PCGIIH into competition with multinational firms against which PCGIIH has limited experience. PCGIIH may also be subject to risks relating to the businesses that it has acquired or may acquire in the future, including, but not limited to, legacy claims, financial and legal exposures, workforce and legacy productivity problems and investment and capital requirements.

The proposed initial public offering of PCGIIH may not proceed as planned.

On 17 June 2021, PCGIIH announced that (a) it has confidentially submitted a draft registration statement on Form F-1 with the U.S. Securities and Exchange Commission (the "SEC") relating to a proposed initial public offering of American Depositary Shares ("ADSs") representing its Class A ordinary shares in the United States (the "IPO"), (b) the number of ADSs to be offered and the price range for the IPO have not yet been determined, and (c) the IPO is expected to take place after the SEC completes its review process, subject to market and other conditions. Potential investors should note that the IPO may or may not proceed as anticipated or at all.

PCGIIH's acquisitions, divestments and other corporate transactions may not complete, may divert management attention and other resources or may otherwise impact PCGIIH's business.

PCGIIH (through FL and FGL) has completed significant acquisitions in Hong Kong, Indonesia, Thailand, Malaysia, Vietnam and Cambodia during the years ended 31 December 2018, 2019 and 2020 (see note 5 to the PCGIIH Financial Statements for details in respect of past acquisitions of PCGIIH). Going forward, PCGIIH may undertake future acquisitions or other corporate transactions. Further, PCGIIH may need to obtain additional debt or equity financing to implement these acquisition opportunities. Additional debt financing may increase PCGIIH's interest expense, leverage and gearing, as well as potentially require PCGIIH to dedicate a substantial portion of its cash flow from operations to debt payments. Any inability to secure such additional debt or equity financing may in turn adversely affect PCGIIH's business, financial position and/or regulatory

solvency ratios. Growth by acquisition involves risks that could adversely affect PCGIIH's operating results, including the substantial amount of management time and other resources that may be diverted from operations to pursue and complete acquisitions, risks of undisclosed liabilities and integration or separation issues. In addition, PCGIIH may take advantage of commercial or strategic opportunities to divest or dispose of its various businesses on commercially attractive terms, or be required by regulatory changes or rulings to divest or dispose of its business in a certain jurisdiction, whether as a condition to a potential acquisition of a competitor by PCGIIH in the same jurisdiction or otherwise. PCGIIH may not be able to complete such divestments or disposals readily or at all and a divestment or disposal resulting from a regulatory change or ruling may materially impact PCGIIH's business and/or financial position. Any planned acquisition or divestment may also fail to complete for a number of reasons, including failure to obtain shareholder approvals, issues uncovered as part of due diligence and/or objections raised by regulators.

Moreover, the integration of any future acquisition may not be successful or in line with PCGIIH's expectations and any acquired business may fail to achieve, in the near or long term, the financial results projected or the strategic objectives of the relevant acquisition, and once acquired, may continue to divert further management attention and resources or necessitate changes in PCGIIH's strategy. The inability to realise expected benefits from such transactions, and any unforeseen costs of integration may have a material adverse effect on PCGIIH's business, financial condition and results of operations.

Changes in taxation have and may further materially and adversely affect demand for PCGIIH's insurance products.

There are specific rules governing the taxation of policyholders and the tax treatment of insurance premiums paid by policyholders in each jurisdiction where PCGIIH has operations. PCGIIH is unable to predict accurately the impact of future changes in tax law on the taxation of life insurance policies in the hands of policyholders and tax treatment of insurance premiums paid by policyholders. Amendments to existing legislation, particularly if there is the withdrawal of any tax relief, or an increase in tax rates, or the introduction of new rules, may affect the future long-term business and the decisions of policyholders. The impact of such changes upon PCGIIH might depend on the mix of business in-force at the time of such change.

The design of life insurance products by PCGIIH's life insurance businesses takes into account a number of factors, including risks and taxation. The design of long-term insurance products is based on the tax legislation in force at that time. Changes in tax legislation or in the interpretation of tax legislation may therefore, when applied to such products, have a material adverse effect on the financial condition and operating results of PCGIIH.

Changes in interest rates may materially and adversely affect PCGIIH's profitability and its regulatory solvency ratios.

PCGIIH's profitability is affected by changes in interest rates and market fluctuations. Hong Kong, Japan and Thailand, the jurisdictions to which PCGIIH has the most exposure through its fixed income investments and, in the case of Hong Kong, its insurance products, continue to experience a period of low interest rates. If interest rates increase in the future, surrenders and withdrawals of insurance policies and contracts may increase as policyholders seek other investments with higher perceived returns. This process may result in cash outflows and may require PCGIIH to sell investment assets at a time when the prices of those assets are adversely affected by the increase in market interest rates, which may result in realised capital losses. Conversely, if interest rates remain at low levels or decline, the income that PCGIIH realises from its investments may decline, affecting PCGIIH's profitability. In addition, as instruments in PCGIIH's investment portfolio mature, PCGIIH may have to reinvest the funds it receives in investments bearing lower returns.

In this regard, the persistent low interest rate environment in Japan is a particular concern. The Bank of Japan introduced a negative interest rate policy in 2016, applying a rate of negative 0.1 per cent. to certain excess reserves held by financial institutions at the Bank of Japan, which has suppressed interest rates since its

implementation. If this policy is maintained over the foreseeable future and results in continued lower interest rates on PCGIIH's investments, PCGIIH's average yield on investments could be adversely affected.

For some of its long-term life insurance policies, PCGIIH is obligated to pay a minimum interest or crediting rate to its policyholders, which is established when the product is priced. These products expose PCGIIH to the risk that changes in interest rates may reduce PCGIIH's spread, or the difference between the rates PCGIIH is required to pay under the policies and the rate of return PCGIIH is able to earn on its investments supporting its insurance obligations. If the rates of return on its investments fall below the minimum rates PCGIIH guarantees under those insurance products, PCGIIH's business, financial condition and results of operations could be materially and adversely affected.

In addition, in order to reduce its exposure to changes in interest rates, PCGIIH seeks to match the duration of its assets and related liabilities. However, the availability of assets of suitable duration or alternatives in the form of derivative instruments may be restricted by applicable insurance laws, rules and regulations or other market factors. If PCGIIH is unable to closely match the duration of its assets and liabilities, PCGIIH will be exposed to interest rate changes, which may materially and adversely affect its business, financial condition and results of operations.

Fluctuations in currency exchange rates may adversely affect PCGIIH's financial condition and results of operations.

PCGIIH is exposed to foreign currency exchange risk arising from fluctuations of exchange rates of the currencies in the jurisdictions where PCGIIH operates. PCGIIH's most significant foreign currency exposure is to the Thai Baht (“**THB**”) and the Japanese Yen. PCGIIH does not currently hedge either its revenues or its net equity position in any of its operating subsidiaries. PCGIIH reviews its hedging strategy from time to time and may change its hedging policy in the future. The effect of exchange rate fluctuations on local operating results could lead to significant fluctuations in PCGIIH's consolidated financial statements upon translation of the results into U.S. dollars.

PCGIIH is exposed to illiquidity risk for certain of its investments.

There may not be a liquid trading market for certain of PCGIIH's investments, such as structured securities and private equity. The liquidity of trading markets and investments is affected by numerous factors, including the existence of suitable buyers and market makers, market sentiment and volatility, the availability and cost of credit and general economic, political and social conditions.

If PCGIIH were required to dispose of potentially illiquid assets on short notice (for example, to meet policyholder obligations), it could be forced to sell such assets at prices significantly lower than the prices recorded in PCGIIH's consolidated financial statements.

PCGIIH's risk management and internal control systems may be inadequate or ineffective in identifying or mitigating the various risks to which it is exposed.

PCGIIH has established risk management and internal control systems consisting of organisational frameworks, policies, procedures and risk management methods that PCGIIH believes are appropriate for its business operations, and PCGIIH seeks to continue to improve these systems. However, due to the inherent limitations in the design and implementation of risk management and internal control systems, including identification and evaluation of risks, internal control variables and the communication of information, there is no assurance that such systems will be able to identify, mitigate and manage all exposures to risks.

PCGIIH's risk management methods have inherent limitations, as they are generally based on statistical analysis of historical data as well as the assumption that future risks will share similar characteristics with past risks. There is no assurance that such assumptions are an accurate prediction of future events. As PCGIIH's business has experienced a rapid expansion in recent periods, its information technology system may not be adequate for the collection, analysis and processing of data or may not have enough capacity to handle the corresponding expansion in information. Moreover, PCGIIH's historical data and experience may not adequately reflect risks

that may emerge from time to time in the future. As a result, PCGIIH's risk management methods and techniques may not be effective in alerting PCGIIH to take timely and appropriate measures to manage its risks.

PCGIIH's risk management and internal controls also depend on the proficiency of and implementation by PCGIIH's employees. There is no assurance that such implementation will not involve any human error or mistakes, which may materially and adversely affect PCGIIH's business, financial condition and results of operations.

PCGIIH is subject to the credit risk of its counterparties, including the issuers or borrowers whose securities or loans it holds and its trade debtors.

PCGIIH has monetary and securities claims under numerous transactions against reinsurers, brokers, other debtors and third parties. These parties include the issuers whose securities are held by PCGIIH, borrowers under loans made, customers, trading counterparties, counterparties under swaps, credit default and other derivative contracts, clearing agents, exchanges, clearing houses and other financial intermediaries. Such third-party debtors may not pay or perform under their obligations. Defaults on the obligations in which PCGIIH has invested or governmental action involving these obligations may have a material adverse effect on PCGIIH's business, financial condition and results of operations.

A reduction or perceived reduction in PCGIIH's reputation or financial strength could result in a loss of business and adversely affect PCGIIH's results of operations.

Policyholders' and other counterparties' confidence in the financial strength of an insurance company, as well as in the financial services industry generally, is an important factor affecting PCGIIH's business. Any actual or perceived reduction in PCGIIH's financial strength, whether due to a credit rating downgrade of FL or any other subsidiary of PCGIIH, a significant reduction in the solvency ratio of one or more of PCGIIH's operating companies or some other factor, could have a material adverse effect on PCGIIH's business, financial condition and results of operations. These effects could include, among others, increased policy surrenders, an adverse impact on new sales, increased pricing pressure on PCGIIH's products and services, increased borrowing costs and loss of support from distributors and counterparties such as reinsurers, which could all materially and adversely affect PCGIIH's business, financial condition and results of operations.

PCGIIH faces the risk of a continued loss-making business.

PCGIIH recorded net losses of U.S.\$196.0 million, U.S.\$332.0 million and U.S.\$252.0 million for the periods ended 31 December 2018, 2019 and 2020, respectively. PCGIIH's future success will depend on its ability to build scale, particularly in its newer businesses, which will enable these businesses to become profitable. However, there can be no assurance that PCGIIH's businesses will successfully achieve scale, which may have a material adverse effect on the business, financial condition and operating results of PCGIIH.

Demand for insurance and investment products may change as a result of shifts in customer preferences and changes in regulation, and PCGIIH may not respond appropriately or in time to sustain PCGIIH's business or its market share.

The insurance and investment product markets are constantly evolving in response to shifts in the preferences of customers and changes in regulation, and PCGIIH must respond appropriately and in time to these changes to remain competitive, grow PCGIIH's businesses and maintain market share. PCGIIH also faces certain risks when introducing new products, and PCGIIH's new products may fail to achieve market acceptance, which could have a material adverse impact on PCGIIH's business, financial condition and results of operations.

PCGIIH's future success will depend on its ability to adapt to changing customer preferences, regulations and industry standards and to respond appropriately and in time with new product offerings and services. Any such change in customer preferences, regulations or industry standards may require PCGIIH to re-evaluate its business model and to adopt significant changes to its strategies and business plan. Inability to adapt to these changes could have a material adverse effect on PCGIIH's business, financial condition and results of operations.

Changes in taxation may materially and adversely affect PCGIIH's business, financial condition and results of operations.

PCGIIH operates in several different tax jurisdictions and faces risks associated with changes in tax law, interpretation of tax law, changes in tax rates and the risk of failure to comply with procedures required by tax authorities. Failure to manage tax risks could lead to an additional tax charge or financial penalty.

If, as a result of a particular tax risk materialising, the tax costs associated with certain transactions are greater than anticipated, it could affect the profitability of those transactions and in turn, materially and adversely affect PCGIIH's business, financial condition and results of operations.

Inability to attract and retain talented professionals may adversely impact PCGIIH's business, financial condition and results of operations.

The success of PCGIIH's business is dependent on its ability to attract and retain key personnel who have in-depth knowledge and understanding of the insurance markets in which it operates. There is no assurance that PCGIIH will be able to attract and retain qualified personnel or that PCGIIH's senior management or other key personnel will not retire or otherwise leave PCGIIH at any time.

PCGIIH is also dependent on the sound underwriting, product development, risk control, business development and actuarial expertise of PCGIIH's senior management and other key employees. The competition for qualified technical, sales and managerial personnel in the insurance sector in Asia is intense. PCGIIH's continuing success will depend on PCGIIH's ability to retain and hire suitably qualified and experienced management and key employees, and the loss of their service could have a material adverse effect on PCGIIH's business, financial condition and results of operations.

Actual experience may differ from assumptions used in establishing reserves and in product pricing, which may adversely impact PCGIIH's business, financial condition and results of operations.

PCGIIH establishes balance sheet liabilities and sets aside reserves to reflect future expected policyholder benefits and claims. PCGIIH establishes these reserves and prices its products based on many assumptions and estimates, including mortality and morbidity rates, policyholder behaviour, expected premiums, investment returns, policy persistency, benefits to be paid, expenses to be incurred, as well as macroeconomic factors such as interest rates and inflation.

Due to the nature of the underlying risks and uncertainty associated with the determination of the liabilities for unpaid benefits and claims, these amounts may vary from the estimated amounts. If significant deviations in actual experience from the assumptions occur, PCGIIH may be forced to incur additional expenses in the form of claims and payments, to the extent the actual amounts exceed the estimated amounts, or PCGIIH may be required to increase its reserves for future policy benefits, resulting in additional expenses in the period during which the reserves are established or re-estimated, which could materially and adversely affect PCGIIH's business, financial condition and results of operations.

PCGIIH periodically evaluates its reserves, net of deferred acquisition costs and value of business acquired, based on updates to the assumptions and estimates used to establish these reserves as well as PCGIIH's actual policy benefits and claims experience. A liability adequacy test is performed at least annually. If the net reserves initially established for future policy benefits prove insufficient, PCGIIH must increase its net reserves, which may have a material adverse effect on PCGIIH's business, financial condition and results of operations.

PCGIIH is dependent on its continuing ability to recruit, motivate and retain suitable agents and distribution partners to distribute its products.

PCGIIH faces competition to attract and retain agency leaders and individual agents. PCGIIH competes with other companies for the recruitment of agents on the basis of its reputation, product range, compensation and incentive programs, training, support services, digitally integrated sales tools and financial position. Further, access to the bancassurance and brokerage distribution channels is subject to similar competition but also relies

on our ability to digitally transform these relationships and help banca partners to tap their own wider segment of customers. Any adverse movement in any of these factors could inhibit PCGIIH's ability to attract and retain adequate numbers of qualified agents and adversely impact its ability to maintain the effectiveness of such distribution channels and develop relationships with other distribution partners.

Increasing competition for experienced individual insurance agents from insurance companies and other business institutions may also force PCGIIH to adjust the compensation of its agents in line with market as well as any regulatory changes in this regard, which may affect the increase operating costs and profitability of PCGIIH. Furthermore, there is no assurance that PCGIIH will be able to maintain these relationships at an acceptable cost or at all. To the extent PCGIIH is not able to maintain its existing distribution relationships or secure new distribution relationships, PCGIIH may not be able to maintain or increase its new business premiums, which may materially and adversely affect PCGIIH's business, financial condition and results of operations.

Agent, employee and distribution partner misconduct could harm PCGIIH's reputation or lead to regulatory sanctions or litigation against PCGIIH.

Agent, employee or distribution partner misconduct could result in violations of law, regulatory sanctions, litigation or serious reputational or financial harm to PCGIIH. Such misconduct could include misrepresenting the features or limits of PCGIIH's products, recommending products not suitable for particular consumers, misappropriation of client funds and other fraudulent behaviour.

The measures that PCGIIH has taken to detect and deter misconduct by PCGIIH's agents, employees and distribution partners may not be effective in all circumstances. There is no assurance that any such misconduct would not have a material adverse effect on PCGIIH's business, financial condition and results of operations.

The termination of, or any adverse changes to, PCGIIH's arrangements with its bancassurance partners may have a material adverse effect on PCGIIH's business, financial condition and results of operations.

PCGIIH has exclusive as well as non-exclusive bancassurance partnerships in most of the markets PCGIIH is operating in. The exclusive relationships are in general for longer duration as per local market norms; while the non-exclusive partnerships are reviewed after their respective contract term, which is relatively a shorter period. There is no assurance that these arrangements will be renewed on acceptable terms, or at all upon their expiration. Regulatory changes with respect to the bancassurance business and distribution of bancassurance products may also materially and adversely affect PCGIIH's relationships and arrangements with the banks with which PCGIIH has distribution arrangements or restrict PCGIIH's ability to expand further its bancassurance arrangements with such banks or limit and/or constrain the ability of such banks and PCGIIH to sell insurance products through bank branches.

The termination of, disruption to, or any other adverse change to, PCGIIH's relationships with such banks (including as a result of changes in ownership or strategy at such banks), or the formation of any exclusive partnerships between these banks and any of PCGIIH's competitors could significantly reduce sales of PCGIIH's products and PCGIIH's growth opportunities. Banks' demand for higher commissions or changes to bancassurance pricing could increase PCGIIH's costs in connection with the sale of PCGIIH's products and adversely affect the profitability of PCGIIH's products. Any of these developments could have a material adverse effect on PCGIIH's business, financial condition and results of operations.

Catastrophic events could materially and adversely affect PCGIIH's business, financial condition and results of operations.

The threat of epidemics, pandemics such as the ongoing COVID-19 pandemic, international tensions in many parts of the world, terrorism, ongoing and future military and other actions, heightened security measures in response to these threats, natural disasters (including tsunamis and earthquakes), climate change or other catastrophes may cause disruptions to commerce, reduced economic activity and market volatility. PCGIIH's

life, general and medical insurance businesses expose it to claims arising out of such events, in particular to the risk of catastrophic mortality or morbidity, such as an epidemic or other events, that cause a large number of claims and/or increase in reserves and capital requirements.

In accordance with IFRS, PCGIIH does not establish reserves for catastrophes in advance of their occurrence, and the loss or losses from a single catastrophe or multiple catastrophes could materially and adversely affect its business, financial condition and results of operations. Although PCGIIH carries reinsurance to reduce PCGIIH's catastrophe loss exposures, due to limitations in the relevant terms of its reinsurance contracts and the underwriting capacity limits in the reinsurance market, as well as difficulties in assessing PCGIIH's exposures to catastrophes, this reinsurance may not be sufficient to protect PCGIIH adequately against loss.

PCGIIH faces the risk of litigation, regulatory investigations and other proceedings in relation to its business.

A substantial liability arising from a lawsuit judgment or a significant regulatory action against PCGIIH or a disruption in PCGIIH's business arising from adverse adjudications in proceedings against PCGIIH's directors, officers or employees could have a material adverse effect on PCGIIH's business, financial condition and results of operations. Moreover, even if PCGIIH ultimately prevails in any such litigation, regulatory action or investigation, such proceedings could significantly harm its reputation, which could materially affect its business, financial condition and results of operations. See "*—A reduction or perceived reduction in PCGIIH's reputation or financial strength could result in a loss of business and adversely affect PCGIIH's results of operations*".

PCGIIH's financial condition and results of operations could be adversely affected if PCGIIH is unable to successfully manage its growth.

PCGIIH's future growth may place significant demands on PCGIIH's managerial, operational and capital resources. The expansion of PCGIIH's business activities exposes PCGIIH to various challenges, including, but not limited to:

- continuing to expand, train and retain its agency force, while maintaining costs and productivity at optimal levels;
- continuing to expand PCGIIH's bancassurance and brokerage networks to meet expanding distribution needs;
- continuing to develop adequate underwriting and claims settlement capabilities and skills;
- recruiting, training and retaining management personnel with proper experience and knowledge; and
- strengthening and expanding PCGIIH's risk management and information technology systems to effectively manage the risks associated with existing and new lines of insurance products and services and increased marketing and sales activities.

There is no assurance that PCGIIH will manage its growth successfully. In particular, PCGIIH may not be able to recruit, train and retain a sufficient number of qualified personnel to keep pace with the growth of PCGIIH's business.

PCGIIH may be unable to utilise reinsurance successfully.

PCGIIH's ability to obtain external reinsurance on a timely basis and at a reasonable cost is subject to a number of factors, many of which are beyond its control. In particular, certain risks that PCGIIH is subject to, such as epidemics, are difficult to reinsure. Additionally, PCGIIH utilises certain reinsurance arrangements to help manage the insurance risk and market risk. If PCGIIH is unable to renew any expiring external reinsurance coverage or to obtain acceptable new external reinsurance coverage, its net risk exposure could increase or, if PCGIIH is unwilling to bear an increase in net risk exposure, the amount of risk PCGIIH is able to underwrite and the breadth of its product offerings could decrease. To the extent that PCGIIH is unable to utilise external

reinsurance successfully, its business, financial condition and results of operations may be materially and adversely affected.

PCGIIH is also exposed to credit risk with respect to reinsurers in all lines of its insurance business. In particular, since reinsurance does not discharge PCGIIH's primary liability to its policyholders, a default by one or more of PCGIIH's reinsurers under its reinsurance arrangements would increase the financial losses arising out of a risk PCGIIH has insured, which would reduce PCGIIH's profitability and may have a material adverse effect on PCGIIH's liquidity position. If PCGIIH's reinsurers fail to pay it on a timely basis, or at all, PCGIIH's business, financial condition and results of operations may be materially and adversely affected.

A failure in PCGIIH's information technology systems may materially and adversely affect its operations.

PCGIIH's business is reliant on the ability of its information technology systems to process a large number of transactions on a timely basis. Further, because of the long-term nature of much of PCGIIH's business, accurate records must be maintained for significant periods of time. The proper functioning of PCGIIH's financial controls, accounting, customer database, customer service and other data processing systems, including those relating to underwriting and claims processing functions, is critical to PCGIIH's operations and to PCGIIH's ability to compete effectively. Although PCGIIH maintains disaster recovery facilities and are regularly tested and designed to be activated in place of primary facilities in the event of failure, there is no assurance that PCGIIH's business activities would not be materially disrupted in the event of a partial or complete failure of any of these or other information technology systems. A failure of PCGIIH's information technology or communications systems could damage PCGIIH's reputation and have a material adverse effect on PCGIIH's business, financial condition and results of operations.

Cyber-attacks or other security breaches of PCGIIH's computer systems or computer systems maintained by others could damage PCGIIH's reputation, lead to regulatory sanctions and legal claims or a loss of customers and revenue.

PCGIIH maintains confidential and proprietary information on its computer systems and relies on sophisticated technologies to maintain the security of that information. PCGIIH's computer systems have been, and will likely continue to be, subject to computer viruses or other malicious codes, unauthorised access, cyber-attacks or other computer-related penetrations. While, to date, PCGIIH has not experienced a material breach of cyber security, administrative and technical controls and other preventative actions it takes to reduce the risk of cyber-incidents and protect PCGIIH's information technology may be insufficient to prevent physical and electronic break-ins, cyber-attacks or other security breaches to its computer systems. Any such breaches could cause significant interruptions in PCGIIH's operations, and the failure to maintain the security, confidentiality or privacy of sensitive data, including personal information relating to its customers, could harm PCGIIH's reputation, subject PCGIIH to regulatory sanctions and legal claims, lead to a loss of customers and revenue and otherwise adversely affect PCGIIH's business, financial condition or results of operations.

In addition, PCGIIH's business could be harmed indirectly by cyber-attacks or security breaches to computer systems maintained by others. Although third party security assessments are conducted, there can be no assurance that cyber-attacks or security breaches to computer systems maintained by others could not have a material adverse effect on PCGIIH's business, financial condition or results of operations.

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

A material portion of PCGIIH's product sales are investment linked contracts, where product benefits are linked to the prices of the underlying unit funds. While comprehensive controls are in place, including data access control with business users, there is a risk of error in the calculation of the prices of these funds due to human error in data entry, information technology-related issues or other causes. Additionally, it is possible that policy

charges which are deducted from these contracts are taken incorrectly, or the methodology is subsequently challenged by policyholders or regulators and changed retrospectively. Any of these changes can give rise to compensation payments to customers. Controls are in place to mitigate these risks, but errors could give rise to future liabilities. Payments due to errors or compensation may negatively affect PCGIIH's profitability or financial condition.

FL's and FGL's largest shareholders are able to exercise influence over FL and FGL.

As at the date of this Offering Circular, FL's and FGL's two major owners, PCGIIH and Swiss Re Principal Investments Asia Pte. Ltd. ("**Swiss Re**"), owned approximately 72.68 per cent. and 11.31 per cent., respectively, of FL's and FGL's issued share capital. The rights of PCGIIH and Swiss Re as beneficial owners of FL and FGL are governed by an Investment and Shareholders' Agreement (Parallel Structure) dated 16 October 2013, as amended and restated on 31 July 2018 and as further amended from time to time (the "**Shareholders' Agreement**"). The board of directors operate and manage the businesses within FL and FGL independently, subject to the provisions of the Shareholders' Agreement, pursuant to which certain matters require the consent of and/or notifications to the shareholders. Additionally, both PCGIIH and Swiss Re, subject to certain exceptions, have pre-emption rights in respect of raising any future equity capital. See "*Description of PCGI Intermediate Holdings Limited—Shareholders*".

RISKS RELATING TO PCGIIH'S INDUSTRY AND GEOGRAPHIC FOCUS

PCGIIH faces significant competition.

PCGIIH faces significant competition in each of its markets. South East Asian and Hong Kong life insurance markets, in particular, are dominated by a relatively small number of large insurers, some of which have greater financial resources and/or economies of scale than PCGIIH.

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

Compliance with solvency ratio and capital requirements may force PCGIIH to raise additional capital, change its business strategy or reduce its growth, which could increase PCGIIH's financing costs.

Insurance companies are required by applicable law to maintain their solvency ratios at a level in excess of statutory minimum standards. The solvency ratio of each of PCGIIH's insurance businesses is affected primarily by the volumes and types of new insurance policies sold, by the composition of the in-force insurance policies and investments and by regulations on the determination of statutory reserves in each jurisdiction in which PCGIIH operates. The solvency ratio of each business is also affected by a number of other factors, including the profit margin of its products, returns on its assets and investments, interest rates, underwriting and acquisition costs, and policyholder and shareholder dividends.

In order to comply with applicable solvency ratio and capital requirements in each jurisdiction in which PCGIIH operates, PCGIIH may need to raise or inject additional capital to meet its solvency ratio and capital requirements. PCGIIH may also need to change its business strategy, including the types of products it sells and its capital management. Finally, compliance with solvency ratio and capital requirements may require PCGIIH to slow the growth of its business, which could have a material adverse effect on PCGIIH's business, financial condition and results of operations.

PCGIIH's businesses are highly regulated and changes to the regulation of its businesses or failure to comply with such regulations may adversely affect its business, financial condition and results of operations.

PCGIIH is subject to laws, rules and regulations across all aspects of its business. Some of the laws, rules and regulations to which PCGIIH is subject are relatively new (including laws and regulations relating to data privacy), and their interpretation and application remain uncertain. See "*Description of PCGI Intermediate Holdings Limited*".

Failure to comply with any applicable laws, rules and regulations and international prudential frameworks, including as a result of changes to rules and regulations or the changing interpretation thereof by relevant regulators, could result in fines, suspension of PCGIIH's business licences or, in extreme cases, business licence revocation, each of which would have a material adverse effect on PCGIIH's business, financial condition and results of operations.

Concentrated surrenders may materially and adversely affect PCGIIH's business, financial condition and results of operations.

Under normal circumstances, it is generally possible for insurance companies to estimate the overall amount of surrenders in a given period. However, the occurrence of emergency or macroeconomic events that have a significant impact, such as sharp declines in customer income due to a severe deterioration in economic conditions, radical changes in relevant government policies, loss of customer confidence in the insurance industry due to the weakening of the financial strength of one or more insurance companies, or the severe weakening of PCGIIH's financial strength, may trigger concentrated surrenders of insurance policies. If this were to occur, PCGIIH would have to dispose of PCGIIH's investment assets, possibly at unfavourable prices, in order to make the significant amount of surrender payments. This could materially and adversely affect PCGIIH's business, financial condition and results of operations.

New solvency standards may affect PCGIIH's capital position.

The International Association of Insurance Supervisors (the "IAIS") is in process of developing a risk-based capital ("RBC") framework which takes into account different risk factors when assessing the capital adequacy of Internationally Active Insurance Groups ("IAIGs"). In 2011, the IAIS issued the new Insurance Core Principles (the "Principles") which place more emphasis on risk-based supervision on both quantitative and 36 qualitative aspects. All member supervisors around the world are obliged to observe the new Principles. Additional requirements that may be proposed in the future, such as the Insurance Capital Standard, or the ICS, currently developed by the IAIS as part of its Common Framework for the Supervision of IAIGs, could result in significant changes to the required capital regulations, and restrictions included in any such new regulations could result in new limitations on PCGIIH's, FL's or FGL's business or investment activities.

In addition, in order to comply with applicable capital requirements, or future changes to these requirements, PCGIIH, FL or FGL may need to raise or inject additional capital to meet their respective capital requirements, which may affect the return on investment of PCGIIH's shareholders. PCGIIH may also need to change its business strategy, including the types of products it sells and how it manages its capital. Furthermore, compliance with capital requirements may require PCGIIH to slow the growth of its business. In addition, failure in making such adjustments to comply with capital requirements may affect PCGIIH's reputation or financial strength which could in turn could have a material adverse effect on its business, results of operations and financial condition.

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

In certain jurisdictions, life insurers, including relevant PCGIIH operating entities, are required to support policyholders of failed life insurance companies through payments to industry-wide policyholder protection

funds. Such industry-wide policyholder protection funds may provide funds upon acceptance and assumption by a successor life insurance company of the insurance policies of a failed life insurance company and may also perform certain other specified functions. The proportion of required contributions allocated to any life insurance company required to make payments to an industry-wide policyholder protection fund could increase if its income from insurance premiums and policy reserves increase relative to other life insurance companies within the same jurisdiction. In the event of future failures of life insurance companies or if the legal requirements for contributing to industry-wide policyholder protection funds change, any life insurance company required to make payments to an industry-wide policyholder protection fund may be required to make additional contributions and accordingly, such life insurance company's financial condition and results of operations could be adversely affected.

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

Geopolitical trends, including the risk of government intervention, could disrupt PCGIIH's business, financial condition and results of operations.

PCGIIH conducts its operations in Hong Kong through FL and a majority of FL's revenue is derived from its operations conducted in Hong Kong. As a result, FL's, and in turn PCGIIH's, financial condition and results of operations may be influenced by the political situation in Hong Kong and by the general state of the Hong Kong economy and the economies of the surrounding region, particularly the PRC.

Hong Kong is a special administrative region of the PRC with its own local government. Hong Kong operates under the principle of "one country, two systems". However, there is no assurance that FL's business will not be adversely affected as a consequence of the exercise of PRC sovereignty over Hong Kong. Furthermore, FWD Life Hong Kong depends to an increasing extent on customers based in the PRC.

RISKS RELATING TO THE NOTES AND THE GUARANTEE

The Notes may not be a suitable investment for all investors.

A potential investor should not invest in the Notes unless it has the expertise (either alone or with the help of a financial adviser) to evaluate how the Notes will perform under changing conditions, the resulting effects on the value of such Notes and the impact this investment will have on the potential investor's overall investment portfolio.

Each potential investor in the Notes must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

- have sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained or incorporated by reference in this Offering Circular or any applicable supplement;
- have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact such investment will have on its overall investment portfolio;
- have sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes;
- understand thoroughly the terms of the Notes and be familiar with the behaviour of any relevant indices and financial markets; and
- be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

An active trading market for the Notes may not develop.

The Notes are a new issue of securities for which there is currently no trading market. Application will be made to the SEHK for the Notes to be admitted for trading on the SEHK. No assurance can be given that an active trading market for the Notes will develop or as to the liquidity or sustainability of any such market, the ability of holders to sell their Notes or the price at which holders will be able to sell their Notes. Liquidity of the Notes will be adversely affected if the Notes are held or allocated to limited investors (see also “—*One or more initial investors that are related and/or connected parties of the Guarantor are expected to subscribe for a substantial proportion of the aggregate principal amount of the Notes*”). None of the Joint Lead Managers is obliged to make a market in the Notes, and any such market making, if commenced, may be discontinued at any time at the sole discretion of the Joint Lead Managers. In addition, the Notes are being offered pursuant to exemptions from registration under the Securities Act, and as a result, holders will only be able to resell their Notes in transactions that have been registered under the Securities Act or in transactions not subject to or exempt from registration under the Securities Act.

One or more initial investors that are related and/or connected parties of the Guarantor are expected to subscribe for a substantial proportion of the aggregate principal amount of the Notes

One or more initial investors that are related and/or connected parties of the Guarantor are expected to subscribe for a substantial proportion of the aggregate principal amount of the Notes. Any such holders may collectively be able to exercise considerable voting power on their own.

The liquidity and price of the Notes following the offering may be volatile.

The price and trading volume of the Notes may be highly volatile. Factors such as variations in the Group’s revenues, earnings and cash flows, proposals for new investments, strategic alliances and/or acquisitions, changes in interest rates, fluctuations in prices for securities of comparable companies, changes in government regulations and changes in general economic conditions nationally or internationally could cause the price of the Notes to change. Any such developments may result in large and sudden changes in the trading volume and price of the Notes. There is no assurance that these developments will not occur in the future.

The value of the Notes may be adversely affected by movement in market interest rates.

Investment in the Notes involves the risk that subsequent changes in market interest rates may adversely affect their value.

The Issuer may be unable to redeem the Notes at the time or in the manner required.

On certain dates or upon the occurrence of certain early redemption events, the Issuer may be required to redeem some or all of the Notes. For example, under the conditions of the Notes, following the occurrence of a Change of Control (as defined in Condition 5(c) (*Redemption for Change of Control*) of the Terms and Conditions of the Notes), any Noteholder will have the right to require the Issuer to redeem all but not some of that Noteholder’s Notes at 101 per cent. of the principal amount of the Notes plus accrued interest up to but excluding the redemption date. The Issuer will also be required to redeem all of the Notes at maturity of the Notes. The occurrence of an event requiring the Issuer to redeem some or all of the Notes could be outside of the control and/or knowledge of the Issuer, and if such an event were to occur, the Issuer may not have sufficient funds available and may not be able to arrange financing to redeem the Notes in time, on acceptable terms or at all. The ability to redeem the Notes in such event may also be limited by the terms of other debt instruments. Failure to redeem the Notes by the Issuer in such circumstances would constitute an event of default under the Notes, which may also constitute a default under the terms of other indebtedness of the Group.

Notes subject to optional redemption by the Issuer may have a lower market value than Notes that cannot be redeemed.

Under Condition 5(d) of Terms and Conditions of the Notes of each series, the Issuer has an option to redeem the Notes in whole but not in part at any time, at the price prescribed in the Terms and Conditions of the Notes. An optional redemption feature is likely to limit the market value of Notes. During any period when the Issuer

may elect to redeem Notes, the market value of those Notes generally will not rise substantially above the price at which they can be redeemed. This may also be true prior to any redemption period. The Issuer may be expected to redeem Notes when the cost of borrowing is lower than the interest rate payable on the Notes. At such times, an investor generally would not be able to reinvest the redemption proceeds at an interest rate as high as the interest rate payable on the Notes being redeemed and may only be able to do so at a significantly lower rate. Potential investors should consider reinvestment risk in light of other investments available at that time.

The Notes and the Guarantee will be structurally subordinated to subsidiary debt.

The Notes and the Guarantee will be structurally subordinated to the claims of all holders of debt securities and other creditors, including trade creditors, of the Issuer's and the Guarantor's subsidiaries, and to all secured creditors of the Issuer and the Guarantor. In the event of an insolvency, bankruptcy, liquidation, reorganisation, dissolution or winding up of the business of any subsidiary of the Issuer or the Guarantor, creditors of such subsidiary generally will have the right to be paid in full before any distribution is made to the Issuer or the Guarantor (as applicable).

The Terms and Conditions of the Notes contain provisions which may permit their modification without the consent of all investors.

The Terms and Conditions of the Notes contain provisions for calling meetings of Noteholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Noteholders, including Noteholders who did not attend and vote at the relevant meeting and Noteholders who voted in a manner contrary to the majority.

Noteholders could be adversely affected by a change in English law or administrative practice.

The Terms and Conditions of the Notes are based on English law in effect as at the date of this Offering Circular. No assurance is given as to the impact of any possible judicial decision or change to English law or administrative practice after the date of this Offering Circular, and any such change could have a material adverse impact on the value of the Notes.

The Issuer or the Guarantor may issue or guarantee additional Notes or raise additional capital in the future.

The Issuer or the Guarantor may, from time to time, and without prior consultation of the Noteholders, create, issue and/or guarantee further Notes (see "*Terms and Conditions of the Notes – Condition 13 (Further Issues)*") or otherwise raise additional capital through such means and in such manner as it may consider necessary. There can be no assurance that such future issuance or capital raising activity will not adversely affect the market price of the Notes.

Noteholders may be exposed to movements in exchange rates that may adversely affect the value of their holding.

If an investor holds Notes that are not denominated in the investor's home currency, the investor will be exposed to movements in exchange rates adversely affecting the value of the investor's holding. In addition, the imposition of exchange controls in relation to any Notes could result in an investor not receiving payments on those Notes. The Issuer (failing which, the Guarantor) will pay principal and interest on the Notes in U.S. dollars. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the "**Investor's Currency**") other than U.S. dollars. These include the risk that exchange rates may significantly change (including changes due to devaluation of the U.S. dollar or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to United States dollars would decrease (i) the Investor's Currency-equivalent yield on the Notes, (ii) the Investor's Currency-equivalent value of the principal payable on the Notes and (iii) the Investor's Currency-equivalent market value of the Notes.

The insolvency laws of the Cayman Islands and other local insolvency laws may differ from those of another jurisdiction with which the holders of the Notes are familiar.

The Issuer and the Guarantor are incorporated under the laws of the Cayman Islands, and any insolvency proceeding relating to the Issuer or the Guarantor would likely involve Cayman Islands insolvency laws, the procedural and substantive provisions of which may differ from comparable provisions of insolvency laws of jurisdictions with which the holders of the Notes are familiar.

If the Issuer and the Guarantor are unable to comply with the restrictions and covenants in its debt agreements, there could be a default under the terms of these agreements and/or Notes that could cause repayment of the debt to be accelerated.

If the Issuer or the Guarantor is unable to comply with its current or future debt obligations and other agreements, there could be a default under the terms of these agreements and/or the Notes. In the event of such default, the holders of the debt could terminate their commitments to lend to the Issuer and the Guarantor, accelerate repayment of the debt and declare all outstanding amounts due and payable or terminate the agreements and/or the Notes, as the case may be.

Furthermore, some of the Group's debt agreements contain, and/or may in the future contain, cross-acceleration or cross-default provisions. As a result, the Issuer's or the Guarantor's default under one debt agreement may cause the acceleration of repayment of not only such debt but also other debt, including the Notes, or result in a default under the Group's other debt agreements. If any of these events occurs, there is no assurance that the Issuer's or the Guarantor's assets and cash flows would be sufficient to repay in full all of its indebtedness, or that the Issuer or the Guarantor would be able to find alternative financing. Even if the Issuer or the Guarantor could obtain alternative financing, there is no assurance that it would be on terms that are favourable or acceptable to it.

The Notes will be represented by a Global Note Certificate, and holders of a beneficial interest in a Global Note Certificate must rely on the procedures of the Clearing Systems.

The Notes will be represented by beneficial interests in a Global Note Certificate. Such Global Note Certificate will be registered in the name of a nominee of, and deposited with, a common depository for Euroclear and Clearstream (the "Clearing Systems"). Except in the circumstances described in the Global Note Certificate, investors will not be entitled to receive individual note certificates. The Clearing Systems will maintain records of the beneficial interests in the Global Note Certificate. While the Notes are represented by the Global Note Certificate, investors will be able to trade their beneficial interests only through the Clearing Systems. While the Notes are represented by the Global Note Certificate, the Issuer (failing which, the Guarantor) will discharge its payment obligations under the Notes by making payments to the relevant Clearing Systems for distribution to their account holders. A holder of a beneficial interest in a Global Note Certificate must rely on the procedures of the Clearing Systems to receive payments under the Notes. Neither the Issuer nor the Guarantor has any responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in the Global Note Certificate.

Holders of beneficial interests in the Global Note Certificate will not have a direct right to vote in respect of the Notes. Instead, such holders will be permitted to act only to the extent that they are enabled by the Clearing Systems to appoint appropriate proxies.

Legal investment considerations may restrict certain investments.

The investment activities of certain investors are subject to legal investment laws and regulations or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (i) the Notes are legal investments for it, (ii) the Notes can be used as collateral for various types of borrowing and (iii) other restrictions apply to its purchase or pledge of the Notes. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of the Notes under any applicable risk-based capital or similar rules.

There is limited publicly available information about the Issuer and the Guarantor.

Each of the Issuer and the Guarantor is an exempted company incorporated under the laws of the Cayman Islands and its shares are not traded publicly. Therefore, there may be less publicly available information about the Issuer and the Guarantor than if they were publicly listed companies or incorporated in other jurisdictions.

Singapore Taxation Risk

The Notes are, pursuant to the Income Tax Act, Chapter 134 of Singapore (the “**Income Tax Act**”) and the MAS Circular FDD Cir 11/2018 entitled “Extension of Tax Concessions for Promoting the Debt Market” issued by the Monetary Authority of Singapore (“**MAS**”) on 31 May 2018, intended to be “qualifying debt securities” for the purposes of the Income Tax Act, subject to the fulfilment of certain conditions more particularly described in the section “*Taxation – Singapore*”. However, there is no assurance that the Notes will continue to enjoy the tax concessions in connection therewith should the relevant tax laws or MAS circulars be amended or revoked at any time.

There is limited publicly available information about PCGIIIH, FL and FGL.

PCGIIIH, FL and FGL are exempted companies incorporated under the laws of the Cayman Islands and its shares are not traded publicly. Therefore, there may be less publicly available information about PCGIIIH, FL and FGL than if they were publicly listed companies or incorporated in other jurisdictions.

TERMS AND CONDITIONS OF THE NOTES

The following other than the words in italics is the text of the terms and conditions of the Notes which will appear on the reverse of each of the definitive certificates evidencing the Notes.

The U.S.\$225,000,000 4.50 per cent. guaranteed notes due 2026 (the “**Notes**”, which expression includes any further notes issued pursuant to Condition 13 (*Further issues*) and forming a single series therewith) of PCGI Intermediate Holdings (III) Limited (the “**Issuer**”) are constituted by a deed of covenant dated on or about 23 August 2021 (as amended or supplemented from time to time, the “**Deed of Covenant**”) entered into by the Issuer and are the subject of (a) a deed of guarantee dated on or about 23 August 2021 (as amended or supplemented from time to time, the “**Deed of Guarantee**”) entered into by PCGI Holdings Limited (the “**Guarantor**”) and (b) a fiscal agency agreement dated on or about 23 August 2021 (as amended or supplemented from time to time, the “**Agency Agreement**”) between the Issuer, the Guarantor, The Hongkong and Shanghai Banking Corporation Limited as registrar (the “**Registrar**”, which expression includes any successor registrar appointed from time to time in connection with the Notes), The Hongkong and Shanghai Banking Corporation Limited as fiscal agent (the “**Fiscal Agent**”, which expression includes any successor fiscal agent appointed from time to time in connection with the Notes), the transfer agent named therein (the “**Transfer Agent**”, which expression includes any successor or additional transfer agent appointed from time to time in connection with the Notes) and the paying agents named therein (together with the Fiscal Agent, the “**Paying Agents**”, which expression includes any successor or additional paying agents appointed from time to time in connection with the Notes). References herein to the “**Agents**” are to the Registrar, the Fiscal Agent, the Transfer Agent and the Paying Agents and any reference to an “**Agent**” is to any one of them. Certain provisions of these terms and conditions (the “**Terms and Conditions**”) are summaries of the Agency Agreement, the Deed of Guarantee and the Deed of Covenant and subject to their detailed provisions. The Noteholders (as defined below) are bound by, and are deemed to have notice of, all the provisions of the Agency Agreement, the Deed of Guarantee and the Deed of Covenant applicable to them. Copies of the Agency Agreement, the Deed of Guarantee and the Deed of Covenant are available for inspection by Noteholders with prior written notice or available electronically via e-mail written request to hkcorporate.trust.queries@hsbc.com.hk during normal business hours with proof of holding or consent from the Issuer at the principal office for the time being of the Fiscal Agent, being at the date hereof Level 24, HSBC Building, 1 Queen’s Road Central, Hong Kong and at the Specified Offices (as defined in the Agency Agreement) of each of the Agents, the initial Specified Offices of which are set out below.

1 Form, Denomination, Status and Guarantee

- (a) *Form and denomination:* The Notes are in registered form in the denomination of U.S.\$200,000 and integral multiples of U.S.\$1,000 in excess thereof (each, an “**Authorised Denomination**”).
- (b) *Status of the Notes:* The Notes constitute direct, general, unconditional, unsubordinated and (subject to Condition 3 (*Negative Pledge*)) unsecured obligations of the Issuer which will at all times rank *pari passu* without any preference or priority among themselves and at least *pari passu* with all other present and future unsecured and unsubordinated obligations of the Issuer, save for such obligations as may be preferred by provisions of law that are both mandatory and of general application.
- (c) *Guarantee of the Notes:* The Guarantor has in the Deed of Guarantee unconditionally and irrevocably guaranteed the due and punctual payment of all sums from time to time payable by the Issuer in respect of the Notes. This guarantee (the “**Guarantee of the Notes**”) constitutes direct, general and unconditional obligations of the Guarantor which will at all times rank at least *pari passu* with all other present and future unsecured obligations of the Guarantor, save for such obligations as may be preferred by provisions of law that are both mandatory and of general application.

So long as the Notes are represented by the Global Note Certificate and such Global Note Certificate is held on behalf of a clearing system, the Issuer has promised, inter alia, to pay interest in respect of such

Notes from the Issue Date in arrear at the rates, on the dates for payment, and in accordance with the method of calculation provided for in the Terms and Conditions of the Notes, save that the calculation is made in respect of the total aggregate amount of the Notes represented by such Global Note Certificate.

2 Register, Title and Transfers

- (a) *Register:* The Registrar will maintain a register (the “**Register**”) in respect of the Notes outside the United Kingdom in accordance with the provisions of the Agency Agreement. In these Conditions, the “**Holder**” of a Note means the person in whose name such Note is for the time being registered in the Register (or, in the case of a joint holding, the first named thereof) and “**Noteholder**” shall be construed accordingly. A certificate (each, a “**Note Certificate**”) will be issued to each Noteholder in respect of its registered holding. Each Note Certificate will be numbered serially with an identifying number which will be recorded in the Register.

Upon issue, the Notes will be represented by a Global Note Certificate registered in the name of, and deposited with, a nominee of a common depositary for Euroclear and Clearstream. The Terms and Conditions are modified by certain provisions contained in the Global Note Certificate. See “The Global Note Certificate”.

- (b) *Title:* The Holder of each Note shall (except as otherwise required by law) be treated as the absolute owner of such Note for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any other interest therein, any writing on the Note Certificate relating thereto (other than the endorsed form of transfer) or any notice of any previous loss or theft of such Note Certificate) and no person shall be liable for so treating such Holder. No person shall have any right to enforce any term or condition of the Notes under the Contracts (Rights of Third Parties) Act 1999.
- (c) *Transfers:* Subject to paragraphs (f) (*Closed periods*) and (g) (*Regulations concerning transfers and registration*) below, a Note may be transferred upon surrender of the relevant Note Certificate, with the endorsed form of transfer duly completed and signed by the Noteholder or his attorney duly authorised in writing, at the Specified Office of the Registrar or any Transfer Agent, together with such evidence as the Registrar or (as the case may be) such Transfer Agent may reasonably require to prove the title of the transferor and the authority of the individuals who have executed the form of transfer; *provided, however, that* a Note may not be transferred unless the principal amount of Notes transferred and (where not all of the Notes held by a Holder are being transferred) the principal amount of the balance of Notes not transferred are Authorised Denominations. Where not all the Notes represented by the surrendered Note Certificate are the subject of the transfer, a new Note Certificate in respect of the balance of the Notes will be issued to the transferor. No transfer of title to a Note will be valid unless and until entered on the Register.

Transfers of interests in the Notes evidenced by the Global Note Certificate will be effected in accordance with the rules of the relevant clearing systems.

- (d) *Registration and delivery of Note Certificates:* Within five business days of the surrender of a Note Certificate in accordance with paragraph (c) (*Transfers*) above, the Registrar will register the transfer in question and deliver a new Note Certificate of a like principal amount to the Notes transferred to each relevant Holder at its Specified Office or (as the case may be) the Specified Office of any Transfer Agent or (at the request and risk of any such relevant Holder) by uninsured first class mail (airmail if overseas) to the address specified for the purpose by such relevant Holder. In this paragraph, “**business day**” means a day on which commercial banks are open for general business (including dealings in foreign currencies) in the city where the Registrar or (as the case may be) the relevant Transfer Agent has its Specified Office.

Except in the limited circumstances described herein (see “The Global Note Certificate”), owners of interests in the Notes will not be entitled to receive physical delivery of Note Certificates.

- (e) *No charge:* The transfer of a Note will be effected without charge by or on behalf of the Issuer, the Registrar or any Transfer Agent but against such indemnity as the Registrar (or as the case may be) such Transfer Agent may require in respect of any tax or other duty of whatsoever nature which may be levied or imposed in connection with such transfer.
- (f) *Closed periods:* Noteholders may not require transfers of a Note to be registered:
 - (i) during the period of 15 calendar days ending on the due date for any payment of principal or interest in respect of the Notes;
 - (ii) during the period of 15 calendar days ending on any date on which Notes may be called for redemption by the Issuer at its option pursuant to Condition 5(b) (*Redemption for tax reasons*) or Condition 5(d) (*Redemption at the option of the Issuer*); and
 - (iii) after a Put Exercise Notice has been delivered in respect of the relevant Note(s) in accordance with Condition 5(c) (*Redemption for Change of Control Trigger Event*).
- (g) *Regulations concerning transfers and registration:* All transfers of Notes and entries on the Register are subject to the detailed regulations concerning the transfer of Notes scheduled to the Agency Agreement. The regulations may be changed by the Issuer with the prior written approval of the Fiscal Agent and the Registrar. A copy of the current regulations will be mailed (free of charge to the Holder and at the Issuer’s expense) by the Registrar to any Noteholder who requests in writing a copy of such regulations.

3 Undertakings

- (a) *Negative Pledge:* So long as any Note remains outstanding (as defined in the Agency Agreement), neither the Issuer nor the Guarantor shall, and the Issuer and the Guarantor shall procure that none of their Principal Subsidiaries will, create or permit to subsist any Security Interest, other than a Permitted Security Interest, upon the whole or any part of its present or future undertakings, assets or revenues (including uncalled capital) to secure any Relevant Indebtedness or Guarantee of Relevant Indebtedness without (a) at the same time or prior thereto securing the Notes equally and rateably therewith or (b) providing such other security for the Notes as may be approved by an Extraordinary Resolution (as defined in the Agency Agreement) of Noteholders.

In these Conditions:

“**FWD Limited**” means FWD Limited and its successors or assigns, unless expressly stated otherwise;

“**FWD Group Limited**” means FWD Group Limited and its successors or assigns, unless expressly stated otherwise;

“**Guarantee**” means, in relation to any Indebtedness of any Person, any obligation of another Person to pay such Indebtedness including (without limitation):

- (i) any obligation to purchase such Indebtedness;
- (ii) any obligation to lend money, to purchase or subscribe shares or other securities or to purchase assets or services in order to provide funds for the payment of such Indebtedness;
- (iii) any indemnity against the consequences of a default in the payment of such Indebtedness; and
- (iv) any other agreement to be responsible for such Indebtedness;

“**Indebtedness**” means any indebtedness of any Person for money borrowed or raised including (without limitation) any indebtedness for or in respect of:

- (i) amounts raised by acceptance under any acceptance credit facility;
- (ii) amounts raised under any note purchase facility;
- (iii) the amount of any liability in respect of leases or hire purchase contracts which would, in accordance with applicable law and generally accepted accounting principles, be treated as finance or capital leases;
- (iv) the amount of any liability in respect of any purchase price for assets or services the payment of which is deferred for a period in excess of 60 days; and
- (v) amounts raised under any other transaction (including, without limitation, any forward sale or purchase agreement) having the commercial effect of a borrowing;

“**PCGI Intermediate Holdings Limited**” means PCGI Intermediate Holdings Limited and its successors or assigns, unless expressly stated otherwise;

“**Permitted Security Interest**” means (i) any Security Interest over any assets (or related documents of title) purchased by the Issuer, the Guarantor or any Principal Subsidiary as security for all or part of the purchase price of such assets and any substitute Security Interest created on those assets in connection with the refinancing (together with interest, fees and other charges attributable to such refinancing) of the indebtedness secured on those assets; and (ii) any Security Interest over any assets (or related documents of title) purchased by the Issuer, the Guarantor or any Principal Subsidiary subject to such Security Interest and any substitute Security Interest created on those assets in connection with the refinancing (together with interest, fees and other charges attributable to such refinancing) of the indebtedness secured on those assets, *provided, however, that* (A) any such Security shall be confined to the property or assets purchased, (B) the principal amount of the debt encumbered by such Security Interest shall not exceed the cost of the purchase or development of such assets or any improvements thereto (including any construction, repair or alteration) or thereon; and (C) any such Security Interest shall be created concurrently with or within six months following the purchase of such assets;

“**Person**” means any individual, company, corporation, firm, partnership, joint venture, association, organisation, state or agency of a state or other entity, whether or not having separate legal personality;

“**Principal Subsidiary**” means:

- (i) FWD Limited, FWD Group Limited or PCGI Intermediate Holdings Limited; or
- (ii) any Subsidiary of the Guarantor, FWD Limited, FWD Group Limited or PCGI Intermediate Holdings Limited (each, a “**Parent**”), which satisfies one or more of the following conditions:
 - (A) its net profit or (in the case of a Subsidiary which has Subsidiaries) consolidated or non-consolidated contributed share of net profit attributable to the Parent (in each case before taxation and exceptional items) is at least 5 per cent. of the consolidated net profit of the Parent and its Subsidiaries (before taxation and exceptional items), but in each case after deducting minority interests in Subsidiaries; or
 - (B) its net assets or (in the case of a Subsidiary which has Subsidiaries) consolidated or non-consolidated contributed share of net assets attributable to the Parent (in each case after deducting minority interests in Subsidiaries) are at least 5 per cent. of the consolidated or non-consolidated contributed share of net assets (after deducting minority interests in Subsidiaries) of the Parent and its Subsidiaries; or
 - (C) its gross revenue or (in the case of a Subsidiary which has Subsidiaries) consolidated or non-consolidated contributed share of gross revenue attributable to the Parent is at least 5 per cent. of the consolidated gross revenue of the Parent and its Subsidiaries,

all as calculated by reference to the then latest audited financial statements (consolidated or, as the case may be, unconsolidated) of the relevant Subsidiary and the then latest audited financial statements of the Parent, as applicable, *provided that*: (A) in the case of a Subsidiary acquired after the end of the financial period to which the then latest relevant audited accounts relate, the reference to the then latest audited accounts for the purposes of the calculation above shall, until audited accounts for the financial period in which the acquisition is made are published, be deemed to be a reference to the accounts adjusted to consolidate the latest audited accounts of the Subsidiary in the accounts; (B) if, in the case of a Subsidiary which itself has one or more Subsidiaries, no consolidated accounts are prepared and audited, its consolidated net assets, consolidated net profits and consolidated revenue shall be determined on the basis of *pro forma* consolidated accounts of the relevant Subsidiary and its Subsidiaries prepared for this purpose by the Parent, as applicable; (C) if the accounts of a Subsidiary (not being a Subsidiary referred to in (A) above) are not consolidated with those of the Parent then the determination of whether or not the Subsidiary is a Principal Subsidiary shall, if the Parent requires, be based on a *pro forma* consolidation of its accounts (consolidated, if appropriate) with the consolidated accounts of the Parent and its Subsidiaries; or

- (iii) to which is transferred all or substantially all of the assets of a Subsidiary of the Parent which immediately prior to the transfer was a Principal Subsidiary, *provided that*, with effect from such transfer, the Subsidiary which so transfers its assets and undertakings shall cease to be a Principal Subsidiary (but without prejudice to paragraph (a) above) and the Subsidiary of the Parent to which the assets are so transferred shall become a Principal Subsidiary,

and where a certificate of the auditors of the relevant Parent as to whether or not a Subsidiary is a Principal Subsidiary shall be conclusive and binding on all parties in the absence of manifest error.

“**Relevant Indebtedness**” means any Indebtedness which is in the form of or represented by any bond, note, debenture, debenture stock, loan stock, certificate or other instrument which is, or is capable of being, listed, quoted or traded on any stock exchange or in any securities market (including, without limitation, any over-the-counter market);

“**Security Interest**” means any mortgage, charge, pledge, lien or other security interest including, without limitation, anything analogous to any of the foregoing under the laws of any jurisdiction; and

“**Subsidiary**” means, in relation to any Person (the “**first Person**”) at any particular time, any other Person (the “**second Person**”):

- (i) whose affairs and policies the first Person controls or has the power to control, whether by ownership of share capital, contract, the power to appoint or remove members of the governing body, the power to cast the majority of votes at a meeting of the governing body of the second Person or otherwise; or
- (ii) whose financial statements are or should be, in accordance with applicable law and generally accepted accounting principles, consolidated with those of the first Person,

provided that, for the purposes of these Conditions, FWD Limited, FWD Group Limited and PCGI Intermediate Holdings Limited shall always be considered a Subsidiary of the Guarantor.

- (b) *Information Undertaking*: So long as any Note remains outstanding, the Issuer shall (i) upload to its public website or file with the exchange on which PCGI Intermediate Holdings Limited’s capital stock is at such time listed for trading or with the U.S. Securities and Exchange Commission (if applicable) and (ii) provide to the Fiscal Agent to make available to the Noteholders:

- (i) the Guarantor’s audited annual financial statements within forty five (45) days of the date on which the board of directors of the Guarantor or a committee thereof approves the financial statements for the end of the fiscal year to which they relate;
- (ii) PCGI Intermediate Holdings Limited’s audited annual consolidated financial statements within forty five (45) days of the date on which the board of directors of PCGI Intermediate Holdings Limited or a committee thereof approves the financial statements for the end of the fiscal year to which they relate; and
- (iii) PCGI Intermediate Holdings Limited’s unaudited semi-annual consolidated financial statements within forty five (45) days of the date on which the board of directors of PCGI Intermediate Holdings Limited or a committee thereof approves the unaudited semi-annual consolidated financial statements from the end of the fiscal period to which they relate.

4 Interest

The Notes bear interest from 23 August 2021 (the “**Issue Date**”) at the rate of 4.50 per cent, per annum, (the “**Rate of Interest**”) payable semi-annually in arrears in equal instalments on 23 February and 23 August in each year (each, an “**Interest Payment Date**”), subject as provided in Condition 6 (*Payments*).

Each Note will cease to bear interest from the due date for redemption unless, upon due presentation, payment of principal is improperly withheld or refused, in which case it will continue to bear interest at such rate (both before and after judgment) until whichever is the earlier of (a) the day on which all sums due in respect of such Note up to that day are received by or on behalf of the relevant Noteholder and (b) the day which is seven days after the Fiscal Agent has notified the Noteholders that it has received all sums due in respect of the Notes up to such seventh day (except to the extent that there is any subsequent default in payment to the relevant Noteholder under these Conditions).

The amount of interest payable on each Interest Payment Date shall be U.S.\$4,500 in respect of each Note of U.S.\$200,000 denomination and U.S.\$22.50 in respect of each Note of U.S.\$1,000 denomination. If interest is required to be paid in respect of a Note on any other date, it shall be calculated by applying the Rate of Interest to the Calculation Amount, multiplying the product by the relevant Day Count Fraction, rounding the resulting figure to the nearest cent (half a cent being rounded upwards) and multiplying such rounded figure by a fraction equal to the Authorised Denomination of such Note divided by the Calculation Amount, where:

“**Calculation Amount**” means U.S.\$1,000; and

“**Day Count Fraction**” means, in respect of any period, the number of days in the relevant period divided by 360 calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360x(Y_2 - Y_1)] + [30x(M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

“**Y₁**” is the year, expressed as a number, in which the first day of the Calculation Period falls;

“**Y₂**” is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“**M₁**” is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

“**M₂**” is the calendar month, expressed as number, in which the day immediately following the last day included in the Calculation Period falls;

“D₁” is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D₁ will be 30; and

“D₂” is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31 and D₁ is greater than 29, in which case D₂ will be 30”.

5 Redemption and Purchase

- (a) *Scheduled redemption*: Unless previously redeemed, or purchased and cancelled in accordance with the Conditions, the Notes will be redeemed at their principal amount on 23 August 2026 (the “**Maturity Date**”), subject as provided in Condition 6 (*Payments*).
- (b) *Redemption for tax reasons*: The Notes may be redeemed at the option of the Issuer in whole, but not in part, at any time, on giving not less than 30 nor more than 60 days’ notice to the Noteholders (which notice shall be irrevocable), the Registrar and the Fiscal Agent at their principal amount, together with interest accrued to the date fixed for redemption, if:
 - (i) (A) the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 7 (*Taxation*) as a result of any change in, or amendment to, the laws or regulations of the Cayman Islands or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations (including a holding by a court of competent jurisdiction), which change or amendment becomes effective on or after 16 August 2021; and (B) such obligation cannot be avoided by the Issuer taking reasonable measures available to it; or
 - (ii) (A) the Guarantor has or (if a demand was made under the Guarantee of the Notes) would become obliged to pay additional amounts as provided or referred to in Condition 7 (*Taxation*) or the Guarantee of the Notes, as the case may be, as a result of any change in, or amendment to, the laws or regulations of the Cayman Islands or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations (including a holding by a court of competent jurisdiction), which change or amendment becomes effective on or 16 August 2021; and (B) such obligation cannot be avoided by the Guarantor taking reasonable measures available to it;

provided, however, that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer or the Guarantor would be obliged to pay such additional amounts or the Guarantor would be obliged to make such withholding or deduction if a payment in respect of the Notes were then due or (as the case may be) a demand under the Guarantee of the Notes were then made.

Prior to the publication of any notice of redemption pursuant to this paragraph, the Issuer or (as the case may be) the Guarantor shall deliver or procure that there is delivered to the Fiscal Agent:

- (i) a certificate signed by two directors of the Issuer stating that the circumstances referred to in (i)(A) and (i)(B) prevail and setting out the details of such circumstances or (as the case may be) a certificate signed by two directors of the Guarantor stating that the circumstances referred to in (ii)(A) and (ii)(B) above prevail and setting out the details of such circumstances (a “**Certificate**”); and
- (ii) an opinion of independent legal advisers of recognised standing to the effect that the Issuer or (as the case may be) the Guarantor has or will become obliged to pay such additional amounts or (as the case may be) the Guarantor has or will become obliged to make such withholding or deduction as a result of such change or amendment, provided that the Fiscal Agent may accept such certificate or opinion without further investigation or enquiry.

Upon the expiry of any such notice as is referred to in this Condition 5(b), the Issuer shall be bound to redeem the Notes in accordance with this Condition 5(b).

- (c) *Redemption for Change of Control*: Following the occurrence of a Change of Control, the Issuer shall give notice to Holders and the Fiscal Agent in accordance with Condition 14 (*Notices*) by not later than 14 days following the first day on which it becomes aware of the occurrence of a Change of Control, which notice shall specify the procedure for exercise by holders of their rights to require redemption of the Notes pursuant to this Condition 5(c) (*Redemption for Change of Control*), and the Holder of any Note will have the right at any time following the occurrence of a Change of Control, at such Holder's option, to require the Issuer to redeem all but not some only of that Holder's Notes on the Change of Control Put Date at 101 per cent., of its principal amount, together with accrued interest up to, but excluding the Change of Control Put Date. To exercise such right, the Holder of the relevant Note must deposit at the Specified Office of any Paying Agent a duly completed and signed notice of redemption, in the form for the time being current, obtainable from the Specified Office of any Paying Agent (a "**Put Exercise Notice**"), together with the Note Certificates evidencing the Notes to be redeemed by not later than 30 days following a Change of Control, or, if later, 30 days following the date upon which notice thereof is given to Noteholders by the Issuer in accordance with Condition 14 (*Notices*). The "Change of Control Put Date" shall be the 14th day after the expiry of such period of 30 days as referred to above.

A Put Exercise Notice, once delivered, shall be irrevocable and the Issuer shall redeem the Notes subject to the Put Exercise Notices delivered as aforesaid.

In this Condition on 5(c) (*Redemption for Change of Control*):

"**Affiliate**" means (i) Richard Li and all entities and persons that are subject to the Control of Richard Li and (ii) any publicly traded company (or any of its subsidiaries) where Richard Li is either (a) the chairman of such publicly traded company or (b) directly or indirectly (whether through beneficial ownership, trusts with which he is connected to or otherwise) the largest effective voting interest holder in such publicly traded company;

A "**Change of Control**" occurs when:

- (i) Mr Richard Li or any Affiliate ceases to own 100 per cent. of the issued share capital of the Guarantor;
- (ii) Mr. Richard Li or any Affiliate ceases to Control PCGI Intermediate Holdings Limited;
- (iii) any Person or Persons, other than Mr. Richard Li or any Affiliate, acting together acquires Control of the Guarantor or PCGI Intermediate Holdings Limited;
- (iv) the Guarantor or PCGI Intermediate Holdings Limited consolidates with or merges into or sells or transfers all or substantially all of its assets to any other Person, unless the consolidation, merger, sale or transfer will not result in the other Person or Persons acquiring Control over the Guarantor or PCGI Intermediate Holdings Limited (as the case may be) or the successor entity; or
- (v) the Guarantor ceases to Control PCGI Intermediate Holdings Limited; and

"**Control**" means the acquisition or control of more than 50 per cent, of the voting rights of the issued share capital of the relevant entity or the right to appoint and/or remove all or the majority of the members of the board of directors or other governing body of the relevant entity, whether held or obtained directly or indirectly, and whether held or obtained by ownership of share capital, the possession of voting rights, contract or otherwise and the terms "**Controlling**" and "**Controlled**" shall have meanings correlative to the foregoing.

The Issuer and any Subsidiary of the Guarantor may consolidate with, or merge into, or sell or transfer all or substantially all of its property to any Person (directly or indirectly) (i) Controlled by the Guarantor and (ii) at least 50 per cent. owned by Mr. Richard Li or any Affiliate and any such consolidation, merger, sale or transfer shall not constitute a Change of Control or Event of Default, provided that (a) immediately after giving effect to such transaction, no Event of Default, shall have occurred and be continuing (and for such purpose reference to the Issuer or any Subsidiary or Principal Subsidiary shall be deemed to be the successor entity of the relevant entity that is the subject of such consolidation, merger, sale or transfer); (b) if, as a result of any such consolidation or merger or such sale or transfer, the Guarantor or any Principal Subsidiary would become subject to any security which would not be permitted by these Conditions, the Guarantor, or such successor corporation, as the case may be, shall take such steps as shall be necessary effectively to secure the Notes equally and rateably with (or prior to) all Relevant Indebtedness secured thereby and (c) the Guarantor shall have delivered to the Noteholders a certificate signed by a director of the Guarantor stating that all conditions precedent herein provided for have been complied with.

The Fiscal Agent shall not be obliged to take any steps to ascertain whether a Change of Control has occurred or to monitor the occurrence of any Change of Control, and shall not be liable to the Noteholders or any other person for not doing so.

- (d) *Redemption at the option of the Issuer:* The Issuer may, at:
- (i) any time prior to 23 August 2024 (the “**First Call Date**”), at the Make Whole Redemption Price; or
 - (ii) any time on or following the First Call Date, at the applicable Call Option Redemption Price (expressed as percentages of the principal amount),

on giving not less than 15 days’ nor more than 30 days’ notice to the Holders (which shall be irrevocable), the Registrar and the Fiscal Agent, redeem the Notes in whole, but not in part together with interest accrued but unpaid to the date fixed for redemption.

For the purpose of this Condition 5(d) (*Redemption at the option of the Issuer*):

“**business day**” means any day on which banks are open for general business (including dealings in foreign currencies) in Hong Kong and New York City;

“**Call Option Redemption Price**” means the amount equal to the applicable percentage of the principal amount of the Notes for the relevant twelve-month periods indicated below:

Year commencing	Redemption Price
23 August 2024	101.00 per cent.
23 August 2025	100.50 per cent.

“**Comparable Treasury Issue**” means the United States Treasury selected by the Determination Agent as having a maturity comparable to the remaining term of the Notes from the relevant date fixed for redemption to the Maturity Date, that would be utilised, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of a maturity most nearly equal to the Maturity Date;

“**Comparable Treasury Price**” means, with respect to any redemption date, the average of three, or such lesser number as is obtained by the Determination Agent, Reference Treasury Dealer Quotations for the relevant date fixed for redemption of the Notes;

“**Determination Agent**” means an independent investment bank of international repute, appointed by the Issuer (and notice thereof is given to Holders of the Notes and the Fiscal Agent by the Issuer in

accordance with Condition 14 (*Notices*) for the purposes of performing any of the functions expressed to be performed by it under these Conditions;

“**Interest Period**” means each period from, and including, the Issue Date or an Interest Payment Date to, but excluding, the immediately following Interest Payment Date or, as the case may be, the Maturity Date;

“**Make Whole Redemption Price**” means in respect of each Note, (a) the principal amount of such Note or, if this is higher (b) the amount equal to the sum of the present value of the principal amount of such Note, together with the present values of the interest payable for the relevant Interest Periods from the relevant date fixed for redemption to the Maturity Date, in each case, discounted to such redemption date on a semi-annual compounded basis at the adjusted US Treasury Rate plus 0.50 per cent., all as determined by the Determination Agent;

“**Reference Treasury Dealer**” means each of the three nationally recognised investment banking firms selected by the Determination Agent that are primary US Government securities dealers;

“**Reference Treasury Dealer Quotations**” means with respect to each Reference Treasury Dealer and any date fixed for redemption of the Notes, the average, as determined by the Determination Agent, of the bid and asked prices for the Comparable Treasury Issue, expressed in each case as a percentage of its principal amount, quoted in writing to the Determination Agent by such Reference Treasury Dealer at 5:00 p.m., New York City time on the third business day immediately preceding such due date for redemption; and

“**U.S. Treasury Rate**” means either (a) the rate per annum equal to the yield, that represents the average for the week immediately preceding that in which the third business day prior to the relevant date fixed for redemption falls, appearing in the most recently published statistical release designated “H.15(519)” or any successor publication that is published weekly by the Board of Governors of the Federal Reserve System and that establishes yields on actively traded United States Treasury securities adjusted to constant maturity under the caption “Treasury Constant Maturities” for the maturity corresponding to the Comparable Treasury Issue provided that (a) if no maturity appears that is within three months before or after the Maturity Date, yields for the two published maturities most closely corresponding to the Comparable Treasury Issue shall be determined and the US Treasury Rate shall be interpolated or extrapolated from such yields on a straight-line basis, and (b) if such release (or any successor release) is not published during the week preceding that in which the third business day prior to the relevant date falls or such release (or successor release) does not contain such yields, the rate per annum equal to the semi-annual equivalent yield to maturity of the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price for the relevant date fixed for redemption, in each case calculated on the third business day immediately preceding the relevant date fixed for redemption.

Any reference in these Conditions to principal and/or interest shall be deemed to include any Make Whole Redemption Price which may be payable under this Condition 5(d) (*Redemption at the option of the Issuer*).

- (e) *Notice of Redemption*: All Notes in respect of which any notice of redemption is given under this Condition 5 (*Redemption and Purchase*) shall be redeemed on the date specified in such notice in accordance with this Condition 5 (*Redemption and Purchase*). If there is more than one notice of redemption given in respect of any Note (which shall include any notice given by the Issuer pursuant to Condition 5(b) (*Redemption for tax reasons*) or 5(d) (*Redemption at the option of the Issuer*) or any Put Exercise Notice given by a Noteholder pursuant to Condition 5(c) (*Redemption for Change of Control Trigger Event*)) the notice given first in time shall prevail and in the event of two notices being given on the same date, the first to be given. None of the Agents shall be responsible for calculating or verifying

the calculations of any amount payable under any notice of redemption or the content of any compliance report and shall not be liable to the Noteholders or any other person for not doing so.

- (f) *No other redemption*: The Issuer shall not be entitled to redeem the Notes otherwise than as provided in paragraphs (a) (*Scheduled redemption*) to (d) (*Redemption at the option of the Issuer*) above.
- (g) *Purchase*: The Issuer, the Guarantor or any of their respective Subsidiaries may at any time purchase Notes in the open market or otherwise and at any price.
- (h) *Cancellation*: All Notes so redeemed or purchased by the Issuer, the Guarantor or any of their respective Subsidiaries may be held or cancelled and if cancelled, may not be reissued or resold.

6 Payments

- (a) *Principal*: Payments of principal shall be made in U.S. dollars by on, or, upon application by a Holder of a Note to the Specified Office of the Fiscal Agent not later than the fifteenth day before the due date for any such payment, by transfer to a U.S. dollar account (in the case of redemption) upon surrender (or, in the case of part payment only, endorsement) of the relevant Note Certificates at the Specified Office of any Paying Agent.
- (b) *Interest*: Payments of interest shall be made in U.S. dollars on, or upon application by a Holder of a Note to the Specified Office of the Fiscal Agent not later than the fifteenth day before the due date for any such payment, by transfer to a U.S. dollar account (in the case of interest payable on redemption) upon surrender (or, in the case of part payment only, endorsement) of the relevant Note Certificates at the Specified Office of any Paying Agent.
- (c) *Payments subject to fiscal laws*: All payments in respect of the Notes are subject in all cases to (i) any applicable fiscal or other laws and regulations applicable thereto in the place of payment, but without prejudice to the provisions of Condition 7 (*Taxation*) and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 (the “**Code**”) or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof, or (without prejudice to the provisions of Condition 7 (*Taxation*)) any law implementing an intergovernmental approach thereto. No commissions or expenses shall be charged to the Holders in respect of such payments.
- (d) *Payments on business days*: Where payment is to be made by transfer to a U.S. dollar account, payment instructions (for value the due date, or, if the due date is not a business day, for value the next succeeding business day) will be initiated (i) (in the case of payments of principal and interest payable on redemption) on the later of the due date for payment and the day on which the relevant Note Certificate is surrendered (or, in the case of part payment only, endorsed) at the Specified Office of a Paying Agent and (ii) (in the case of payments of interest payable other than on redemption) on the due date for payment. A Holder of a Note shall not be entitled to any interest or other payment in respect of any delay in payment resulting from the due date for a payment not being a business day. In this paragraph, “**business day**” means any day on which banks are open for general business (including dealings in foreign currencies) in New York City and Hong Kong and, in the case of surrender (or, in the case of part payment only, endorsement) of a Note Certificate, in the place in which the Note Certificate is surrendered (or, as the case may be, endorsed).
- (e) *Partial payments*: If a Paying Agent makes a partial payment in respect of any Note, the Issuer shall procure that the amount and date of such payment are noted on the Register and, in the case of partial payment upon presentation of a Note Certificate, that a statement indicating the amount and the date of such payment is endorsed on the relevant Note Certificate.

- (f) *Record date:* Each payment in respect of a Note will be made to the person shown as the Holder in the Register at the opening of business in the place of the Registrar's Specified Office on the fifteenth day before the due date for such payment (the "**Record Date**"). Where payment in respect of a Note is to be made by cheque, the cheque will be mailed (at the risk and, if mailed at the request of the Noteholder otherwise than by ordinary mail, at the expense of such Noteholder) to the address shown as the address of the Holder in the Register at the opening of business on the relevant Record Date.

*So long as the Notes are represented by the Global Note Certificate, each payment will be made to, or to the order of, the person whose name is entered on the Register at the close of business on the Clearing System Business Day immediately prior to the date of payment, where "**Clearing System Business Day**" means a weekday (Monday to Friday, inclusive) except 25 December and 1 January.*

7 Taxation

All payments of principal and interest in respect of the Notes by or on behalf of the Issuer or the Guarantor shall be made free and clear of, and without withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of the Government of the Cayman Islands or any political subdivision thereof or any authority therein or thereof having power to tax, unless the withholding or deduction of such taxes, duties, assessments or governmental charges is as required by law. In that event the Issuer or (as the case may be) the Guarantor shall pay such additional amounts as will result in receipt by the Noteholders of such amounts after such withholding or deduction as would have been received by them had no such withholding or deduction been required, except that no such additional amounts shall be payable in respect of any Note:

- (i) held by a Noteholder which is liable to such taxes, duties, assessments or governmental charges in respect of such Note by reason of its having some connection with the jurisdiction by which such taxes, duties, assessments or charges have been imposed, levied, collected, withheld or assessed other than the mere holding of the Note; or
- (ii) where (in the case of a payment of principal or interest on redemption) the relevant Note Certificate is surrendered for payment more than 30 days after the Relevant Date except to the extent that the relevant Noteholder would have been entitled to such additional amounts if it had surrendered the relevant Note Certificate on the last day of such period of 30 days.

In these Conditions, "**Relevant Date**" means whichever is the later of (1) the date on which the payment in question first becomes due and (2) if the full amount payable has not been received in New York City by the Fiscal Agent on or prior to such due date, the date on which (the full amount having been so received) notice to that effect has been given to the Noteholders.

Any reference in these Conditions to principal or interest shall be deemed to include any additional amounts in respect of principal or interest (as the case may be) which may be payable under Condition 7 (*Taxation*).

If the Issuer or the Guarantor becomes subject at any time to any taxing jurisdiction other than the Cayman Islands, references in these Conditions to the Cayman Islands shall be construed as references to such other jurisdiction.

The Agents shall not be responsible for paying any tax, duty, charges, withholding or other payment referred to in Condition 7 or for determining whether such amounts are payable or the amount thereof, and none of them shall be responsible or liable for any failure by the Issuer, the Guarantor, any Noteholder or any third party (i) to pay such tax, duty, charges, withholding or other payment in any jurisdiction or (ii) to provide any notice or information to the Agents that would permit, enable or facilitate the payment of any principal, premium (if any), interest or other amount under or in respect of the Notes without deduction or withholding for or on account of any tax, duty, charge, withholding or other payment imposed by or in any jurisdiction.

8 Events of Default

If any of the following events occurs and is continuing:

- (a) *Non-payment of principal*: the Issuer fails to pay principal of any Note within five business days after the due date for such payment; or
- (b) *Non-payment of interest*: the Issuer fails to pay interest on any Note within 30 days after the due date for such payment; or
- (c) *Breach of other obligations*: the Issuer or the Guarantor defaults in the performance or observance of any of its other obligations under or in respect of the Notes, the Deed of Covenant or the Guarantee of the Notes and such default remains unremedied for 60 days after written notice thereof, addressed to the Issuer and the Guarantor by any Noteholder, has been delivered to the Issuer and the Guarantor or to the Specified Office of the Fiscal Agent; or
- (d) *Cross-acceleration of Issuer, Guarantor or PCGI Intermediate Holdings Limited*:
 - (i) any Indebtedness of the Issuer, the Guarantor or PCGI Intermediate Holdings Limited is not paid when due or (as the case may be) within any originally applicable grace period;
 - (ii) any such Indebtedness becomes due and payable prior to its stated maturity otherwise than at the option of the Issuer, the Guarantor or PCGI Intermediate Holdings Limited (as the case may be) or (provided that no event of default, howsoever described, has occurred) any person entitled to such Indebtedness; or
 - (iii) the Issuer, the Guarantor or PCGI Intermediate Holdings Limited fails to pay when due any amount payable by it under any Guarantee of any Indebtedness,

provided that the amount of indebtedness referred to in sub-paragraph (i) and/or sub-paragraph (ii) above and/or the amount payable under any Guarantee referred to in sub-paragraph (iii) above, individually or in the aggregate, exceeds U.S.\$20,000,000 (or its equivalent in any other currency or currencies); or
- (e) *Unsatisfied judgment*: one or more judgment(s) or order(s) from which no further appeal or judicial review is permissible or sought under applicable law for the payment of any amount is rendered against the Issuer, the Guarantor or any Principal Subsidiary and continue(s) unsatisfied and unstayed for a period of 60 days after the date(s) thereof or, if later, the date therein specified for payment; or
- (f) *Security enforced*: a secured party takes possession, or a receiver, manager or other similar officer is appointed, of the whole or any substantial part of the undertaking, assets and revenues of the Issuer, the Guarantor or any Principal Subsidiary and is not discharged within 60 days; or
- (g) *Insolvency, etc.*: (i) the Issuer, the Guarantor or any Principal Subsidiary becomes insolvent or is unable to pay its debts as they fall due, (ii) an administrator or liquidator of the Issuer, the Guarantor or any Principal Subsidiary or the whole or any substantial part of the undertaking, assets or revenues of the Issuer, the Guarantor or any Principal Subsidiary is appointed (or application for any such appointment is made), (iii) the Issuer, the Guarantor or any Principal Subsidiary takes any action for a readjustment or deferment of any of its material obligations or makes a general assignment or an arrangement or composition with or for the benefit of its creditors or declares a moratorium in respect of any material part of its indebtedness or any Guarantee of any indebtedness given by it (other than, in the case of a Principal Subsidiary of the Issuer or the Guarantor, for the purposes of or pursuant to an amalgamation, reorganisation or restructuring while solvent or as a result of a disposal on arm's length terms or as approved by an Extraordinary Resolution of the Noteholders), or (iv) the Issuer, the Guarantor or any Principal Subsidiary ceases or threatens to cease to carry on all or any material part of its business (otherwise than, in the case of any Principal Subsidiary, for the purposes of, or pursuant to, an amalgamation, reorganisation or restructuring whilst solvent); or

- (h) *Winding up, etc.*: an order is made or an effective resolution is passed for the winding up, liquidation or dissolution of the Issuer, the Guarantor or any Principal Subsidiary (other than, in the case of a Principal Subsidiary of the Issuer or the Guarantor, for the purposes of or pursuant to an amalgamation, reorganisation or restructuring while solvent or as a result of a disposal on arm's length terms or as approved by an Extraordinary Resolution of the Noteholders); or
- (i) *Analogous event*: any event occurs which under the laws of the Cayman Islands has an analogous effect to any of the events referred to in paragraphs (d) (*Unsatisfied judgment*) to (g) (*Winding up, etc.*) above;
- (j) *Unlawfulness*: it is or will become unlawful for the Issuer or the Guarantor to perform or comply with any of its obligations under or in respect of the Notes, the Deed of Covenant or the Deed of Guarantee; or
- (k) *Guarantee not in force*: the Guarantee of the Notes is not (or is claimed by the Guarantor not to be) in full force and effect,

then any Noteholder may, by written notice addressed to the Issuer and the Guarantor and delivered to the Issuer, the Guarantor or to the Specified Office of the Fiscal Agent, declare its Notes to be immediately due and payable, whereupon they shall become immediately due and payable at their principal amount together with accrued interest without further action or formality. Notice of any such declaration shall promptly be given to all other Noteholders.

The Agents need not do anything to ascertain whether any Event of Default has occurred and will not be responsible to Noteholders or any other person for any loss arising from any failure to do so, and, unless and until the Agents otherwise have notice in writing to the contrary, the Agents may assume that (i) no such event has occurred and (ii) that the Issuer is performing all of its obligations under the Agency Agreement and the Conditions.

9 Prescription

Claims for principal and interest on redemption shall become void unless the relevant Note Certificates are surrendered for payment within ten years in the case of principal and five years in the case of interest of the appropriate Relevant Date.

10 Replacement of Note Certificates

If any Note Certificate is lost, stolen, mutilated, defaced or destroyed, it may be replaced at the Specified Office of the Registrar, subject to all applicable laws and stock exchange requirements, upon payment by the claimant of the expenses incurred in connection with such replacement and on such terms as to evidence, security, indemnity and otherwise as the Issuer may reasonably require. Mutilated or defaced Note Certificates must be surrendered before replacements will be issued.

11 Agents

In acting under the Agency Agreement and in connection with the Notes, the Agents act solely as agents of the Issuer and the Guarantor and do not assume any obligations towards or relationship of agency or trust for or with any of the Noteholders.

None of the Agents shall be responsible for the performance by the Issuer and the Guarantor and any other person appointed by the Issuer or the Guarantor in relation to the Notes of the duties and obligations on their part expressed in respect of the same and, unless it has written notice from the Issuer to the contrary, each Agent shall assume that the same are being duly performed.

The initial Agents and their initial Specified Offices are listed below. The Issuer and the Guarantor reserve the right at any time to vary or terminate the appointment of any Agent and to appoint a successor registrar or fiscal

agent and additional or successor paying agents and transfer agents; *provided, however, that* the Issuer and the Guarantor shall at all times maintain a fiscal agent and a registrar.

Notice of any change in any of the Agents or in their Specified Offices shall promptly be given to the Noteholders.

12 Meetings of Noteholders; Modification

- (a) *Meetings of Noteholders:* The Agency Agreement contains provisions for convening meetings of Noteholders to consider matters relating to the Notes, including the modification of any provision of these Conditions. Any such modification may be made if sanctioned by an Extraordinary Resolution. Such a meeting may be convened by the Issuer and the Guarantor (acting together) and shall be convened by them upon the request in writing of Noteholders holding not less than one-tenth of the aggregate principal amount of the outstanding Notes. The quorum at any meeting convened to vote on an Extraordinary Resolution will be two or more persons holding or representing one more than half of the aggregate principal amount of the outstanding Notes or, at any adjourned meeting, two or more persons being or representing Noteholders whatever the principal amount of the Notes held or represented; *provided, however, that* certain proposals (including any proposal to change any date fixed for payment of principal or interest in respect of the Notes, to reduce the amount of principal or interest payable on any date in respect of the Notes, to alter the method of calculating the amount of any payment in respect of the Notes or the date for any such payment, to change the currency of payments under the Notes, to amend the terms of the Guarantee of the Notes or to change the quorum requirements relating to meetings or the majority required to pass an Extraordinary Resolution (each, a “**Reserved Matter**”)) may only be sanctioned by an Extraordinary Resolution passed at a meeting of Noteholders at which two or more persons holding or representing not less than three-quarters or, at any adjourned meeting, one quarter of the aggregate principal amount of the outstanding Notes form a quorum. Any Extraordinary Resolution duly passed at any such meeting shall be binding on all the Noteholders, whether present or not.

In addition, (i) a resolution in writing signed by or on behalf of Noteholders of not less than 90 per cent. of the aggregate principal amount of Notes for the time being outstanding will take effect as if it were an Extraordinary Resolution, whether contained in one document or several documents in the same form, each signed by or on behalf of one or more the Noteholders and (ii) a resolution passed by way of electronic consents through the clearing systems by or on behalf of Noteholders of not less than 75 per cent. in aggregate principal amount of Notes for the time being outstanding with the effect as if it were an Extraordinary Resolution, in each case whether or not relating to a Reserved Matter.

- (b) *Modification:* The Notes, these Conditions, the Deed of Covenant, the Deed of Guarantee and the Agency Agreement may be amended without the consent of the Noteholders to correct a manifest error. In addition, the parties to the Agency Agreement may agree to modify any provision of the Agency Agreement or the Conditions, but the Issuer shall not agree, without the consent of the Noteholders, to any such modification unless it is of a formal, minor or technical nature, it is made to correct a manifest error or it is, in the opinion of such parties, not materially prejudicial to the interests of the Noteholders.

13 Further Issues

The Issuer may from time to time, without the consent of the Noteholders, create and issue further notes having the same terms and conditions as the Notes in all respects (or in all respects except for the first payment of interest) so as to form a single series with the Notes.

14 Notices

Notices to the Noteholders will be sent to them by first class mail (or its equivalent) or (if posted to an overseas address) by airmail at their respective addresses on the Register. Any such notice shall be deemed to have been given on the fourth day after the date of mailing.

So long as the Notes are represented by the Global Note Certificate and the Global Note Certificate is held on behalf of Euroclear or Clearstream or an alternative clearing system, notices to Noteholders may be given by delivery of the relevant notice to Euroclear or Clearstream or the alternative clearing system, for communication by it to entitled account holders in substitution for notification as required by these Conditions and shall be deemed to have been given on the date of delivery to such clearing system.

15 Governing Law and Jurisdiction

- (a) *Governing law*: The Notes and any non-contractual obligations arising out of or in connection with the Notes are governed by English law.
- (b) *English courts*: The courts of England have exclusive jurisdiction to settle any dispute (a “**Dispute**”) arising out of or in connection with the Notes (including any non-contractual obligation arising out of or in connection with the Notes).
- (c) *Appropriate forum*: The Issuer agrees that the courts of England are the most appropriate and convenient courts to settle any Dispute and, accordingly, that it will not argue to the contrary.
- (d) *Rights of the Noteholders to take proceedings outside England*: Condition 15(b) (*English courts*) is for the benefit of the Noteholders only. As a result, nothing in this Condition 15 (*Governing law and jurisdiction*) prevents any Noteholder from taking proceedings relating to a Dispute (“**Proceedings**”) in any other courts with jurisdiction. To the extent allowed by law, Noteholders may take concurrent Proceedings in any number of jurisdictions.
- (e) *Process agent*: The Issuer agrees that the documents which start any Proceedings and any other documents required to be served in relation to those Proceedings may be served on it by being delivered to Law Debenture Corporate Services Limited at Eighth Floor, 100 Bishopsgate, London EC2N 4AG, United Kingdom or, if different, its registered office for the time being or at any address of the Issuer in Great Britain at which process may be served on it in accordance with the Companies Act 2006. If such person is not or ceases to be effectively appointed to accept service of process on behalf of the Issuer, the Issuer shall appoint another/person to act as its agent. This Condition applies to Proceedings in England and/to Proceedings elsewhere.

THE GLOBAL CERTIFICATE

The Global Note Certificate contains the following provisions that apply to the Notes in respect of which it is issued while they are represented by the Global Note Certificate, some of which modify the effect of the Terms and Conditions of the Notes. Terms defined in the Terms and Conditions of the Notes have the same meaning in the paragraphs herein.

The Global Note Certificate will become exchangeable in whole, but not in part, for Individual Note Certificates if (a) Euroclear or Clearstream is closed for business for a continuous period of 14 days (other than by reason of legal holidays) or announces an intention permanently to cease business or (b) any of the circumstances described in Condition 8 (*Events of Default*) occurs.

Whenever the Global Note Certificate is to be exchanged for Individual Note Certificates, such Individual Note Certificates will be issued in an aggregate principal amount equal to the principal amount of the Global Note Certificate within five business days of the delivery, by or on behalf of the registered Holder of the Global Note Certificate, Euroclear and/or Clearstream, to the Registrar of such information as is required to complete and deliver such Individual Note Certificates (including, without limitation, the names and addresses of the persons in whose names the Individual Note Certificates are to be registered and the principal amount of each such person's holding) against the surrender of the Global Note Certificate at the Specified Office of the Registrar. Such exchange will be effected in accordance with the provisions of the Agency Agreement and the regulations concerning the transfer and registration of Notes scheduled thereto and, in particular, shall be effected without charge to any Holder, but against such indemnity as the Registrar may require in respect of any tax or other duty of whatsoever nature which may be levied or imposed in connection with such exchange.

If:

- (a) Individual Note Certificates have not been issued and delivered by 5:00 p.m. (local time) on the thirtieth day after the date on which the same are due to be issued and delivered in accordance with the terms of the Global Note Certificate; or
- (b) any of the Notes evidenced by the Global Note Certificate have become due and payable in accordance with the Conditions or the date for final redemption of the Notes has occurred and, in either case, payment in full of the amount of principal falling due with all accrued interest thereon has not been made to the Holder of the Global Note Certificate on the due date for payment in accordance with the terms of the Global Note Certificate,

then, at 5:00 p.m. (local time) on such thirtieth day (in the case of (a) above) or at 5:00 p.m. (local time) on such due date (in the case of (b) above) the Registrar shall in respect of each person shown in the records of Euroclear and/or Clearstream (or any other relevant clearing system) as being entitled to interest in the Notes (each an "**Accountholder**"), enter in the Register the name of such Accountholder as the holder of direct rights under the deed of covenant dated on or about 23 August 2021 (the "**Deed of Covenant**") in respect of the Notes in an aggregate principal amount equal to the principal amount shown in the records of Euroclear and/or Clearstream (or any other relevant clearing system) of such Accountholder's interest in the Notes. To the extent that the Registrar makes such entries in the Register, the holder will have no further rights under the Global Note Certificate, but without prejudice to the rights that the holder or Accountholders may have under the Deed of Covenant. Under the Deed of Covenant, Accountholders will acquire directly against the Issuer, subject to their rights being entered in the Register as described above and subject as provided in the Deed of Covenant, all those rights to which they would have been entitled if, immediately before the date on which the Registrar is required to enter in the Register the rights of the Accountholders, they had been the registered holders of Notes in an aggregate principal amount equal to the principal amount of Notes they were shown as holding in the records of Euroclear, Clearstream or any other relevant clearing system (as the case may be).

In addition, the Global Note Certificate will contain provisions that modify the Terms and Conditions of the Notes as they apply to the Notes evidenced by the Global Note Certificate. The following is a summary of certain of those provisions:

Payments on business days: In the case of all payments made in respect of the Global Note Certificate, “**business day**” means any day on which banks are open for general business (including dealings in foreign currencies) in New York City and Hong Kong.

Payment Record Date: Each payment in respect of the Global Note Certificate will be made to the person shown as the Holder in the Register at the close of business (in the relevant clearing system) on the Clearing System Business Day before the due date for such payment (the “**Record Date**”), where “**Clearing System Business Day**” means a day on which each clearing system for which the Global Note Certificate is being held is open for business.

Notices: Notwithstanding Condition 14 (*Notices*), so long as the Global Note Certificate is held on behalf of Euroclear, Clearstream or any other clearing system (an “**Alternative Clearing System**”), notices to Holders of Notes represented by the Global Note Certificate may be given by delivery of the relevant notice to Euroclear, Clearstream or (as the case may be) such Alternative Clearing System.

USE OF PROCEEDS

The gross proceeds from the offering of the Notes are U.S.\$225,000,000. The Issuer and the Guarantor intend to use the net proceeds for refinancing, capital injections into PCGIIIH, working capital and any other general corporate purposes.

CAPITALISATION AND INDEBTEDNESS OF THE GUARANTOR

The following table sets forth the Guarantor's unconsolidated capitalisation and indebtedness as at 31 December 2020 on an actual basis and as adjusted to give effect to (i) the issue of the Notes before deducting the underwriting fees and commissions and other estimated expenses payable in connection with this offering; and (ii) the interest-bearing secured term loan facility of U.S.\$600 million obtained by the Guarantor in May 2021. This table should be read in conjunction with the Guarantor's Audited Annual Financial Statements and the notes thereto appearing elsewhere in this Offering Circular.

	As at 31 December 2020	
	Actual	Adjusted
	<i>(U.S.\$ million)</i>	
Borrowings:		
New borrowings	1,293	1,893 ⁽¹⁾
Notes to be issued	–	225 ⁽²⁾
Total debt	1,293	2,118
Equity:		
Share capital	19	19
Share premium	2,309	2,309
Accumulated losses	(1)	(1)
Total equity	2,327	2,327
Total capitalisation ⁽³⁾	3,620	4,445

Notes:

- (1) In May 2021, the Guarantor obtained an interest-bearing secured term loan facility of U.S.\$600 million.
- (2) The adjustment takes into account the issuance of the Notes, illustrated on the basis as though the Guarantor's financial statements are consolidated with the Issuer.
- (3) Total capitalisation represents the sum of total debt and total equity.

Save as indicated above, there has been no other material change in the capitalisation and indebtedness of the Guarantor since 31 December 2020.

Capitalisation and Indebtedness of the Issuer

As at the date of this Offering Circular, the Issuer has a share capital of U.S.\$50,000 divided into 50,000 shares of a nominal or par value of U.S.\$1.00 each, and 1 share is held by the Guarantor representing the entire issued capital of the Issuer.

**CAPITALISATION AND INDEBTEDNESS OF PCGI INTERMEDIATE HOLDINGS
LIMITED**

The following table sets forth the consolidated capitalisation and indebtedness of PCGIH as of 31 December 2020. The following table should be read in conjunction with the PCGIH Financial Statements and the notes thereto incorporated by reference in this Offering Circular.

	As of 31 December 2020 <i>(U.S.\$ million)</i> <i>(Audited)</i>
Borrowings	
Bank Borrowings	2,234
Medium-term notes	323
Subordinated notes	900
Total Borrowings	3,457
Equity	
Share capital and share premium	4,045
Other reserves	65
Accumulated losses.....	(390)
Fair value reserve.....	1,004
Cash flow hedge reserve	(11)
Defined benefit obligation revaluation reserve	—
Foreign currency translation reserve	178
Share of other comprehensive income of associates and a joint venture	7
Total Shareholders' equity	4,898
Perpetual securities	1,607
Non-controlling interests.....	1,720
Total capitalisation⁽¹⁾	11,682

Note:

- (1) Total capitalisation represents the sum of total borrowings, perpetual securities, non-controlling interests and total shareholders' equity.

On 20 April 2021, PCGIH transferred 2,439,934 convertible preference shares issued by FL and FGL in aggregate to an existing convertible preference shareholder for a total consideration of approximately U.S.\$400 million.

On 13 May 2021, PCGIH issued 2,142,858 ordinary shares to the Guarantor at a consideration of U.S.\$600 million which is restricted for use until an initial public offering of PCGIH.

On 26 July 2021, the Group settled a U.S.\$275 million bank borrowing on its scheduled maturity date and on 10 August 2021, the Group settled a U.S.\$175 million bank borrowing before its scheduled maturity date.

Save as indicated above and for any change in fair value reserves due to the impact of movements in interest rates on the fair value of available-for-sale financial assets, there has been no other material change in the capitalisation and indebtedness of PCGIIH since 31 December 2020.

DESCRIPTION OF THE ISSUER

OVERVIEW

The Issuer was incorporated as an exempted company on 18 June 2021 in the Cayman Islands. The registered office of the Issuer is located at Vistra (Cayman) Limited, P.O. Box 31119 Grand Pavilion, Hibiscus Way, 802 West Bay Road, Grand Cayman, KY1-1205 Cayman Islands. The Issuer was established specifically for the purpose of issuing notes (including the Notes). The Issuer is wholly owned by the Guarantor.

SHARE CAPITAL

As at the date of this Offering Circular, the Issuer has a share capital of U.S.\$50,000 divided into 50,000 shares of a nominal or par value of U.S.\$1.00 each, and one share is held by the Guarantor representing the entire issued capital of the Issuer. None of the shares of the Issuer was listed or dealt in on any stock exchange and no listing or permission to deal in such shares was being or was proposed to be sought as at the date of this Offering Circular.

DIRECTORS

The directors of the Issuer as at the date of this Offering Circular are Lim Beng Jin and Naomi Tofukuji.

DESCRIPTION OF THE GUARANTOR

OVERVIEW

The Guarantor was incorporated as an exempted company on 18 March 2013 in the Cayman Islands and its registered office is located at Vistra (Cayman) Limited, P. O. Box 31119 Grand Pavilion, Hibiscus Way, 802 West Bay Road, Grand Cayman, KY1-1205 Cayman Islands. The principal activity of the Guarantor is investment holding and its assets, as at the date of this Offering Circular, consist primarily of its holding of shares in PCGIIH.

The Guarantor is wholly-owned by the Shareholder.

SHARE CAPITAL

As at the date of this Offering Circular, the Guarantor has a share capital of U.S.\$25,000,000.00, divided into 25,000,000 shares of a nominal or par value of U.S.\$1.00 each. None of the shares of the Guarantor was listed or dealt in on any stock exchange and no listing or permission to deal in such shares was being or was proposed to be sought as at the date of this Offering Circular.

DIRECTORS

The directors of the Guarantor as at the date of this Offering Circular are Naomi Tofukuji and Peter Anthony Allen.

DESCRIPTION OF PCGI INTERMEDIATE HOLDINGS LIMITED

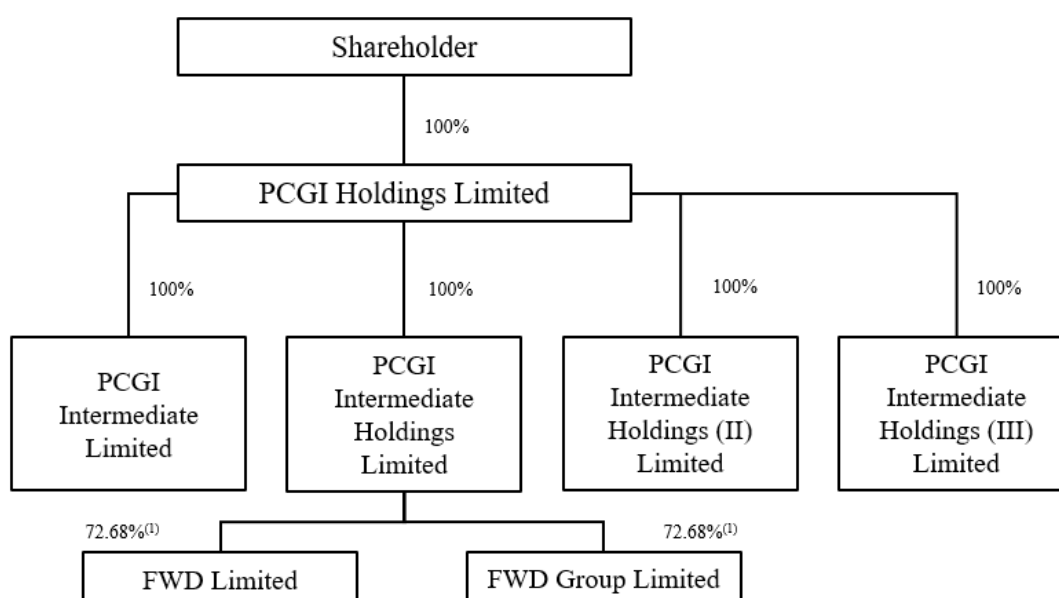
As the Guarantor's assets principally consist of its holding of shares in PCGIIH, references to the Group's business below are primarily to PCGIIH's business (including the businesses of FL and FGL), unless otherwise specified.

OVERVIEW

PCGIIH is an exempted company with limited liability incorporated under the laws of the Cayman Islands on 18 March 2013. PCGIIH is a holding company and PCGIIH and its subsidiaries are principally engaged in the provision of products and services focusing on life insurance, general insurance, and investment services through the operations of FL and FGL. The principal activity of PCGIIH is investment holding and its assets consist primarily of its holding of shares in FL and FGL. As at the date of this Offering Circular, the Guarantor holds 100 per cent. of the issued share capital of PCGIIH.

STRUCTURE CHART

The following chart is a simplified presentation of the structure of the Group as of the date of this Offering Circular:



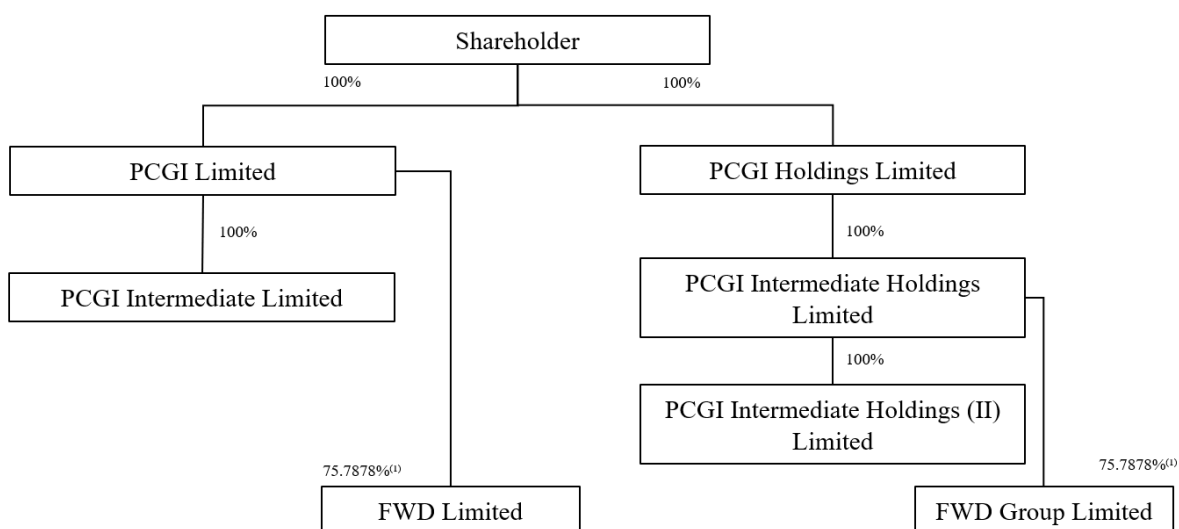
Note:

(1) Based on the total number of issued shares as at the date of this Offering Circular.

HISTORIC INFORMATION ON THE FORMATION OF PCGIIH

The following is a simplified presentation of the group structure chart of the Group before and immediately after the Reorganisation (as defined below).

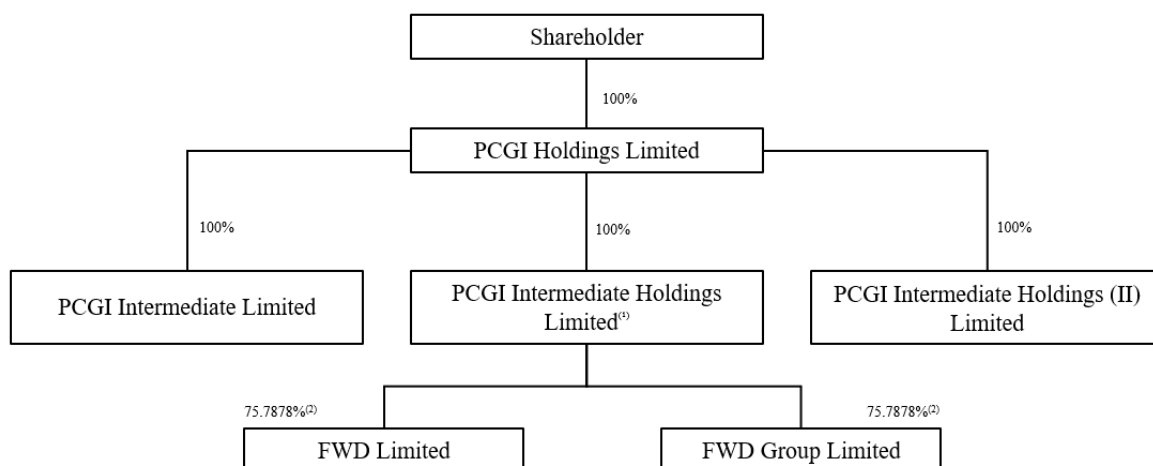
Pre-Reorganisation



Note:

- (1) Based on the total number of issued shares as at 14 September 2020.

Post-Reorganisation



Notes:

- (1) The surviving entity post the Merger (as defined below).
 (2) Based on the total number of issued shares as at 14 September 2020.

The Group underwent the following reorganisation steps (“**Reorganisation**”):

On 17 December 2020, PCGIIH and PCGI Limited carried out a merger under the laws of the Cayman Islands (the “**Merger**”), pursuant to which: (a) PCGIIH assumed all the assets, liabilities and business of PCGI Limited, and PCGI Limited ceased to exist according to the laws of the Cayman Islands; and (b) PCGIIH issued 18,486,640 ordinary shares to the Shareholder on a one-to-one basis of his holding of ordinary shares of PCGI Limited.

Following the Merger, the share capital and share premium of PCGIIH increased by U.S.\$18 million and U.S.\$1,831 million, respectively. PCGIIH became the immediate investment holding company of FL, FGL and PCGI Intermediate Limited and PCGI Intermediate Holdings (II) Limited (together, the “**Financing entities**”).

On 23 December 2020, the Shareholder transferred his holding of 18,486,640 ordinary shares of PCGIIH to the Guarantor in exchange for 18,486,640 ordinary shares of the Guarantor. Following such transfer, PCGIIH became the wholly-owned subsidiary of the Guarantor.

On 23 December 2020, PCGIIH transferred its shareholding in the Financing entities and novated the bank borrowings and certain related party balances to the Guarantor by way of capitalisation (the “**Transfer and Novation of Borrowings and Related Parties Balances**”).

The Guarantor replaced PCGIIH (itself and as successor of PCGI Limited) as the guarantor of certain notes issued by the Financing entities.

CURRENT REORGANISATION AND POTENTIAL INITIAL PUBLIC OFFERING

The following reorganisation steps are expected to be completed in 2021 prior to (and, in the case of paragraphs 2 and 3 below, conditional upon) an initial public offering of PCGIIH taking place:

1. The name of PCGIIH will be changed from PCGI Intermediate Holdings Limited to FWD Group Holdings Limited.
2. PCGIIH will issue ordinary shares to the non-controlling interest holders (including Swiss Re) of FL and FGL in exchange for their holdings of ordinary shares, preference shares and convertible preference shares (as applicable) in FL and FGL (the “**Exchange of Share Capital of FL and FGL**”). Immediately after the completion of the Exchange of Share Capital of FL and FGL, FL and FGL will become the wholly owned subsidiaries of PCGIIH.
3. FL and FGL will cancel the ordinary shares, preference shares and convertible preference shares acquired by PCGIIH from the non-controlling interest holders.

On 17 June 2021, PCGIIH announced that (a) it has confidentially submitted a draft registration statement on Form F-1 with the SEC relating to the IPO, (b) the number of ADSs to be offered and the price range for the IPO have not yet been determined, and (c) the IPO is expected to take place after the SEC completes its review process, subject to market and other conditions. To centralise the treasury functions of FL and FGL, PCGIIH, FL and FGL intend on restructuring the outstanding indebtedness of each of FL and FGL such that all such indebtedness is either transferred to PCGIIH and/or prepaid, repaid or otherwise refinanced.

RECENT DEVELOPMENTS

On 25 January 2021, the Group invested an aggregate amount of U.S.\$69 million in ordinary shares of a company controlled by a related party, and recognised as financial investment.

On 29 January 2021, U.S.\$276 million of accounts receivable and U.S.\$22 million of other payable relating to the Group’s novation of the exclusive distribution agreement with TMB Bank Public Company Limited to Prudential Life Assurance (Thailand) Public Company Limited were settled. Refer to notes 11, 20 and 27 to the PCGIIH Financial Statements for further details.

On 1 February 2021, the transfer of assets and liabilities of the Group’s Occupational Retirement Schemes business and Class G of Long Term Business under the Insurance Ordinance (Cap. 41) of Hong Kong (the “**HKIO**”) to Sun Life Hong Kong Limited was completed. The net consideration received upon the transfer was U.S.\$10 million. Refer to note 5 to the PCGIIH Financial Statements for further details.

On 3 February 2021, the remaining two subsidiaries of the Group's GI Disposal Group (as defined below) were sold to a related party for a total consideration of U.S.\$32 million, which included U.S.\$14 million for settlement of the Group's loans to the GI Disposal Group. In March 2020, management committed to a plan to sell certain subsidiaries of the Group's general insurance business, which were classified as a disposal group held for sale and as discontinued operations (the "**GI Disposal Group**"). Refer to note 5 and note 34(b)(xiv) to the PCGIIH Financial Statements for further details.

On 8 February 2021, the Group received U.S.\$30 million from the related party as a reimbursement and settlement of expenses incurred for the GI Disposal Group in 2018 and 2019, and U.S.\$14 million to settle the receivable for payments made on behalf of the GI Disposal Group in 2020. The Group also has a call option with 5-year exercise period pursuant to which the Group has the right to acquire a minority stake in the related party at a discounted price.

On 2 March 2021, the Group has completed its initial investment in a minority stake in PT Asuransi BRI Life ("**BRI Life**"), the life insurance subsidiary of PT Bank Rakyat Indonesia (Persero) Tbk ("**BRI**"). The consideration of this initial investment is U.S.\$273 million. Concurrently, BRI Life has entered into a 15-year life insurance distribution agreement with BRI. Refer to note 35 to the PCGIIH Financial Statements for further details.

On 16 April 2021, the Group has completed the purchase on an investment property in Malaysia at approximately U.S.\$17 million from a related party. Refer to note 35 to the PCGIIH Financial Statements for further details. Concurrently, the Group also entered into an agreement to lease the investment property to the related party.

On 20 April 2021, PCGIIH transferred 2,439,934 convertible preference shares issued by FL and FGL in aggregate to an existing convertible preference shareholder for a total consideration of approximately U.S.\$400 million.

On 28 April 2021, the Group completed the purchase of an interest in investment property in Japan at approximately U.S.\$40 million. In April, the Group granted 289,558 restricted shares units ("**RSU**") under the Group's share-based compensation plan, under which the Group awards RSU and/or share options of the Group to certain key employees as part of compensation for services provided in achieving shareholder value targets, to the eligible participants, with vesting periods of 3 to 4 years. The Group is in the process of finalising the fair value measurement.

On 13 May 2021, PCGIIH issued 2,142,858 ordinary shares to the Guarantor at a consideration of U.S.\$600 million which is restricted for use until the initial public offering of PCGIIH.

On 14 May 2021, the HKIA, by notice published in the Gazette in accordance with the HKIO, designated three insurance holding companies, including FWD Management Holdings Limited, to be subject to the group-wide supervision ("**GWS**") by the HKIA. Under the GWS framework, the HKIA, as the group supervisor appointed to regulate and supervise an insurance group, has direct regulatory powers over the designated insurance holding company ("**DIHC**"). Through the control and influence that the DIHC may exercise over the respective insurance group, the HKIA can carry out effective supervision over the insurance group.

Commencing on 29 March 2021, the GWS framework aligns Hong Kong's insurance regulatory regime with international standards and practices. The HKIA has issued the Guideline on Group Supervision, which spells out principles and standards for DIHCs on a wide range of areas including enterprise risk management, corporate governance, capital requirements and public disclosure, to facilitate the supervision of insurance groups and the enforcement of the relevant provisions in the HKIO by the HKIA.

Recent Acquisitions

On 22 March 2019, the Group acquired a 49 per cent. interest in HSBC Amanah Takaful (Malaysia) Berhad, a family takaful operator offering Takaful insurance products in Malaysia, which was subsequently renamed as FWD Takaful Berhad (“**FWD Malaysia**”). The Group became the largest shareholder of FWD Malaysia and obtained majority representation on the board which allows it to control FWD Malaysia. The acquisition represents a strategic milestone in expanding the Group’s insurance business in Malaysia. The consideration with respect to this acquisition was Malaysian Ringgit (“**RM**”) 82 million or U.S.\$20 million at exchange rate on the date of the acquisition. Refer to note 5.1(a) to the PCGIIH Financial Statements for further details.

On 26 September 2019, the Group acquired 99.2 per cent. of share capital of SCB Life Assurance Public Company Limited (“**SCB Life**”) from Siam Commercial Bank Public Company Limited (“**SCB**”), obtaining control of its majority voting rights (the “**SCB Life Acquisition**”). Concurrently, SCB Life and SCB entered into a distribution agreement (“**SCB Distribution Agreement**”) to establish a long-term life bancassurance partnership in Thailand. The acquisition and bancassurance partnership presents the Group with an extensive customer reach and distribution capabilities in Thailand. Total consideration was **THB** 94,006 million or U.S.\$3,072 million at the exchange rate on the date of acquisition, that has been allocated to the SCB Life Acquisition of THB73,711 million or U.S.\$2,409 million and the SCB Distribution Agreement of THB37,927 million or U.S.\$1,239 million, which included a deferred payment of THB17,632 million or U.S.\$576 million. On 1 October 2020, SCB Life and FWD Life Insurance Public Company Limited amalgamated. The amalgamated company is named FWD Life Insurance Public Company Limited. Refer to note 5.1(b) to the PCGIIH Financial Statements for further details.

On 8 April 2020, the Group acquired 100 per cent. of the share capital of Vietcombank-Cardif Life Insurance Limited Company (“**VCLF**”), a life insurance joint venture from Joint Stock Commercial Bank for Foreign Trade of Vietnam (“**Vietcombank**”) and BNP Paribas Cardif in Vietnam (the “**VCLI Acquisition**”). On 13 April 2020, FWD Vietnam Life Insurance Company Limited and Vietcombank launched a long-term bancassurance partnership in Vietnam pursuant to a distribution agreement (the “**Vietcombank Distribution Agreement**”). Subsequently, VCLI was renamed as FWD Assurance VietNam Company Limited. Total consideration of Vietnamese Dong (“**VND**”) 9,759,017 million or U.S.\$414 million, at the exchange rate on the date of the transaction, that has been allocated to the VCLI Acquisition of VND940,840 million or U.S.\$40 million and the Vietcombank Distribution Agreement of VND10,218,960 million or U.S.\$434 million, which included a deferred payment of VND1,400,783 million or U.S.\$60 million. Refer to note 5.1(c) to the PCGIIH Financial Statements for further details.

On 4 June 2020, the Group acquired 100 per cent. of the share capital of PT Commonwealth Life and its subsidiary in Indonesia (collectively referred to as “**PTCL**”) from Commonwealth International Holdings Pty Limited, CMG Asia Life Holdings Limited, PT Gala Arta Jaya and PT Bank Commonwealth (“**PTBC**”) (the “**PTCL Acquisition**”). Concurrently, PT Commonwealth Life entered into a 15-year life insurance distribution partnership with PTBC (the “**PTCL Distribution Agreement**”) to establish extensive customer reach and distribution capabilities in Indonesia. Subsequently, PTCL was renamed as PT FWD Insurance Indonesia and PT FWD Asset Management. Total considerations of Indonesian Rupiah (“**IDR**”) 5,982,503 million or U.S.\$424 million, at the exchange rate on the date of the transaction, has been allocated to the PTCL Acquisition of IDR4,992,503 million or U.S.\$354 million and the PTCL Distribution Agreement of IDR990,000 million or U.S.\$70 million. On 30 November 2020, PTCL and PT FWD Life Indonesia merged. The merged company is named PT FWD Insurance Indonesia. Refer to note 5.1(d) to the PCGIIH Financial Statements for further details.

On 30 June 2020, the Group acquired 100 per cent. of the share capital of (i) MetLife Limited from MetLife Worldwide Holdings, LLC and (ii) Metropolitan Life Insurance Company of Hong Kong Limited from MetLife

International Holdings, LLC and Natiloportem Holdings LLC. MetLife Limited and Metropolitan Life Insurance Company of Hong Kong Limited are collectively referred to as “**MetLife**”. The consideration with respect to this acquisition was U.S.\$344 million. Subsequently, MetLife Limited and Metropolitan Life Insurance Company of Hong Kong Limited were renamed as FWD Life (Hong Kong) Limited and FWD Life Assurance Company (Hong Kong) Limited, respectively. Refer to note 5.1(e) to the PCGIIH Financial Statements for further details.

On 9 December 2020, the Group acquired 100 per cent. of the share capital of Bangkok Life Assurance (Cambodia) Plc. from Bangkok Life Assurance Public Company Limited, PT Asuransi Central Asia of Indonesia, Bangkok Insurance Public Company Limited and Asia Insurance Company Limited at a consideration of U.S.\$4 million. Cash and cash equivalents acquired was U.S.\$2 million. Subsequently, Bangkok Life Assurance (Cambodia) Plc. was renamed as FWD Life Insurance (Cambodia) Plc. Refer to note 5.1(f) to the PCGIIH Financial Statements for further details.

Consent Solicitations – FL and FGL

On 17 June 2021, FL commenced a consent solicitation process and has received the requisite consents to effect certain amendments, including the substitution of FL as the issuer with PCGIIH, to the U.S.\$325,000,000 5.00 per cent. Notes due 2024 (the “**2024 Notes**”), U.S.\$250,000,000 6.25 per cent. Subordinated Perpetual Capital Securities (the “**2017 Perpetual Securities**”) and U.S.\$200,000,000 5.50 per cent. Subordinated Perpetual Capital Securities (the “**2018 Perpetual Securities**”) and, together with the 2024 Notes and 2017 Perpetual Securities, the “**FL Securities**”).

On 17 June 2021, FGL commenced a consent solicitation process and has received the requisite consents to effect certain amendments, including the substitution of FGL as the issuer with PCGIIH, to the U.S.\$750,000,000 Zero Coupon Subordinated Perpetual Capital Securities (comprising the U.S.\$500,000,000 Zero Coupon Subordinated Perpetual Capital Securities consolidated and forming a single series with the U.S.\$250,000,000 Zero Coupon Subordinated Perpetual Capital Securities) (the “**June 2017 Perpetual Securities**”), U.S.\$900,000,000 5.75 per cent. Subordinated Notes due 2024 (comprising the U.S.\$550,000,000 5.75 per cent. Subordinated Notes due 2024 and the U.S.\$250,000,000 5.75 per cent. Subordinated Notes due 2024 consolidated and forming a single series with the U.S.\$100,000,000 5.75 per cent. Subordinated Notes due 2024) (the “**2024 Notes**”) and U.S.\$600,000,000 6.375 per cent. Capital Securities (the “**2019 Perpetual Securities**”), and together with the June 2017 Perpetual Securities and the 2024 Notes, the “**FGL Securities**”).

SHAREHOLDERS

Richard Li

PCGIIH benefits from the support of its majority shareholder, Richard Li, who indirectly holds a 72.68 per cent. interest in FL and FGL. Commencing in 1993, Richard Li has built a portfolio of interests in property, financial services and other investments in the Asia Pacific region. The three main pillars of Richard Li’s portfolio of companies are telecommunications, media and internet solutions (through his interests in PCCW Limited, a company listed on the SEHK), property development (through his interests in Pacific Century Premium Developments Limited, a company listed on the SEHK) and financial services (through his interests in PineBridge Investments, L.P. (“**PineBridge**”) and PCGIIH).

Swiss Re

The Swiss Re group is a leading wholesale provider of reinsurance, insurance and other insurance-based forms of risk transfer. Founded in Zurich, Switzerland in 1863, the Swiss Re group serves clients through a network of over 60 offices globally and is rated “AA-” by Standard & Poor’s Ratings Group (“**Standard & Poor’s**”),

“Aa3” by Moody’s and “A+” by A.M. Best. Swiss Re has a 11.31 per cent. shareholding in FL and FGL. PCGIIH plans to leverage the Swiss Re group’s global insights and broad industry expertise, including enhancement of its health and protection platform.

Shareholders’ Agreement

The rights of PCGIIH and Swiss Re as shareholders of FL and FGL are governed by the Shareholders’ Agreement. The board of directors operates and manages PCGIIH’s businesses independently, subject to the provisions of the Shareholders’ Agreement, pursuant to which certain matters require the consent of and/or notifications to the shareholders.

Subject to certain exceptions, both PCGIIH and Swiss Re have pre-emption rights in respect of any future equity capital raising by FL and FGL. In addition, the consent of each of Swiss Re and PCGIIH is required before the board of directors may take actions in respect of certain reserved matters, including approvals of or material amendments to business plans and budgets, changes to FL’s and FGL’s business scope, changes to FL’s and FGL’s risk management framework, incurrence of financial indebtedness in excess of certain thresholds, voluntary repayment or prepayment of debt in excess of certain thresholds and other matters.

SUPPLEMENTAL DATA

VNB¹ refers to the present value, measured at the point of sale, of future net-of-tax profits on a local statutory basis less the corresponding cost of capital, and is calculated quarterly based on assumptions applicable at the start of each quarter. EV is an actuarial method of measuring the consolidated value of shareholders’ interests in the existing business of an insurance company and reflects an estimate of the economic value of PCGIIH’s life insurance business based on a particular set of assumptions as to future experience, excluding any economic value attributable to any future new business. “**Group EV**” refers to the consolidated EV of PCGIIH and is presented on a net of financing basis, where financing includes borrowings and perpetual securities. “**EV Equity**” refers to the equity attributable to the shareholders of PCGIIH on an actuarial basis and reflects the Group EV adjusted to include goodwill and other intangibles.

Since the start of PCGIIH’s full year operations in 2014, PCGIIH has increased its VNB threefold between 2014 and 2017, and fivefold between 2014 and 2020. PCGIIH’s VNB was U.S.\$648 million, U.S.\$498 million and U.S.\$617 million in 2018, 2019 and 2020, respectively, compared to U.S.\$123 million in 2014 and U.S.\$372 million in 2017.

PCGIIH’s underlying VNB, which is calculated by excluding the impact of (i) PCGIIH’s acquisitions and associated bancassurance partnerships (namely SCB Life Assurance Public Company Limited in Thailand, Vietcombank-Cardif Life Insurance Limited Company in Vietnam, HSBC Amanah Takaful (Malaysia) Berhad in Malaysia, and PT Commonwealth Life in Indonesia), (ii) discontinued businesses (namely the Thai Military Bank partnership in Thailand which PCGIIH ended in 2020 and the employee benefits business in Singapore), (iii) disrupted businesses (namely the Corporate-owned Life Insurance (“**COLI**”) in Japan, which was impacted by taxation rule changes) and (iv) the one-off retrocession reinsurance in Japan, continued to grow strongly and was U.S.\$228 million, U.S.\$318 million, and U.S.\$358 million in 2018, 2019 and 2020, respectively, representing significant growth from U.S.\$91 million in 2014 and U.S.\$193 million in 2017. PCGIIH’s underlying VNB and annual premium equivalent (“**APE**”) grew at a rate of 25 per cent. per annum and 13 per cent. per annum, respectively, from 2018 to 2020.

¹ VNB results are based on long term unit costs rather than current expense levels and make no allowance for the value of acquisition expense and commission overruns in respect of the underlying new business.

PCGIIH's baseline VNB, which is the basis of PCGIIH's future growth and calculated by excluding from VNB the impact of the discontinued TMB partnership in Thailand and the one-off retrocession reinsurance in Japan, was U.S.\$542 million in 2020.

Further, as of 2020, PCGIIH achieved a well-balanced geographical and distribution mix. Excluding the impact of (i) the contribution from TMB in Thailand which PCGIIH ended in 2020, (ii) the COLI business which was impacted by taxation rule changes, (iii) the one-off retrocession reinsurance in Japan, and (iv) the discontinued employee benefits business in Singapore, the Hong Kong & Macau, Thailand & Cambodia, Japan and Emerging Markets contributed 33 per cent., 32 per cent., 19 per cent. and 16 per cent., respectively, to PCGIIH's VNB, while the bancassurance, agency, brokerage/independent financial advisory and other channels, which include neo insurance, affinity, corporate care, direct marketing and telemarketing, contributed 37 per cent., 28 per cent., 22 per cent. and 12 per cent., respectively, to PCGIIH's VNB.

PCGIIH's strong VNB growth came on the back of increased sales of protection focused products, the proportion of which grew from approximately 32 per cent. in 2018 to approximately 55 per cent. in 2020. Accordingly, Protection VNB, which refers to the product of total VNB and the overall protection ratio, grew at a compounded annual growth rate of approximately 29 per cent. from 2018 to 2020. In particular, the contribution of PCGIIH's bancassurance channel to protection products improved meaningfully from 13 per cent. of PCGIIH's VNB in 2018 to 22 per cent. in 2020.

PCGIIH's VNB Margin, which measures the profitability of PCGIIH's new business and is calculated as VNB divided by APE, was 36 per cent, on an overall basis, 40 per cent. on a baseline basis and 49 per cent. on an underlying basis in 2020.

In addition to its new business, PCGIIH also generated strong returns from its in-force book and ended 2020 with an EV Equity of U.S.\$7,110 million.

PRODUCTS

The Group classifies its contracts written as either insurance contracts or investment contracts, depending on the level of insurance risk. Insurance contracts are those contracts that transfer significant insurance risk, while investment contracts are those contracts without significant insurance risk. The significance of insurance risk is dependent on both the probability of an insured event and the magnitude of its potential effect. Some insurance and investment contracts, referred to as participating business, have discretionary participation features ("DPF"), which may entitle the customer to receive, as a supplement to guaranteed benefits, additional non-guaranteed benefits, such as policyholder dividends or bonuses.

Certain insurance and investment contracts with DPF supplement the amount of guaranteed benefits due to policyholders. These contracts are distinct from other insurance and investment contracts as the Group has discretion in the amount and/or timing of the benefits declared, and how such benefits are allocated between groups of policyholders.

Customers may be entitled to receive, as a supplement to guaranteed benefits, additional benefits or bonuses:

- that are likely to be a significant portion of the total contractual benefits;
- whose amount or timing is contractually at the discretion of the Group; and
- that are contractually based on:
 - the performance of a specified pool of contracts or a specified type of contract;
 - realised and/or unrealised investment returns on a specified pool of assets held by the issuer; or

- the profit or loss of the entity, fund or other entity that issues the contract.

The Group's products may be divided into the following main categories:

- *Traditional participating life assurance with DPF Participating funds*: participating products include protection and savings element. The basic sum assured, payable on death or maturity, may be enhanced by dividends or bonuses, the aggregate amount of which is determined by the performance of a distinct fund of assets and liabilities. The timing and bonus declarations is at the discretion of the insurer. Local regulators generally prescribed a minimum proportion of policyholder participation in declared dividend.
- *Other participating business*: participating products include protection and savings elements. The basic sum assured, payable on death or maturity, may be enhanced by dividends or bonuses, the timing or amount of which are at the discretion of the insurer taking into account factors such as investment experience.
- *Takaful*: products combine savings with protection, with an arrangement based on mutual assistance under which takaful participants agree to contribute to a common fund (Family risk fund) providing for mutual financial benefits payable on the occurrence of pre-agreed events.
- *Non-participating life assurance, annuities and other protection products*: benefits payable are not at the discretion of the insurer.
- *Universal life*: benefits are based on an account balance, credited with interest at a rate set by the insurer, and a death benefit, which may be varied by the customer.
- *Unit-linked*: these may be primarily savings products or may combine savings with an element of protection.

DISTRIBUTION

The Group uses a variety of distribution channels, including bancassurance, agency, brokerage/independent financial advisory, online and other channels.

OPERATIONS

The Group's operating segments represent those of FL, FGL and their subsidiaries, associates and joint venture (collectively referred to as the "**Operating Group**"). The operating segments, based on the reports received by the Operating Group's Executive Committee preceding the Merger, are each of the geographical markets in which the Operating Group operates.

Each of the segments, other than the "Corporate and Others" segment, writes life insurance business, providing life insurance, accident and health insurance and savings plans to customers in its local market, and distributes related investment and other financial service products.

Certain businesses also write general insurance business ("**Non-core business**"). The segments are Hong Kong (including Macau), Thailand (including Cambodia), Japan, Emerging Markets and Corporate and Others. Emerging Markets includes the Operating Group's insurance operations in Indonesia, Malaysia, the Philippines, Singapore and Vietnam.

The activities of the Corporate and Others segment consist of the Operating Group's corporate functions, shared services and eliminations of intragroup transactions. The acquired subsidiaries and their respective operations in 2019, SCB Life and FWD Malaysia, are included in Thailand and Emerging Markets, respectively. The

acquired subsidiaries and their respective operations in 2020 are Metlife which is included in the Hong Kong, and PTCL and VCLI which are included in Emerging Markets.

As each segment other than the Corporate and Others segment focuses on serving the life insurance needs of its local market, there are limited transactions between segments.

The key performance indicators reported in respect of each segment are:

- total weighted premium income attributable to equity holders of FL and FGL (“**TWPI**”);
- investment return;
- operating expenses;
- operating profit before tax attributable to equity holders of FL and FGL;
- operating profit after tax attributable to equity holders of FL and FGL; and
- expense ratio measured as operating expenses attributable to equity holders of FL and FGL divided by TWPI.

Please refer to note 6 to the PCGIIH Financial Statements for a breakdown of the Group’s results by segment.

COMPETITION

The competitive landscape differs widely by geographical market, and most of PCGIIH’s geographic markets are concentrated.

Leading market participants are primarily either regional or multi-national insurance companies, local domestic entities or subsidiaries of banks and other financial institutions. Subsidiaries of European and North American life insurance groups that operate in the Asia Pacific region tend to operate in many of the major markets in the Asia Pacific region, and some currently have top 10 market shares in a few major markets. Many local domestic life insurers in the Asia Pacific region remain primarily focused on their home market, though there has been increased activity over the past several years by major Japanese and Korean life insurers to diversify into other markets in Asia. In certain countries with continued foreign ownership restrictions, the life insurance market is dominated by local domestic insurers or by joint venture entities with a local conglomerate.

The Group believes that insurers compete on a number of factors, including service, product features, price, financial strength ratings and other indices of financial health, marketing methods and name recognition. Given the wide array of relevant factors, insurance companies compete in different ways, with a competitive advantage in one individual area potentially resulting in a competitive disadvantage in another. Some of PCGIIH’s competitors may offer a broader range of insurance products, may have more competitive pricing or have higher financial strength ratings or better name recognition. Some may also have greater financial resources. Nonetheless, on an aggregate level, PCGIIH’s differentiated strengths and strategies position us well for growth.

The Group expects that competition in the Asia Pacific region may increase if markets deregulate, allowing increased foreign competition as global life insurance groups expand their presence in the Asia Pacific region and local domestic insurers diversify their operations outside of their home markets.

INVESTMENTS

Overview

The Group invests the premiums and other income generated from its insurance businesses in accordance with its strategic asset allocation as defined by the Group’s Risk Committee (“**RC**”). The Group’s investment

philosophy is to maintain a balanced asset portfolio that generates a relatively stable long-term investment return in accordance with its stated investment objectives and strategy.

The Group seeks to optimise its investment portfolio with a focus on investment grade fixed income securities, along with public equity investments to support its traditional participating life insurance products. The Group believes that this approach enables it to maintain a good level of liquidity and financial flexibility.

Investment Management and Objectives

The RC is supported by the Investment Committee (“**IC**”) and the Asset Liability Management Committee (“**ALMCO**”), which are management committees established to provide oversight of the Group’s investments and asset and liability management. To meet the Group’s investment objectives, the RC reviews and approves the Group’s investment strategy, asset allocation, investment mandates and guidelines and advises the investment management unit. In doing so, the RC employs strategic asset allocation (“**SAA**”) and tactical asset allocation (“**TAA**”) frameworks.

The SAA framework serves as an indicative benchmark for asset allocation, which the RC believes will best enable the Group to achieve its three key investment objectives. The SAA prescribes a high allocation to bonds in order to optimise portfolio returns with stable income, mitigate interest rate risks associated with long term insurance liabilities and maintain liquidity even in stressed scenarios; and a lower allocation to equity investments to further support long-term portfolio returns while ensuring easy divestment to support local solvency under stressed scenarios. The SAA allows limited flexibility to pursue other investment initiatives for asset-liability management purposes, yield enhancement or to provide ready liquidity in the form of cash or cash equivalents.

The TAA framework sets indicative ranges for asset allocation to provide investment managers with additional flexibility to tactically adjust exposure to certain asset classes in light of current market trends. The RC believes this framework provides the Group’s investment managers the ability both to capture upside as well as to mitigate downside risks in line with movements in the market.

The Group manages its financial investments in two distinct categories: Unit-linked Investments and Policyholder and Shareholder Investments.

The investment risk in respect of Unit-linked Investments is generally wholly borne by the customers and does not directly affect the profit for the period before tax. Furthermore, unit-linked contract holders are responsible for allocation of their policy values amongst investment options offered by the Group. Although profit for the period before tax is not affected by Unit-linked Investments, the investment return from such financial investments is included in the Group’s profit for the period before tax, as the Group has elected the fair value option for all Unit-linked Investments with corresponding changes in insurance and investment contract liabilities for unit-linked contracts. Policyholder and Shareholder Investments include all financial investments other than Unit-linked Investments. The investment risk in respect of Policyholder and Shareholder Investments is partially or wholly borne by the Group.

Policyholder and Shareholder Investments are further categorised as Participating Funds, other participating business with discretionary expected sharing with policyholders and underlying distinct investment portfolios (“**Other Participating Business with distinct Portfolios**”) and Other Policyholder and Shareholder investments. Other Participating Business with distinct Portfolios refers to business where it is expected that the policyholder will receive, at the discretion of the insurer, additional benefits based on the performance of underlying segregated investment assets where this asset segregation is supported by an explicit statutory reserve and reporting in the relevant territory.

The reason for separately analysing financial investments held by Participating Funds and Other Participating Business with distinct Portfolios is that Participating Funds are subject to local regulations that generally

prescribe a minimum proportion of policyholder participation in declared dividends and for Other Participating Business with distinct Portfolios it is, as explained above, expected that the policyholder will receive, at the discretion of the insurer, additional benefits based on the performance of the underlying segregated investment assets where this asset segregation is supported by an explicit statutory reserve and reporting in the relevant territory. The Group has elected the fair value option for debt and equity securities of Participating Funds. The Group's accounting policy is to record an insurance liability for the proportion of net assets of the Participating Funds that would be allocated to policyholders assuming all performance would be declared as a dividend based upon local regulations as at the date of the statements of financial position. As a result, the Group's net profit before tax for the period is impacted by the proportion of investment return that would be allocated to shareholders as described above. For Other Participating Business with distinct Portfolios, the Group either have discretion as to the timing or amount of additional benefits to the policyholders. The Group has elected the fair value option for equity securities and the available for sale classification of the majority of debt securities. The investment risk from Other Participating Business with distinct Portfolios directly impacts the Group's financial statements, but it is expected that a proportion of investment return may be allocated to policyholders through policyholder dividends.

Other Policyholder and Shareholder Investments are distinct from Unit-linked Investments, Participating Funds and Other Participating Business with distinct Portfolios as there is not any direct contractual or regulatory requirement governing the amount, if any, for allocation to policyholders or it is not expected that the policyholder will receive at the discretion of the insurer additional benefits based on the performance of the underlying segregated investment assets where this asset segregation is supported by an explicit statutory reserve and reporting in the relevant territory. The Group has elected to apply the fair value option for equity securities in this category and the available for sale classification in respect of the majority of debt securities in this category. The investment risk from investments in this category directly impacts the Group's financial statements. Although a proportion of investment return may be allocated to policyholders through policyholder dividends, the Group's accounting policy for insurance and certain investment contract liabilities utilises a net level premium methodology that includes best estimates as at the date of issue for non-guaranteed participation. To the extent investment return from these investments either is not allocated to participating contracts or varies from the best estimates, it will impact the Group's profit before tax.

See note 17 to the PCGIIH Financial Statements for a breakdown of the Group's financial investments.

RISK MANAGEMENT

Risk Management Framework

The Group's Risk Management Framework has been established for the identification, evaluation and management of the key risks faced by the organisation within its stated Risk Appetite. The framework includes an established risk governance structure with clear oversight and assignment of responsibility for monitoring and management of financial and non-financial risks.

The Group issues contracts that transfer insurance risks, financial risks or both. The insurance risks and financial risks associated with the Group's operations and the Group's management of these risks are summarised below:

Insurance risks

Life insurance contracts

Insurance risks comprise product design risk, underwriting and expense overrun risk, lapse risk and claims risk.

- (a) Product design risk

Product design risk refers to potential defects in the development of a particular insurance product. The Group manages product design risk through its product approval process where products are reviewed against pricing, design and operational risk parameters. New products and product enhancements are reviewed and approved by the Group Chief Actuary.

The Group closely monitors the performance of new products and actively manages the product portfolio to minimise risks in the in-force book and new products. A portion of the Group's life insurance business is participating in nature. In the event of a volatile investment environment and/or unusual claims experience, the Group has the option of adjusting non-guaranteed bonuses and dividends payable to policyholders.

(b) Underwriting and expense overrun risk

Underwriting and expense overrun risk refers to the possibility of product-related income being inadequate to support future obligations arising from an insurance product. The Group manages underwriting risk by adhering to underwriting guidelines. Each operating unit maintains a team of professional underwriters who review and select risks that are consistent with the underwriting strategy of the Group. In certain circumstances where insufficient experience data is available, the Group makes use of reinsurers to obtain underwriting expertise. In pricing insurance products, the Group manages expense overrun risk by allowing for an appropriate level of expenses that reflects a realistic medium-to long-term view of the underlying cost structure. A disciplined expense budgeting and management process is followed to control expenses.

(c) Lapse risk

Lapse risk refers to the possibility that lapse experience diverges from that assumed when products were priced. It includes potential financial loss due to early termination of contracts where the acquisition costs incurred may not be recoverable from future revenue. The Group carries out regular reviews of persistency experience. In addition, many of the Group's products include surrender charges that entitle the Group to additional fees on early termination by the policyholder, thereby reducing exposure to lapse risk.

(d) Claims risk

Claims risk refers to the possibility that the frequency or severity of claims arising from insurance contracts exceeds the level assumed when the products were priced. The Group seeks to mitigate claims risk by conducting regular experience studies, including reviews of mortality and morbidity experience, reviewing internal and external data, and considering the impact of these on product design, pricing and reinsurance needs.

Reinsurance solutions are used to help reduce concentration and volatility risk, especially with large policies or new risks, and as protection against catastrophes. Although the Group has reinsurance arrangements in place, it is not relieved of its direct obligations to its policyholders and thus a credit exposure exists with respect to reinsurance ceded, to the extent that any reinsurer is unable to meet its obligations assumed under such reinsurance arrangements.

Non-life insurance contracts

Between 1 January 2018 and 31 December 2020, the Group's non-life insurance business diversified over seven classes of business. The Group has developed a robust underwriting framework to ensure that all risks accepted meet the guidelines and standards of the Group.

The Group's non-life insurance business is primarily derived from Hong Kong and Singapore. The Group has developed a reinsurance strategy to ensure that a prudent and appropriate reinsurance program is in place, which manages such concentration of insurance risks based on historical experience of loss frequency and severity of similar risks and in similar geographical zones. The primary objectives of the Group's reinsurance strategy include protection of shareholders' funds, reduction in volatility of the Group's underwriting result and diversified credit risk. At each reporting date, management performs an assessment of creditworthiness of

reinsurers and updates the reinsurance strategy, ascertaining suitable allowance for impairment of reinsurance assets.

Case estimates

For non-life insurance contracts, the case estimate for each reported claim is set up based on the best estimate of the ultimate claim settlement amount considering all the information available for the claim. The case estimate is revised from time to time according to the latest information available. When setting case estimates for larger claims, reference is made to the advice of independent consultants such as loss adjusters and solicitors where applicable.

Key assumptions

Generally accepted actuarial methodologies, such as chain-ladder and Bornhuetter-Ferguson methods, are used to project the ultimate claims by class of business. The Group's past experience and claim development patterns are important assumptions for such projections. Other assumptions include average claim costs, claims handling expenses and claims inflation. The projected ultimate claim amount may also be judgmentally adjusted by external factors such as prevailing trends in judicial decisions, the economic environment and relevant government legislation.

Financial risks

The Group is exposed to a range of financial risks, including but not limited to credit risk, market risk, and liquidity risk. The Group applies a consistent risk management philosophy that is embedded in management processes and controls such that both existing and emerging risks are considered and addressed.

The following section summarises the Group's key risk exposures and the primary policies and processes used by the Group to manage its exposures to these risks.

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. Although the primary source of credit risk is the Group's investment portfolio, credit risk also arises in reinsurance, settlement and treasury activities.

The level of credit risk the Group accepts is managed and monitored by the Asset and Liability Management Committee, through establishment of an exposure limit for each counterparty or group of counterparties, reporting of credit risk exposures, monitoring compliance with exposure limits, and a regular review of limits due to changes in the macro-economic environment.

The Group actively manages its investments to ensure that there is no significant concentration of credit risk.

Interest rate risk

The Group's exposure to interest rate risk predominantly arises from any difference between the tenor of the Group's liabilities and assets, or any difference between the return on investments and the return required to meet the Group's commitments, predominantly its traditional insurance liabilities. This exposure is heightened in products with inherent interest rate options or guarantees.

The Group seeks to manage interest rate risk by ensuring appropriate product design and underlying assumptions as part of the product approval process and by matching, to the extent possible and appropriate, the duration of investment assets with the duration of insurance contracts. Given the long duration of policy liabilities and the uncertainty of future cash flows arising from these contracts, it is not possible to acquire assets that will perfectly match the policy liabilities. This results in interest rate risk, which is managed and monitored by the Asset and Liability Management Committee of the Group. The duration of interest-bearing financial

assets is regularly reviewed and monitored by referencing the estimated duration of insurance contract liabilities.

See “Interest rate risk” in note 30 to the PCGIIH Financial Statements for further details regarding the nature of the interest rate risk associated with financial assets and financial liabilities.

Equity price risk

The Group’s equity price risk exposure relates to financial assets and liabilities whose values fluctuate as a result of changes in equity market prices, principally investment securities not held for the account of investment-linked policyholders.

The Group manages these risks by setting and monitoring investment limits in each country and sector. The Group’s principal equity price risk relates to movement in the fair value of its equity securities.

Equity price risk is managed through the selection process of equity funds and portfolio criteria for segregated equity mandates, which includes tracking errors based on benchmarks or specific concentration limits. Equity exposures are considered for each private equity investment to avoid concentration risk.

See “Equity price risk” in note 30 to the PCGIIH Financial Statements for further details regarding the Group’s equity price risk exposure.

Foreign exchange rate risk

The Group’s financial assets are predominantly denominated in the same currencies as its insurance liabilities, which serves to mitigate the foreign exchange rate risk. The level of currency risk the Group accepts is managed and monitored by the Asset and Liability Management Committee of the Group, through regular monitoring of currency positions of financial assets and insurance contracts.

The Group’s net foreign currency exposures and the estimated impact of changes in foreign exchange rates are set out in the tables below after taking into account derivative contracts entered into to hedge foreign exchange rate risk. Currencies for which net exposure is not significant are excluded from the analysis below.

The Group has more United States dollar denominated assets than it has corresponding United States dollar denominated liabilities due to the much deeper pool of investment assets available in United States dollars. As a result, some of the United States dollar-denominated assets are used to back Hong Kong dollar denominated liabilities. This currency mismatch is then hedged, using forward currency contracts, to reduce the currency risk.

See “Foreign exchange rate risk” in note 30 to the PCGIIH Financial Statements for further details regarding the Group’s foreign exchange rate exposure.

Liquidity risk

Liquidity risk primarily refers to the possibility of having insufficient cash available to meet payment obligations when they become due. The Group is exposed to liquidity risk in respect of insurance contracts that permit surrender, withdrawal or other forms of early termination for a cash surrender value specified in the contractual terms and conditions.

To manage liquidity risk the Group has implemented a variety of measures, with an emphasis on flexible insurance product design, so that it can retain the greatest flexibility to adjust contract pricing or crediting rates. The Group also seeks to match, to the extent possible and appropriate, the duration of its investment assets with the duration of its insurance contracts. The Group performs regular monitoring of its liquidity position through cash flow projections.

See “Liquidity risk” in note 30 to the PCGIIIH Financial Statements for further details regarding the Group’s liquidity risk exposure.

REGULATORY

Capital Management Approach

The Group’s capital management objectives focus on maintaining a strong capital base to support the development of the business, maximising shareholders’ value and satisfying regulatory capital requirements at all times.

The Group’s capital management function oversees all capital-related activities of the Group and assists senior management in making capital decisions. The capital management function participates in decisions concerning asset-liability management, strategic asset allocation and ongoing solvency management. This includes ensuring capital considerations are paramount in the strategy and business planning processes.

Regulatory Solvency

The Group is in compliance with the solvency and capital adequacy requirements applied by its regulators at all times.

The primary insurance regulators for the Group’s key operating companies are:

Subsidiary	Primary insurance regulator	Solvency regulation
FWD Life Insurance Company (Bermuda) Limited	HKIA	HKIO
FWD Life Insurance Public Company Limited	Thailand Office of Insurance Commission (“ THOIC ”)	Life Insurance Act 1992 (as amended) (the “ Life Insurance Act of Thailand ”)
SCB Life Assurance Public Company Limited	THOIC	Life Insurance Act of Thailand
FWD Fuji Life Insurance Company, Limited	Financial Services Agency (“ FSA ”)	Insurance Business Act

The HKIA (among other matters) sets minimum solvency margin requirements that an insurer must meet in order to be authorised to carry on insurance business in or from Hong Kong. The HKIA requires FWD Life Insurance Company (Bermuda) Limited to maintain an excess of assets over liabilities of not less than the required minimum solvency margin. The amount required under the HKIO is 100 per cent of the required minimum solvency margin.

The Life Insurance Act of Thailand (among other matters) sets minimum solvency margin requirements that an insurer must meet in order to be authorised to carry on insurance business in or from Thailand. The Life Insurance Act of Thailand requires FWD Life Insurance Public Company Limited and SCB Life to maintain a required minimum solvency margin of 100 per cent.

The Enforcement Ordinance of the Insurance Business Act and Comprehensive Guidelines for Supervision of Insurance Companies sets minimum solvency margin requirements that an insurer must meet in order to be authorised to carry on insurance business in or from Japan. The Comprehensive Guidelines for Supervision of Insurance Companies Section II-2-2-2 requires FWD Fuji Life Insurance Company, Limited to maintain a required minimum solvency margin ratio of 200 per cent.

See note 29 to the PCGIIH Financial Statements for the capital positions of the Group's key operating companies at 31 December 2018, 2019 and 2020.

For these purposes, the Group defines total available capital as the amount of assets in excess of liabilities measured in accordance with the relevant local regulations and "regulatory minimum capital" as the minimum required margin of solvency calculated in accordance with the relevant local regulations. The solvency ratio is the ratio of total available capital to regulatory minimum capital.

The Group's individual subsidiaries are subject to the supervision of government regulators in the jurisdictions in which the subsidiaries and their parent entity operate and, in relation to subsidiaries, in which they are incorporated. The various regulators overseeing the Group actively monitor its local solvency positions. The Group submits its annual filing to the HKIA of their solvency margin position based on the annual audited financial statements.

Capital and Regulatory Orders Specific to the Group

At 31 December 2020, the requirements and restrictions summarised below may be considered material to the Group and remain in effect unless otherwise stated.

Hong Kong Insurance Authority

Undertakings have been given to the HKIA that: i) FWD Life Insurance Company (Bermuda) Limited will maintain and continue to maintain a solvency ratio target of 150 per cent. to 200 per cent. at all times and if the solvency ratio falls below the minimum target range, FWD Life Insurance Company (Bermuda) Limited will reinstate it within 90 days or a period of time as agreed with the HKIA; and ii) prior written consent from the HKIA will be obtained before declaring or paying dividends to shareholders.

INFORMATION TECHNOLOGY

All core business processes of PCGIIH are supported by standard and robust information technology systems and infrastructure. PCGIIH's distributors are supported by a point-of-sales tool that covers customer financial needs analysis, premium quotations, electronic submission of applications, automated underwriting, e-signature and straight through processing, and is based on advanced mobile technology. All after sale customer service, including claims and contract amendments, is supported by web-based portals, online chat and mobile services.

LEGAL AND REGULATORY PROCEEDINGS

From time to time, businesses within PCGIIH are involved in litigation in the ordinary course of their business activities, such as disputes in relation to contested insurance claims.

Although PCGIIH cannot predict the outcome or impact of any pending or future arbitration, litigation or regulatory proceedings, PCGIIH does not believe that it is currently, nor has it been during the 12 months preceding the date of this Offering Circular, involved in any governmental, legal or arbitration proceedings (including any such proceedings that are pending or threatened of which PCGIIH is aware) that may have, or have had, a significant effect on its business, results of operations or financial position.

TAXATION

The following is a general description of certain tax considerations relating to the Notes and is based on law and relevant interpretation thereof in effect as at the date of this Offering Circular, all of which are subject to change, and does not constitute legal or taxation advice. It does not purport to be a complete analysis of all tax considerations relating to the Notes, whether in those countries or elsewhere. Prospective purchasers of the Notes should consult their own tax advisers as to which countries' tax laws could be relevant to acquiring, holding and disposing of the Notes and receiving payments of interest, principal and/or other amounts under the Notes and the consequences of such actions under the tax laws of those countries. It is emphasised that neither the Issuer nor any other persons involved in the offering of the Notes accepts responsibility for any tax effects or liabilities resulting from the subscription for purchase, holding or disposal of the Notes.

CAYMAN ISLANDS

Payments of interest and principal on the Notes will not be subject to taxation in the Cayman Islands, and no withholding will be required on the payment of interest and principal to any holder of the Notes nor will gains derived from the disposal of the Notes be subject to Cayman Islands income or corporation tax. The Cayman Islands currently have no income, corporation or capital gains tax and no estate duty, inheritance tax or gift tax.

No stamp duty is payable in respect of the issue of the Notes. An instrument of transfer in respect of a Note is stampable if executed in or brought into the Cayman Islands. Stamp duty will be payable on any documents executed by the Issuer if any such documents are executed in or brought into the Cayman Islands or produced before the Cayman Islands courts.

THE PROPOSED FINANCIAL TRANSACTIONS TAX (THE "FTT")

On 14 February 2013, the European Commission published a proposal (the "**Commission's proposal**") for a Directive for a common FTT in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the "**participating Member States**"). However, Estonia has since stated that it will not participate.

The Commission's proposal has very broad scope and could, if introduced, apply to certain dealings in the Notes (including secondary market transactions) in certain circumstances.

Under the Commission's proposal, FTT could apply in certain circumstances to persons both within and outside of the participating Member States. Generally, it would apply to certain dealings in the Notes where at least one party is a financial institution, and at least one party is established in a participating Member State. A financial institution may be, or be deemed to be, "established" in a participating Member State in a broad range of circumstances, including (a) by transacting with a person established in a participating Member State or (b) where the financial instrument which is subject to the dealings is issued in a participating Member State.

However, the FTT proposal remains subject to negotiation between participating Member States. It may therefore be altered prior to any implementation, the timing of which remains unclear. Additional EU Member States may decide to participate.

Prospective holders of the Notes are advised to seek their own professional advice in relation to the FTT.

HONG KONG

Withholding Tax

No withholding tax is payable in Hong Kong in respect of payments of principal or interest on the Notes or in respect of any capital gains arising from the sale of the Notes.

Profits Tax

Hong Kong profits tax is chargeable on every person carrying on a trade, profession or business in Hong Kong in respect of profits arising in or derived from Hong Kong from such trade, profession or business (excluding profits arising from the sale of capital assets).

Interest on the Notes may be deemed to be profits arising in or derived from Hong Kong from a trade, profession or business carried on in Hong Kong in the following circumstances:

- (i) interest on the Notes is derived from Hong Kong and is received by or accrues to a corporation carrying on a trade, profession or business in Hong Kong;
- (ii) interest on the Notes is derived from Hong Kong and is received by or accrues to a person, other than a corporation, carrying on a trade, profession or business in Hong Kong and is in respect of the funds of that trade, profession or business;
- (iii) interest on the Notes is received by or accrues to a financial institution (as defined in the Inland Revenue Ordinance (Cap. 112) of Hong Kong (the “**IRO**”)) and arises through or from the carrying on by the financial institution of its business in Hong Kong; or
- (iv) interest on the Notes is received by or accrues to a corporation, other than a financial institution, and arises through or from the carrying on in Hong Kong by the corporation of its intra-group financing business (within the meaning of section 16(3) of the IRO).

Sums received by or accrued to a financial institution by way of gains or profits arising through or from the carrying on by the financial institution of its business in Hong Kong from the sale, disposal and redemption of Notes will be subject to Hong Kong profits tax. Sums received by or accrued to a corporation, other than a financial institution, by way of gains or profits arising through or from the carrying on in Hong Kong by the corporation of its intra-group financing business (within the meaning of section 16(3) of the IRO) from the sale, disposal or other redemption of Notes will be subject to Hong Kong profits tax.

Sums derived from the sale, disposal or redemption of Notes will be subject to Hong Kong profits tax where received by or accrued to a person, other than a financial institution, who carries on a trade, profession or business in Hong Kong and the sum has a Hong Kong source unless otherwise exempted. The source of such sums will generally be determined by having regard to the manner in which the Notes are acquired and disposed of.

In certain circumstances, Hong Kong profits tax exemptions (such as concessionary tax rates) may be available. Investors are advised to consult their own tax advisors to ascertain the applicability of any exemptions to their individual position.

Stamp Duty

No Hong Kong stamp duty will be chargeable upon the issue or transfer of a Note.

SUBSCRIPTION AND SALE

The Joint Lead Managers have, pursuant to a Subscription Agreement dated 16 August 2021 among the Issuer, the Guarantor and the Joint Lead Managers, agreed severally and not jointly with the Issuer and the Guarantor, subject to the satisfaction of certain conditions, to subscribe for the Notes at the Issue Price (100.00 per cent. of their principal amount). Any subsequent offering of the Notes to investors may be at a price different from the Issue Price. The Issuer has agreed to pay the Joint Lead Managers certain fees and an underwriting commission, to reimburse the Joint Lead Managers for certain of their expenses in connection with the initial sale and distribution of the Notes and to indemnify the Joint Lead Managers against certain liabilities in connection with the offering and sale of the Notes. The Joint Lead Managers are entitled in certain circumstances to be released and discharged from their obligations under the Subscription Agreement prior to the closing of the issue of the Notes.

If a jurisdiction requires that the offering be made by a licensed broker or dealer and any of the Joint Lead Managers or any affiliate of theirs is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by them or such affiliate on behalf of the Issuer in such jurisdiction.

The Joint Lead Managers and certain of their affiliates may purchase the Notes and be allocated the Notes for asset management and/or proprietary purposes but not with a view to distribution. The Joint Lead Managers and their respective affiliates may also purchase the Notes for their own accounts. In the ordinary course of their various business activities, the Joint Lead Managers and their affiliates may make or hold (on their own account, on behalf of clients or in their capacity as investment advisers) a broad array of investments and actively traded debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments and enter into other transactions, including credit derivatives (such as asset swaps, repackaging and credit default swaps) in relation thereto. Such transactions, investments and securities activities may involve the Notes or other securities and instruments of the Issuer or its subsidiaries, jointly controlled entities or associated companies, may be entered into at the same time in the secondary market and may be carried out with counterparties that are also purchasers, holders or sellers of the Notes.

Certain private banks will be paid a commission in connection with the distribution of the Notes to their clients, which will be based on the principal amount of the Notes so distributed.

One or more initial investors that are related and/or connected parties of the Guarantor are expected to subscribe for a substantial proportion of the aggregate principal amount of the Notes.

OTHER RELATIONSHIPS

The Joint Lead Managers and their affiliates are full service financial institutions engaged in various activities that may include securities trading, commercial and investment banking, financial advice, investment management, principal investment, hedging, financing and brokerage activities. Each of the Joint Lead Managers may have engaged in, and may in the future engage in, investment banking and other commercial dealings in the ordinary course of business with the Issuer, the Guarantor or their respective subsidiaries, jointly controlled entities or associated companies from time to time.

UNITED STATES

The Notes and the Guarantee have not been, and will not be, registered under the Securities Act and may not be offered or sold within the United States. Each Joint Lead Manager has represented, warranted and undertaken that it has not offered or sold, and will not offer or sell, any Notes or the Guarantee constituting part of its

allotment within the United States except in accordance with Rule 903 of Regulation S under the Securities Act and, accordingly, that neither it nor any of its affiliates (including any person acting on behalf of such Joint Lead Manager or any of its affiliates) has engaged or will engage in any directed selling efforts with respect to the Notes or the Guarantee. Terms used in this paragraph have the meanings given to them by Regulation S.

In addition, until 40 days after commencement of the offering, an offer or sale of Notes and the Guarantee within the United States by any dealer (whether or not participating in the offering of the Notes and the Guarantee) may violate the registration requirements of the Securities Act.

UNITED KINGDOM

Prohibition of Sales to UK Retail Investors

Each Joint Lead Manager has represented and agreed that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes to any retail investor in the United Kingdom. For the purposes of this provision the expression “**retail investor**” means a person who is one (or more) of the following:

- (a) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (“**EUWA**”); or
- (b) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA.

Other UK regulatory restrictions

Each of the Joint Lead Managers has represented, warranted and undertaken that:

- (a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Markets Act 2000 (the “**FSMA**”)) received by it in connection with the issue or sale of any Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer; and
- (b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Notes in, from or otherwise involving the United Kingdom.

PROHIBITION OF SALES TO EEA RETAIL INVESTORS

Each of the Joint Lead Managers has represented, warranted and undertaken that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes to any retail investor in the European Economic Area. For the purposes of this provision, the expression “**retail investor**” means a person who is one (or more) of the following:

- (a) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, “**MiFID II**”); or
- (b) a customer within the meaning of Directive (EU) 2016/97 (the “**Insurance Distribution Directive**”), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II.

HONG KONG

Each of the Joint Lead Managers has represented, warranted and undertaken that:

- (a) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Notes other than (i) to “Professional Investors” as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong (the “SFO”) and any rules made under the SFO; or (ii) in other circumstances which do not result in the document being a “prospectus” as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong (the “C(WUMPO)”) or which do not constitute an offer to the public within the meaning of the C(WUMPO); and
- (b) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Notes, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to “Professional Investors” as defined in the SFO and any rules made under the SFO.

SINGAPORE

Each Joint Lead Manager has acknowledged that this Offering Circular has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, each of the Joint Lead Managers has represented, warranted and undertaken that it has not offered or sold any Notes or caused the Notes to be made the subject of an invitation for subscription or purchase and will not offer or sell any Notes or cause the Notes to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Offering Circular or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Notes, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor (as defined in Section 4A of the Securities and Futures Act (Chapter 289) of Singapore, as modified or amended from time to time (the “SFA”)) pursuant to Section 274 of the SFA, (ii) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Notes are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

- (a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or
- (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities or securities-based derivatives contracts (each term as defined in the SFA) of that corporation or the beneficiaries’ rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Notes pursuant to an offer made under Section 275 of the SFA except:

- (1) to an institutional investor or to a relevant person, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;

- (2) where no consideration is or will be given for the transfer;
- (3) where the transfer is by operation of law;
- (4) as specified in Section 276(7) of the SFA; or
- (5) as specified in Regulation 37A of the Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018.

JAPAN

The Notes have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (the “**Financial Instruments and Exchange Act**”), and accordingly, each Joint Lead Manager has represented, warranted and undertaken that it has not, directly or indirectly, offered or sold and will not, directly or indirectly, offer or sell any Notes in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organised under the laws of Japan), or to others for re-offering or re-sale, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan except pursuant to an exemption from the registration requirements of, and otherwise in compliance with the Financial Instruments and Exchange Act and other relevant laws and regulations of Japan.

THE CAYMAN ISLANDS

No invitation whether directly or indirectly may be made to the public in the Cayman Islands to subscribe for the Notes and no such limitation is made hereby. Each Joint Lead manager has represented, warranted and undertaken that the public of the Cayman Islands will not be invited to subscribe for the Notes.

GENERAL INFORMATION

- Clearing Systems:** The Notes have been accepted for clearance through Euroclear and Clearstream. The securities codes for the Notes are as follows:

Common Code: 237077261

ISIN: XS2370772613

The Legal Entity Identifier of the Issuer is 213800AMTRWQ8MTEFH09.
- Authorisations:** The Issuer and the Guarantor have obtained all necessary consents, approvals and authorisations in the Cayman Islands in connection with the issue and performance of the Notes and the giving of the Guarantee. The issue of the Notes was authorised by written resolutions of the board of directors of the Issuer dated 5 August 2021 and the giving of the Guarantee was authorised by written resolutions of the board of directors of the Guarantor dated 5 August 2021.
- Listing of the Notes:** Application has been made to the SEHK for the listing of, and permission to deal in, the Notes by way of debt issues to Professional Investors only, and such permission is expected to become effective on or about 24 August 2021.
- No Material Adverse Change:** There has been no material adverse change in the financial or trading position or prospects of (i) the Issuer since the date of its incorporation and (ii) the Guarantor, PCGIIH and the Group since 31 December 2020.
- Litigation:** None of the Issuer, the Guarantor, PCGIIH or any other subsidiaries of the Issuer or the Guarantor is involved in any governmental, legal or arbitration proceeding that is material in the context of the issue of the Notes or the giving of the Guarantee, and the Issuer and the Guarantor are not aware that any such proceedings are pending or threatened.
- Available Documents:** Copies of the most recently published audited annual financial statements (for the years ended 31 December 2018, 2019 and 2020) of the Guarantor, the audited annual consolidated financial statements for the years ended 31 December 2018, 2019 and 2020 of PCGIIH may be obtained free of charge at the registered office of the Guarantor, and copies of the Deed of Guarantee, Agency Agreement (which includes the form of the Global Note Certificate), the Deed of Covenant and the Issuer's Data Privacy Notice will be available for inspection at the specified office of the Fiscal Agent at Level 24, HSBC Main Building, 1 Queen's Road Central, Hong Kong, Issuer Services during normal business hours with proof of holding or consent from the issuer and prior written notice or available electronically via e-mail written request to hkcorporate.trust.queries@hsbc.com.hk, so long as any of the Notes is outstanding.
- Auditor:** The (i) audited unconsolidated financial statements of the Guarantor for the years ended 31 December 2018, 2019 and 2020 and (ii) audited consolidated financial statements of PCGIIH for the years ended 31 December 2018, 2019 and 2020 have been audited by Ernst & Young, Certified Public Accountants.

INDEX TO FINANCIAL STATEMENTS

References to page numbers in the following financial statements refer to the original page numbers of the audited financial statements or the unaudited unreviewed financial statements, as the case may be, and cross-references to page numbers are to such original page numbering.

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Audited Financial Statements

PCGI HOLDINGS LIMITED
(An exempted company incorporated in the Cayman Islands
with limited liability)

31 December 2018



PCGI HOLDINGS LIMITED

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Independent auditor's report

To the shareholder of PCGI Holdings Limited

(An exempted company incorporated in the Cayman Islands with limited liability)

Report on the Audit of the Financial Statements

Qualified Opinion

We have audited the financial statements of PCGI Holdings Limited (the "Company") set out on pages 3 to 23, which comprise the statement of financial position as at 31 December 2018, and the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the effects of the matter described in the *Basis for qualified opinion* section of our report, the financial statements give a true and fair view of the financial position of the Company as at 31 December 2018, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board ("IASB").

Basis for Qualified Opinion

As further explained in note 2.1 to the financial statements, the Company has not prepared consolidated financial statements of the Company and its subsidiaries (together, the "Group") which are required by IFRS 10 "Consolidated Financial Statements". As a consequence, the financial statements do not give all the information required about the economic activities of the Group of which the Company is the parent. It is not practicable to quantify the effects of the departure from this requirement.

We conducted our audit in accordance with International Standards on Auditing ("ISAs") issued by the International Auditing and Assurance Standards Board ("IAASB"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in *Code of Ethics for Professional Accountants* (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Responsibilities of the Directors for the Financial Statements

The directors are responsible for the preparation of the financial statements that give a true and fair view in accordance with IFRSs issued by the IASB, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations or have no realistic alternative but to do so.

Independent auditor's report (continued)

To the shareholder of PCGI Holdings Limited

(An exempted company incorporated in the Cayman Islands with limited liability)

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Our report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

The engagement partner on the audit resulting in this independent auditor's report is Pak Suet Shum Angela.



Hong Kong
30 April 2019

PCGI HOLDINGS LIMITED

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 31 December 2018

	Notes	2018 US\$	2017 US\$
REVENUE		-	-
Bank interest income		7	1
Administrative expenses		<u>(14,681)</u>	<u>(23,505)</u>
LOSS BEFORE TAX	4	(14,674)	(23,504)
Income tax	5	<u>-</u>	<u>-</u>
LOSS AND TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>(14,674)</u>	<u>(23,504)</u>

PCGI HOLDINGS LIMITED

STATEMENT OF FINANCIAL POSITION

31 December 2018

	Notes	2018 US\$	2017 US\$
NON-CURRENT ASSET			
Investment in a subsidiary	6	<u>479,958,021</u>	<u>479,958,021</u>
Total non-current asset		<u>479,958,021</u>	<u>479,958,021</u>
CURRENT ASSETS			
Cash at bank	7	4,616	18,060
Due from a subsidiary	11(b)	62,000	57,000
Other receivables	8	-	1,095
Total current assets		<u>66,616</u>	<u>76,155</u>
CURRENT LIABILITIES			
Due to a related company	11(c)	255,500	250,535
Other payables	9	8,470	8,300
Total current liabilities		<u>263,970</u>	<u>258,835</u>
NET CURRENT LIABILITIES			
		<u>197,354</u>	<u>182,680</u>
Net assets			
		<u>479,760,667</u>	<u>479,775,341</u>
EQUITY			
Issued capital	10	1,000,010	1,000,010
Share premium	10	478,958,011	478,958,011
Accumulated losses		(197,354)	(182,680)
Total equity		<u>479,760,667</u>	<u>479,775,341</u>

AT

Director



PA

Director



PCGI HOLDINGS LIMITED

STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2018

	Issued capital US\$	Share premium US\$	Accumulated losses US\$	Total equity US\$
At 1 January 2017	1,000,010	478,958,011	(159,176)	479,798,845
Loss and total comprehensive income for the year	<u>-</u>	<u>-</u>	<u>(23,504)</u>	<u>(23,504)</u>
At 31 December 2017 and 1 January 2018	1,000,010	478,958,011	(182,680)	479,775,341
Loss and total comprehensive income for the year	<u>-</u>	<u>-</u>	<u>(14,674)</u>	<u>(14,674)</u>
At 31 December 2018	<u>1,000,010</u>	<u>478,958,011</u>	<u>(197,354)</u>	<u>479,760,667</u>

PCGI HOLDINGS LIMITED

STATEMENT OF CASH FLOWS

Year ended 31 December 2018

	2018 US\$	2017 US\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before tax	(14,674)	(23,504)
Adjustment for:		
Bank interest income	(7)	(1)
	<u>(14,681)</u>	<u>(23,505)</u>
Increase in an amount due from a subsidiary	(5,000)	(15,000)
Decrease / (Increase) in other receivables	1,095	(1,095)
Increase in an amount due to a related company	4,965	38,530
Increase in other payables	<u>170</u>	<u>-</u>
Cash flows used in operations	(13,451)	(1,070)
Interest received	<u>7</u>	<u>1</u>
Net cash flows used in operating activities	<u>(13,444)</u>	<u>(1,069)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(13,444)	(1,069)
Cash and cash equivalents at beginning of year	<u>18,060</u>	<u>19,129</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u><u>4,616</u></u>	<u><u>18,060</u></u>
ANALYSIS OF BALANCE OF CASH AND CASH EQUIVALENTS		
Cash and cash equivalents as stated in the statement of financial position and the statement of cash flows	<u><u>4,616</u></u>	<u><u>18,060</u></u>

PCGI HOLDINGS LIMITED

NOTES TO FINANCIAL STATEMENTS

31 December 2018

1. CORPORATE INFORMATION

PCGI Holdings Limited (the "Company") was incorporated on 18 March 2013 in the Cayman Islands and its principal business activity is investment holding. The registered office of the Company is located at Vistra (Cayman) Limited, P. O. Box 31119 Grand Pavilion, Hibiscus Way, 802 West Bay Road, Grand Cayman, KY1-1205 Cayman Islands.

The Company is wholly-owned by Mr. Richard Li Tzar Kai.

The financial statements were approved and authorized for issuance by board of directors on 30 April 2019.

2.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"), except that the consolidated financial statements of the Company and its subsidiaries have not been prepared in accordance with IFRS 10 *Consolidated Financial Statements* because, in the opinion of the directors, compliance with this requirement would involve expenses and delay and be out of proportion to the value to the shareholder of the Company.

These financial statements have been prepared under the historical cost and are presented in United States dollars ("US\$"), which is the Company's functional and presentation currency.

2.2 FUNDAMENTAL ACCOUNTING CONCEPT

These financial statements have been prepared on the going concern basis notwithstanding that the Company had net current liabilities as at 31 December 2018 as a related company has agreed to provide sufficient funds to enable the Company to meet its liabilities as and when they fall due.

2.3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Company has adopted the following new and revised IFRSs for the first time for the current year's financial statements.

IFRS 9	<i>Financial Instruments</i>
IFRS 15	<i>Revenue from Contracts with Customers</i>
Amendments to IFRS 15	<i>Clarifications to IFRS 15 Revenue from Contracts with Customers</i>

The nature and the impact of the new and revised IFRSs are described below:

- (a) IFRS 9 *Financial Instruments* replaces IAS 39 *Financial Instruments: Recognition and Measurement* for annual periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement, impairment and hedge accounting.
- (i) Classification and measurement
The following information sets out the impacts of adopting IFRS 9 on the statement of financial position, including the effect of replacing IAS 39's incurred credit loss calculations with IFRS 9's expected credit losses ("ECLs").

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2.3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)

(a) (continued)

(i) Classification and measurement (continued)

A reconciliation between the carrying amounts under IAS 39 and the balances reported under IFRS 9 as at 1 January 2018 is as follows:

	IAS 39 measurement		Reclassification US\$	IFRS 9 measurement	
	Category	Amount US\$		Amount US\$	Category
Financial assets					
Cash and cash equivalents	L&R ¹	18,060	-	18,060	AC ²
Due from a fellow subsidiary	L&R ¹	57,000	-	57,000	AC ²
Other receivables	L&R ¹	1,095	-	1,095	AC ²
Total assets		<u>76,155</u>	<u>-</u>	<u>76,155</u>	
Financial liabilities					
Due to a related party	AC ²	250,535	-	250,535	AC ²
Accrued liabilities and other payables	AC ²	8,300	-	8,300	AC ²
Total liabilities		<u>258,835</u>	<u>-</u>	<u>258,835</u>	

¹ L&R: Loans and receivables

² AC: Financial assets or financial liabilities at amortised cost

(ii) Impairment

The Company has applied the simplified approach. It does not require the Company to track the changes in credit risk, but, instead, required the Company to recognize a loss allowance based on lifetime ECLs at each reporting date. Given the financial assets are due from related parties, the Company has determined that the opening expected credit loss ("ECL") allowances under IFRS 9 upon the initial adoption of the standard are immaterial.

- (b) IFRS 15 and its amendments replace IAS 11 *Construction Contracts*, IAS 18 *Revenue* and related interpretations and it applies, with limited exceptions, to all revenue arising from contracts with customers. IFRS 15 establishes a new five-step model to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in IFRS 15 provide a more structured approach for measuring and recognising revenue. The standard also introduces extensive qualitative and quantitative disclosure requirements, including disaggregation of total revenue, information about performance obligations, changes in contract asset and liability account balances between periods and key judgements and estimates. As a result of the application of IFRS 15, the Company has changed the accounting policy with respect to revenue recognition in note 2.5 to the financial statements.

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2.4 ISSUED BUT NOT YET EFFECTIVE INTERNATIONAL FINANCIAL REPORTING STANDARDS

The Company has not applied the following new and revised IFRSs, that have been issued but are not yet effective, in these financial statements. Among the new and revised IFRS, the following are expected to be relevant to the Company's financial statements upon becoming effective:

Amendments to IFRS 3	<i>Definition of a Business</i> ²
Amendments to IFRS 9	<i>Prepayment Features with Negative Compensation</i> ¹
Amendments to IFRS 10 and IAS 28 (2011)	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i> ³
Amendments to IAS 1 and IAS 8	<i>Definition of Material</i> ²

¹ Effective for annual periods beginning on or after 1 January 2019

² Effective for annual periods beginning on or after 1 January 2020

³ No mandatory effective date yet determined but available for adoption

Further information regarding IFRS expected to be applicable to the Company is as follow:

Amendments to IFRS 3 clarify and provide additional guidance on the definition of a business. The amendments clarify that for an integrated set of activities and assets to be considered a business, it must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output. A business can exist without including all of the inputs and processes needed to create outputs. The amendments remove the assessment of whether market participants are capable of acquiring the business and continue to produce outputs. Instead, the focus is on whether acquired inputs and acquired substantive processes together significantly contribute to the ability to create outputs. The amendments have also narrowed the definition of outputs to focus on goods or services provided to customers, investment income or other income from ordinary activities. Furthermore, the amendments provide guidance to assess whether an acquired process is substantive and introduce an optional fair value concentration test to permit a simplified assessment of whether an acquired set of activities and assets is not a business. The Company expects to adopt the amendments prospectively from 1 January 2020.

Amendments to IFRS 10 and IAS 28 (2011) address an inconsistency between the requirements in IFRS 10 and in IAS 28 (2011) in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require a full recognition of a gain or loss when the sale or contribution of assets between an investor and its associate or joint venture constitutes a business. For a transaction involving assets that do not constitute a business, a gain or loss resulting from the transaction is recognised in the investor's profit or loss only to the extent of the unrelated investor's interest in that associate or joint venture. The amendments are to be applied prospectively. The previous mandatory effective date of amendments to IFRS 10 and IAS 28 (2011) was removed by the IASB in January 2016 and a new mandatory effective date will be determined after the completion of a broader review of accounting for associates and joint ventures. However, the amendments are available for adoption now.

Amendments to IAS 1 and IAS 8 provide a new definition of material. The new definition states that information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. The amendments clarify that materiality will depend on the nature or magnitude of information. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users. The Company expects to adopt the amendments prospectively from 1 January 2020. The amendments are not expected to have any significant impact on the Company's financial statements.

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2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Subsidiaries

A subsidiary is an entity (including a structured entities), directly or indirectly, controlled by the Company. Control is achieved when the Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Company the current ability to direct the relevant activities of the investee).

When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Company considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- (a) the contractual arrangement with the other vote holders of the investee;
- (b) rights arising from other contractual arrangements; and
- (c) the Company's voting rights and potential voting rights.

The Company's investment in a subsidiary is stated at cost less any impairment losses.

Fair value measurement

The Company measures its financial assets at fair value at the end of each reporting period. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Company. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 – based on quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly
- Level 3 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by reassessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than financial assets), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to profit or loss in the year/period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of each reporting period as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortization) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to profit or loss in the year/period in which it arises (only if there are revalued assets in the financial statements), unless the asset is carried at a revalued amount, in which case the reversal of the impairment loss is accounted for in accordance with the relevant accounting policy for that revalued asset.

Investments and other financial assets (policies under IFRS 9 applicable from 1 January 2018)

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient of not adjusting the effect of a significant financing component, the Company initially measures a financial asset at its fair value, plus in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient are measured at the transaction price determined under IFRS 15 in accordance with the policies set out for "Revenue recognition (applicable from 1 January 2018)" below.

In order for a financial asset to be classified and measured at amortised cost, it needs to give rise to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding.

The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Company commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

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2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Investments and other financial assets (policies under IFRS 9 applicable from 1 January 2018)
(continued)

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at amortised cost (debt instruments)

The Company measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows.
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in the statement of profit or loss when the asset is derecognised, modified or impaired.

Investments and other financial assets (policies under IAS 39 applicable before 1 January 2018)

Initial recognition and measurement

Financial assets are classified, at initial recognition, as financial assets at fair value through profit or loss, loans and receivables and available-for-sale financial assets, as appropriate. When financial assets are recognised initially, they are measured at fair value plus transaction costs that are attributable to the acquisition of the financial assets, except in the case of financial assets recorded at fair value through profit or loss.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Company commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the year/period generally established by regulation or convention in the marketplace.

The Company's financial assets include cash at bank, an amount due from a subsidiary and other receivables.

Subsequent measurement of loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such assets are subsequently measured at amortised cost using the effective interest rate method less any allowance for impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and includes fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in other income and gains in the statement of profit or loss. The loss arising from impairment is recognised in the statement of profit or loss in finance costs for loans and in other expenses for receivables.

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2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Derecognition of financial assets (policies under IFRS 9 applicable from 1 January 2018 and policies under IAS 39 applicable before 1 January 2018)

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily de-recognised (i.e. removed from the Company's statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or
- the Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Company continues to recognise the transferred assets to the extent of the Company's continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

Impairment of financial assets (policies under IFRS 9 applicable from 1 January 2018)

The Company recognises an allowance for ECLs for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

General approach

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

At each reporting date, the Company assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Company compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information.

The Company considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

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2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of financial assets (policies under IFRS 9 applicable from 1 January 2018) (continued)

General approach (continued)

Financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for trade receivables and contract assets which apply the simplified approach as detailed below.

- Stage 1 – Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs
- Stage 2 – Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs
- Stage 3 – Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

Simplified approach

For trade receivables and contract assets that do not contain a significant financing component or when the Company applies the practical expedient of not adjusting the effect of a significant financing component, the Company applies the simplified approach in calculating ECLs. Under the simplified approach, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Impairment of financial assets (policies under IAS 39 applicable before 1 January 2018)

The Company assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. An impairment exists if one or more events that occurred after the initial recognition of the asset have an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that a debtor or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Financial assets carried at amortized cost

For financial assets carried at amortized cost, the Company first assesses whether impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Company determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

The amount of any impairment loss identified is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate (i.e., the effective interest rate computed at initial recognition).

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of financial assets (policies under IAS 39 applicable before 1 January 2018) (continued)

Financial assets carried at amortized cost (continued)

The carrying amount of the asset is reduced through the use of an allowance account and the loss is recognised in profit or loss. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. Loans and receivables together with any associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realized or has been transferred to the Company.

If, in a subsequent period, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a write-off is later recovered, the recovery is credited to investment income in profit or loss.

Financial liabilities (policies under IFRS 9 applicable from 1 January 2018 and IAS 39 applicable before 1 January 2018)

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include an amount due to a related company and other payables.

Subsequent measurement of loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in the statement of profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in the statement of profit or loss.

Derecognition of financial liabilities (policies under IFRS 9 applicable from 1 January 2018 and IAS 39 applicable before 1 January 2018)

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in the statement of profit or loss.

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2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Offsetting of financial instruments (policies under IFRS 9 applicable from 1 January 2018 and IAS 39 applicable before 1 January 2018)

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and term deposits that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Company's cash management.

For purpose of the statement of financial position, cash and cash equivalents comprise cash on hand and at banks, including time deposits, which are not restricted as to use.

Revenue recognition (applicable from 1 January 2018)

Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. The Company determined that there is no revenue contracts with customers entered during the year.

Interest income is recognised on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

Revenue recognition (applicable before 1 January 2018)

Revenue is recognised when it is probable that the economic benefits will flow to the Company and when the interest income, on an accrual basis using the effective interest method by applying the rate that discounts the estimated future cash receipts over the expected life of the financial instrument to the net carrying amount of the financial asset.

Foreign currency

These financial statements are presented in United States dollars, which is the Company's functional and presentation currency. Foreign currency transactions are initially recorded using the functional currency rates ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of the reporting period. Differences arising on settlement of translation of monetary items are recognised in the statement of profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation differences on item whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

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2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Foreign currency (continued)

In determining the exchange rate on initial recognition of the related asset, expense or income on the derecognition of a non-monetary asset or non-monetary liability relating to an advance consideration, the date of initial transaction is the date on which the Company initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Company determines the transaction date for each payment or receipt of the advance consideration.

Related parties

A party is considered to be related to the Company if:

- (a) the party is a person or a close member of that person's family and that person:
 - (i) has control or joint control over the Company;
 - (ii) has significant influence over the Company; or
 - (iii) is a member of the key management personnel of the Company or of a parent of the Company;

or

- (b) the party is an entity where any of the following conditions applies:
 - (i) the entity and the Company are members of the same group;
 - (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
 - (iii) the entity and the Company are joint ventures of the same third party;
 - (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
 - (v) the entity is a post-employment benefit plan for the benefit of employees of an entity related to the Company;
 - (vi) the entity is controlled or jointly controlled by a person identified in (a);
 - (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and
 - (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Company or to the parent of the Company.

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3. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Judgements

In the process of applying the Company's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

(a) Impairment of investment in a subsidiary

The Company assesses whether there are any indicators of impairment for investment in a subsidiary at the end of each reporting period. If such an indication exists, the Company makes an estimate of the recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows. Further details regarding investment in a subsidiary is provided in note 6 to the financial statements.

(b) Impairment of intercompany balances

The Company maintains an allowance for estimated loss arising from the inability of its group companies to make the required payments. The Company makes its estimates based on the aging of its intercompany balances, creditworthiness of group companies, and historical write-off experience. If the financial condition of its group companies were to deteriorate so that the actual impairment loss might be higher than expected, the Company would be required to revise the basis of making the allowance and its future results would be affected.

4. LOSS BEFORE TAX

The Company's loss before tax is arrived at after charging:

	2018 US\$	2017 US\$
Auditor's remuneration	<u>8,470</u>	<u>8,300</u>

5. INCOME TAX

The Company is an exempted company domiciled in the Cayman Islands. Under the Cayman Islands law, there is no income tax, corporation tax, capital gains tax or any other types of tax on profits or gains or tax in the nature of estate duty or inheritance tax currently in effect.

PCGI HOLDINGS LIMITED

NOTES TO FINANCIAL STATEMENTS

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6. INVESTMENT IN A SUBSIDIARY

	2018 US\$	2017 US\$
Unlisted shares, at cost	<u>479,958,021</u>	<u>479,958,021</u>

Particulars of the principal subsidiaries are as follows:

Name	Place of incorporation/ registration and business	Percentage of equity attributable to the Company		Principal activities
		Direct	Indirect	
PCGI Intermediate Holdings Limited ^(a)	Cayman Islands	100	-	Investment holding
FWD Group Limited ^(b)	Cayman Islands / Hong Kong	-	83.5	Investment Holding
FWD Reinsurance Ltd. ^(b)	Cayman Islands	-	83.5	Reinsurance
FWD Group Financial Services Pte. Ltd. ^(b)	Singapore	-	83.5	Investment holding
FWD Group Management Holdings Limited ^(b)	Hong Kong	-	83.5	Regional support and consultancy services
FWD Life Insurance Public Company Limited ^(b)	Thailand	-	72.4	Life insurance
FWD 富士生命保険株式会社 trading as FWD Fuji Life Insurance Company, Limited ^(b)	Japan	-	83.5	Life Insurance
FWD Life Insurance Corporation ^(b)	Philippines	-	83.5	Life insurance
PT FWD Life Indonesia ^(b)	Indonesia	-	66.0	Life insurance
FWD Singapore Pte. Ltd. ^(b)	Singapore	-	82.1	Life and general insurance

^(a) Held by the Company

^(b) Held by the subsidiaries of the Company

PCGI HOLDINGS LIMITED

NOTES TO FINANCIAL STATEMENTS

31 December 2018

7. CASH AT BANK

Cash at bank earns interest at floating rates based on daily bank deposit rates. The bank balances are deposited with counterparties with no recent history of default. The carrying amounts of the cash and bank balances approximate to their fair values.

8. OTHER RECEIVABLES

None of the other receivables is either past due or impaired. The balance relates to receivables for which there was no recent history of default.

9. OTHER PAYABLES

Other payables are non-interest bearing and repayable within a year. The carrying amounts of other payables approximate to their fair values.

10. SHARE CAPITAL

	Notes	2018 US\$	2017 US\$
Authorized:			
25,000,000 (2017: 25,000,000) ordinary shares of US\$1 each	(a)	<u>25,000,000</u>	<u>25,000,000</u>
Issued and fully paid:			
1,000,010 (2017: 1,000,010) ordinary shares of US\$1 each	(b)	1,000,010	1,000,010
Share premium	(b)	<u>478,958,011</u>	<u>478,958,011</u>
		<u>479,958,021</u>	<u>479,958,021</u>

Notes:

(a) On 18 March 2013 (date of incorporation), the authorized share capital of the Company was US\$50,000 divided into 50,000 shares of US\$1 each. The authorized share capital of the Company was increased to US\$25,000,000 divided into 25,000,000 shares of US\$1 each on 28 May 2013.

There was no change in authorized share capital during the year.

(b) On 17 August 2015, the Company's sole shareholder provided capital contribution to the Company as share premium in the amount equivalent to PCGI Intermediate Holdings Limited's subscription of the additional 4,198,895 preference shares at total consideration of US\$379,958,011 in FWD Group Limited.

There was no change in issued share capital during the year.

PCGI HOLDINGS LIMITED

NOTES TO FINANCIAL STATEMENTS

31 December 2018

11. RELATED PARTY TRANSACTIONS

- (a) In addition to the transactions detailed elsewhere in the financial statements, the Company had the following material transactions with related parties.

	2018 US\$	2017 US\$
Funds transfer to a subsidiary	<u>5,000</u>	<u>15,000</u>
Funds transfer from a related company	<u>-</u>	<u>30,000</u>
Expenses paid by a related company on behalf of the Company	<u>4,965</u>	<u>8,530</u>

- (b) As disclosed in the statement of financial position, the Company had an outstanding balance with a subsidiary as at the end of the reporting period. The balance with a subsidiary is unsecured, interest-free and repayable on demand. The carrying amount approximates to its fair value.
- (c) As disclosed in the statement of financial position, the Company had an outstanding balance with a related company as at the end of the reporting period. The balance with a related company is unsecured, interest-free and repayable on demand. The carrying amount approximates to its fair value.
- (d) During the year, no remuneration was paid by the Company to its related parties and key management personnel (2017: Nil).

12. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments of the Company as at the end of the reporting period are as follows:

31 December 2018

Financial assets

	Financial assets at amortised cost US\$	Total US\$
Due from a subsidiary	62,000	62,000
Cash at bank	<u>4,616</u>	<u>4,616</u>
	<u>66,616</u>	<u>66,616</u>

PCGI HOLDINGS LIMITED

NOTES TO FINANCIAL STATEMENTS

31 December 2018

12. FINANCIAL INSTRUMENTS BY CATEGORY (continued)

31 December 2018 (continued)

Financial liabilities

	Financial liabilities at amortised cost US\$	Total US\$
Due to a related company	255,500	255,500
Other payables	<u>8,470</u>	<u>8,470</u>
	<u>263,970</u>	<u>263,970</u>

31 December 2017

Financial assets

	Loans and receivables US\$	Total US\$
Due from a subsidiary	57,000	57,000
Other receivables	1,095	1,095
Cash at bank	<u>18,060</u>	<u>18,060</u>
	<u>76,155</u>	<u>76,155</u>

Financial liabilities

	Financial liabilities at amortised cost US\$	Total US\$
Due to a related company	250,535	250,535
Other payables	<u>8,300</u>	<u>8,300</u>
	<u>258,835</u>	<u>258,835</u>

13. FAIR VALUE OF FINANCIAL INSTRUMENTS

Management has assessed that the fair values of cash at bank, an amount due from a subsidiary, an amount due to a related company, other receivables and other payables approximate to their carrying amounts largely due to the short-term maturities of these instruments.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

31 December 2018

14. FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES

The Company's principal financial instruments comprise intercompany balances, other payables and other receivables. It is, and had been, throughout the period under review, the Company's policy that no trading in financial instruments shall be undertaken.

During the year, the Company's principal activity is investment holding, and therefore, the directors considered that the Company is not subject to significant amounts of financial risk. As a result, no sensitivity analysis is provided.

Capital management

The Company's capital management objective is focused on maintaining an adequate capital base to safeguard the Company's ability to continue as a going concern, to support the development of the business and maximize shareholders' value.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid, return capital to ordinary shareholders or issue new shares.

Audited Financial Statements

PCGI HOLDINGS LIMITED
(An exempted company incorporated in the Cayman Islands
with limited liability)

31 December 2019

PCGI HOLDINGS LIMITED

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Independent auditor's report

To the shareholder of PCGI Holdings Limited

(An exempted company incorporated in the Cayman Islands with limited liability)

Report on the Audit of the Financial Statements

Qualified Opinion

We have audited the financial statements of PCGI Holdings Limited (the "Company") set out on pages 3 to 23, which comprise the statement of financial position as at 31 December 2019, and the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the effects of the matter described in the *Basis for Qualified Opinion* section of our report, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2019, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs").

Basis for Qualified Opinion

As further explained in note 2.1 to the financial statements, the Company has not prepared consolidated financial statements of the Company and its subsidiaries (together, the "Group") which are required by IFRS 10 "Consolidated Financial Statements". As a consequence, the financial statements do not give all the information required about the economic activities of the Group of which the Company is the parent. It is not practicable to quantify the effects of the departure from this requirement.

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the *International Code of Ethics for Professional Accountants (including International Independence Standards)* ("IESBA Code") and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Responsibilities of the Directors for the Financial Statements

The directors are responsible for the preparation of the financial statements that give a true and fair view in accordance with IFRSs, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations or have no realistic alternative but to do so.



Independent auditor's report (continued)
To the shareholder of PCGI Holdings Limited
(An exempted company incorporated in the Cayman Islands with limited liability)

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Our report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Hong Kong
29 April 2020

PCGI HOLDINGS LIMITED

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 31 December 2019

	Notes	2019 US\$	2018 US\$
REVENUE			
Bank interest income		4	7
Administrative expenses	4	(15,849)	(14,681)
LOSS BEFORE TAX		(15,845)	(14,674)
Income tax	5	_____ -	_____ -
LOSS AND TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>(15,845)</u>	<u>(14,674)</u>

PCGI HOLDINGS LIMITED

STATEMENT OF FINANCIAL POSITION

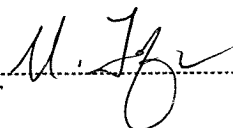
31 December 2019

	Notes	2019 US\$	2018 US\$
NON-CURRENT ASSET			
Investment in a subsidiary	6	<u>479,958,021</u>	<u>479,958,021</u>
Total non-current asset		<u>479,958,021</u>	<u>479,958,021</u>
CURRENT ASSETS			
Prepayment		250	-
Due from a subsidiary	10	72,000	62,000
Cash at bank	7	<u>15,696</u>	<u>4,616</u>
Total current assets		<u>87,946</u>	<u>66,616</u>
CURRENT LIABILITIES			
Due to a related company	10	291,145	255,500
Other payables	8	<u>10,000</u>	<u>8,470</u>
Total current liabilities		<u>301,145</u>	<u>263,970</u>
NET CURRENT LIABILITIES		<u>213,199</u>	<u>197,354</u>
Net assets		<u>479,744,822</u>	<u>479,760,667</u>
EQUITY			
Issued capital	9	1,000,010	1,000,010
Share premium	9	478,958,011	478,958,011
Accumulated losses		<u>(213,199)</u>	<u>(197,354)</u>
Total equity		<u>479,744,822</u>	<u>479,760,667</u>

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Director



Director

PCGI HOLDINGS LIMITED

STATEMENT OF FINANCIAL POSITION

31 December 2019

	Notes	2019 US\$	2018 US\$
NON-CURRENT ASSET			
Investment in a subsidiary	6	<u>479,958,021</u>	<u>479,958,021</u>
Total non-current asset		<u>479,958,021</u>	<u>479,958,021</u>
CURRENT ASSETS			
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Total current liabilities		<u>301,145</u>	<u>263,970</u>
NET CURRENT LIABILITIES			
		<u>213,199</u>	<u>197,354</u>
Net assets			
		<u>479,744,822</u>	<u>479,760,667</u>
EQUITY			
Issued capital	9	1,000,010	1,000,010
Share premium	9	478,958,011	478,958,011
Accumulated losses		<u>(213,199)</u>	<u>(197,354)</u>
Total equity		<u>479,744,822</u>	<u>479,760,667</u>

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Director

xPA



Director

PCGI HOLDINGS LIMITED

STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2019

	Issued capital US\$	Share premium US\$	Accumulated losses US\$	Total equity US\$
At 1 January 2018	1,000,010	478,958,011	(182,680)	479,775,341
Loss and total comprehensive income for the year	----- -	----- -	(14,674)	(14,674)
At 31 December 2018 and 1 January 2019	1,000,010	478,958,011	(197,354)	479,760,667
Loss and total comprehensive - income for the year	----- -	----- -	(15,845)	(15,845)
At 31 December 2019	<u>1,000,010</u>	<u>478,958,011</u>	<u>(213,199)</u>	<u>479,744,822</u>

PCGI HOLDINGS LIMITED

STATEMENT OF CASH FLOWS

Year ended 31 December 2019

	2019 US\$	2018 US\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before tax	(15,845)	(14,674)
Adjustment for:		
Bank interest income	(4)	(7)
	(15,849)	(14,681)
Increase in an amount due from a subsidiary	(10,000)	(5,000)
Decrease in other receivables	-	1,095
Increase in prepayment	(250)	-
Increase in an amount due to a related company	35,645	4,965
Increase in other payables	<u>1,530</u>	<u>170</u>
Cash generated from/(used in) operations	11,076	(13,451)
Interest received	<u>4</u>	<u>7</u>
Net cash flows from/(used in) operating activities	<u>11,080</u>	<u>(13,444)</u>
NET INCREASES/(DECREASES) IN CASH AND CASH EQUIVALENTS	11,080	(13,444)
Cash and cash equivalents at beginning of year	<u>4,616</u>	<u>18,060</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u><u>15,696</u></u>	<u><u>4,616</u></u>
ANALYSIS OF BALANCE OF CASH AND CASH EQUIVALENTS		
Cash and cash equivalents as stated in the statement of financial position and the statement of cash flows	<u><u>15,696</u></u>	<u><u>4,616</u></u>

PCGI HOLDINGS LIMITED

NOTES TO FINANCIAL STATEMENTS

31 December 2019

1. CORPORATE INFORMATION

PCGI Holdings Limited (the "Company") was incorporated on 18 March 2013 in the Cayman Islands and its principal business activity is investment holding. The registered office of the Company is located at Vistra (Cayman) Limited, P. O. Box 31119 Grand Pavilion, Hibiscus Way, 802 West Bay Road, Grand Cayman, KY1-1205 Cayman Islands.

The Company is wholly-owned by Mr. Richard Li Tzar Kai.

The financial statements were approved and authorised for issuance by board of directors on 29 April 2020.

2.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"), except that the consolidated financial statements of the Company and its subsidiaries have not been prepared in accordance with IFRS 10 *Consolidated Financial Statements* because, in the opinion of the directors, compliance with this requirement would involve expenses and delay and be out of proportion to the value to the shareholder of the Company.

These financial statements have been prepared under the historical cost and are presented in United States dollars ("US\$"), which is the Company's functional and presentation currency.

2.2 FUNDAMENTAL ACCOUNTING CONCEPT

These financial statements have been prepared on the going concern basis notwithstanding that the Company had net current liabilities as at 31 December 2019 as the ultimate beneficial owner of the Company has agreed to provide sufficient funds to enable the Company to meet its liabilities as and when they fall due.

2.3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Company has adopted the following new and revised IFRSs for the first time for the current year's financial statements.

Amendments to IFRS 9	<i>Prepayment Features with Negative Compensation</i>
IFRS 16	<i>Leases</i>
IFRIC- Int 23	<i>Uncertainty over Income Tax Treatments</i>
<i>Annual Improvements to IFRSs</i> <i>2015-2017 Cycle</i>	Amendments to IFRS 3, IFRS 11, IAS 12 and IAS 23

Except for the IFRS 16 which are not relevant to the preparation of the Company's financial statements, the nature and the impact of the new and revised IFRSs are described below:

2.3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)

(a) Amendments to IFRS 9 *Prepayment Features with Negative Compensation*

Amendments to IFRS 9 allow financial assets with prepayment features that permit or require either the borrower or the lender to pay or receive reasonable compensation for the early termination of a contract to be measured at amortised cost or at fair value through other comprehensive income, rather than at fair value through profit or loss. The amendments clarify that a financial asset passes the “solely payments of principal and interest on the principal amount outstanding” criterion regardless of an event or circumstance that causes the early termination of the contract and irrespective of which party pays or receives reasonable compensation for that early termination. The Company expects to adopt these amendments from 1 January 2019 and to apply the exemption from restating comparative information of prior periods. Any difference between the previous carrying amount and the adjusted carrying amount will be recognised in the opening balance of equity. The amendments do not apply to the Company as the Company did not have any debt instruments with prepayment features along with compensation for early termination. In addition, as clarified in the amendments to the basis for conclusions on IFRS 9, the gain or loss arising on modification of a financial liability that does not result in derecognition (calculated by discounting the change in contractual cash flows at the original effective rate) is immediately recognised in profit or loss. As there is no specific relief on this clarification, this requirement shall be applied retrospectively. The Company’s current accounting policy is consistent with this clarification and therefore the adoption of the amendments is not expected to have any impact on the Company’s financial statements.

(b) IFRIC- Int 23 *Uncertainty over Income Tax Treatments*

IFRIC-Int 23 addresses the accounting for income taxes (current and deferred) when tax treatments involve uncertainty that affects the application of IAS 12 (often referred to as “uncertain tax positions”). The interpretation does not apply to taxes or levies outside the scope of IAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The interpretation specifically addresses (i) whether an entity considers uncertain tax treatments separately; (ii) the assumptions an entity makes about the examination of tax treatments by taxation authorities; (iii) how an entity determines taxable profits or tax losses, tax bases, unused tax losses, unused tax credits and tax rates; and (iv) how an entity considers changes in facts and circumstances. Upon adoption of the interpretation, the Company considered whether it has any uncertain tax positions arising from the transfer pricing on its intergroup sales. Based on the Company tax compliance and transfer pricing study, the Company determined that it is probable that its transfer pricing policy will be accepted by the tax authorities. Accordingly, the interpretation did not have any impact on the financial position or performance of the Company.

31 December 2019

2.3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)

(c) *Amendments under Annual Improvements to IFRSs 2015-2017 Cycle*

Annual Improvements to IFRSs 2015-2017 Cycle sets out amendments to IFRS 3, IFRS 11, IAS 12 and IAS 23. Details of the amendments are as follows:

- IFRS 3 *Business Combinations*: Clarifies that, when an entity obtains control of a business that is a joint operation, it must apply the requirements for a business combination achieved in stages and remeasure its entire previously held interest in the joint operation at fair value. The Company has had no joint operation and therefore, the amendments are not applicable to the Company's financial statements.
- IFRS 11 *Joint Arrangements*: Clarifies that when an entity that participates in (but does not have joint control of) a joint operation obtains joint control over that joint operation that is a business, it does not remeasure the interest it previously held in that joint operation. The Company has not participated in any joint operation and therefore, the amendments are not applicable to the Company's financial statements.
- IAS 12 *Income Taxes*: Clarifies that an entity recognises all income tax consequences of dividends in profit or loss, other comprehensive income or equity, depending on where the entity recognised the originating transaction or event that generated the distributable profits giving rise to the dividends. The amendments did not have any impact on the Company's financial statements.
- IAS 23 *Borrowing Costs*: Clarifies that an entity treats as part of general borrowings any specific borrowing originally made to develop a qualifying asset, and that is still outstanding, when substantially all of the activities necessary to prepare that asset for its intended use or sale are complete. The amendments did not have any impact on the Company's financial statements.

2.4 ISSUED BUT NOT YET EFFECTIVE INTERNATIONAL FINANCIAL REPORTING STANDARDS

The Company has not applied the following new and revised IFRSs, that have been issued but are not yet effective, in these financial statements. Among the new and revised IFRS, the following are expected to be relevant to the Company's financial statements upon becoming effective:

Amendments to IFRS 3	<i>Definition of a Business</i> ¹
Amendments to IFRS 9, IAS 39 and IFRS 7	<i>Interest Rate Benchmark Reform</i> ¹
IFRS 17	<i>Insurance Contracts</i> ²
Amendments to IAS 1 and IAS 8	<i>Definition of Material</i> ¹

¹ Effective for annual periods beginning on or after 1 January 2020

² Effective for annual periods beginning on or after 1 January 2021*

* In June 2019, the International Accounting Standards Board ("IASB") issued an exposure draft on the amendments to IFRS 17 which included a deferral of the effective date of IFRS 17 to reporting periods beginning on or after 1 January 2022. In March 2020, the IASB further proposed to defer the effective date to reporting periods beginning on or after 1 January 2023. The IASB also proposed to extend the exemption currently in place for qualifying insurers regarding the application of IFRS 9 to enable them to implement both IFRS 9 and IFRS 17 at the same time. At the time of issuance of the financial statements, the exposure draft has yet to be finalised as a standard.

31 December 2019

2.4 ISSUED BUT NOT YET EFFECTIVE INTERNATIONAL FINANCIAL REPORTING STANDARDS
(continued)

Further information regarding those IFRS that are expected to be applicable to the Company is as follow:

Amendments to IFRS 3 clarify and provide additional guidance on the definition of a business. The amendments clarify that for an integrated set of activities and assets to be considered a business, it must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output. A business can exist without including all of the inputs and processes needed to create outputs. The amendments remove the assessment of whether market participants are capable of acquiring the business and continue to produce outputs. Instead, the focus is on whether acquired inputs and acquired substantive processes together significantly contribute to the ability to create outputs. The amendments have also narrowed the definition of outputs to focus on goods or services provided to customers, investment income or other income from ordinary activities. Furthermore, the amendments provide guidance to assess whether an acquired process is substantive and introduce an optional fair value concentration test to permit a simplified assessment of whether an acquired set of activities and assets is not a business. The Company expects to adopt the amendments prospectively from 1 January 2020. Since the amendments apply prospectively to transactions or other events that occur on or after the date of first application, the Company will not be affected by these amendments on the date of transition.

Amendments to IFRS 9, IAS 39 and IFRS 7 address the effects of interbank offered rate reform on financial reporting. The amendments provide temporary reliefs which enable hedge accounting to continue during the period of uncertainty before the replacement of an existing interest rate benchmark. In addition, the amendments require companies to provide additional information to investors about their hedging relationships which are directly affected by these uncertainties. The amendments are effective for annual periods beginning on or after 1 January 2020. Early application is permitted. The amendments are not expected to have any significant impact on the Company's financial statements.

Amendments to IAS 1 and IAS 8 provide a new definition of material. The new definition states that information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. The amendments clarify that materiality will depend on the nature or magnitude of information. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users. The Company expects to adopt the amendments prospectively from 1 January 2020. The amendments are not expected to have any significant impact on the Company's financial statements.

31 December 2019

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Subsidiaries

A subsidiary is an entity (including a structured entities), directly or indirectly, controlled by the Company. Control is achieved when the Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Company the current ability to direct the relevant activities of the investee).

When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Company considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- (a) the contractual arrangement with the other vote holders of the investee;
- (b) rights arising from other contractual arrangements; and
- (c) the Company's voting rights and potential voting rights.

The Company's investment in a subsidiary is stated at cost less any impairment losses.

Fair value measurement

The Company measures its financial assets at fair value at the end of each reporting period. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Company. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 – based on quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly
- Level 3 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

31 December 2019

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than financial assets), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value, less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to profit or loss in the year/period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of each reporting period as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to profit or loss in the year/period in which it arises (only if there are revalued assets in the financial statements), unless the asset is carried at a revalued amount, in which case the reversal of the impairment loss is accounted for in accordance with the relevant accounting policy for that revalued asset.

Investments and other financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient of not adjusting the effect of a significant financing component, the Company initially measures a financial asset at its fair value, plus in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient are measured at the transaction price determined under IFRS 15 in accordance with the policies set out for "Revenue recognition (applicable from 1 January 2018)" below.

In order for a financial asset to be classified and measured at amortised cost, it needs to give rise to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows, while financial assets classified and measured at fair value through other comprehensive income are held within a business model with the objective of both holding to collect contractual cash flows and selling. Financial assets which are not held within the aforementioned business models are classified and measured at fair value through profit or loss.

31 December 2019

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Investments and other financial assets (continued)

Initial recognition and measurement (continued)

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Company commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at amortised cost (debt instruments)

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in the statement of profit or loss when the asset is derecognised, modified or impaired.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily de-recognised (i.e. removed from the Company's statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or
- the Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Company continues to recognise the transferred assets to the extent of the Company's continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

31 December 2019

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of financial assets

The Company recognises an allowance for expected credit losses ("ECLs") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

General approach

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

At each reporting date, the Company assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Company compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information.

The Company considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for trade receivables and contract assets which apply the simplified approach as detailed below.

- Stage 1 – Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs
- Stage 2 – Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs
- Stage 3 – Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

Simplified approach

For trade receivables and contract assets that do not contain a significant financing component or when the Company applies the practical expedient of not adjusting the effect of a significant financing component, the Company applies the simplified approach in calculating ECLs. Under the simplified approach, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

31 December 2019

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include an amount due to a related company and other payables.

Subsequent measurement of financial liabilities at amortised cost (loans and borrowings)

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in the statement of profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in the statement of profit or loss.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in the statement of profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, which are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Company's cash management.

For purpose of the statement of financial position, cash and cash equivalents comprise cash on hand and at banks, including term deposits, which are not restricted as to use.

31 December 2019

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition

Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. The Company determined that there is no revenue contracts with customers entered during the year.

Interest income is recognised on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

Foreign currency

These financial statements are presented in United States dollars, which is the Company's functional and presentation currency. Foreign currency transactions are initially recorded using the functional currency rates ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of the reporting period. Differences arising on settlement of translation of monetary items are recognised in the statement of profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation differences on item whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

In determining the exchange rate on initial recognition of the related asset, expense or income on the derecognition of a non-monetary asset or non-monetary liability relating to an advance consideration, the date of initial transaction is the date on which the Company initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Company determines the transaction date for each payment or receipt of the advance consideration.

31 December 2019

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Related parties

A party is considered to be related to the Company if:

- (a) the party is a person or a close member of that person's family and that person:
 - (i) has control or joint control over the Company;
 - (ii) has significant influence over the Company; or
 - (iii) is a member of the key management personnel of the Company or of a parent of the Company;or
- (b) the party is an entity where any of the following conditions applies:
 - (i) the entity and the Company are members of the same group;
 - (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
 - (iii) the entity and the Company are joint ventures of the same third party;
 - (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
 - (v) the entity is a post-employment benefit plan for the benefit of employees of an entity related to the Company;
 - (vi) the entity is controlled or jointly controlled by a person identified in (a);
 - (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and
 - (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Company or to the parent of the Company.

31 December 2019

3. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

(a) *Impairment of investment in a subsidiary*

The Company assesses whether there are any indicators of impairment for investment in a subsidiary at the end of each reporting period. If such an indication exists, the Company makes an estimate of the recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows. Further details regarding investment in a subsidiary is provided in note 6 to the financial statements.

(b) *Impairment of intercompany balances*

The Company maintains an allowance for estimated loss arising from the inability of its group companies to make the required payments. The Company makes its estimates based on the aging of its intercompany balances, creditworthiness of group companies, and historical write-off experience. If the financial condition of its group companies were to deteriorate so that the actual impairment loss might be higher than expected, the Company would be required to revise the basis of making the allowance and its future results would be affected.

4. ADMINISTRATIVE EXPENSES

The Company's administrative expenses are as follow:

	2019 US\$	2018 US\$
Auditor's remuneration	10,000	8,470
Company secretarial fee	5,395	5,695
Bank charges	84	161
Sundry expenses	370	350
Realised translation gain	-	5
	<u>15,849</u>	<u>14,681</u>

5. INCOME TAX

The Company is an exempted company domiciled in the Cayman Islands. Under the Cayman Islands law, there is no income tax, corporation tax, capital gains tax or any other types of tax on profits or gains or tax in the nature of estate duty or inheritance tax currently in effect.

PCGI HOLDINGS LIMITED

NOTES TO FINANCIAL STATEMENTS

31 December 2019

6. INVESTMENT IN A SUBSIDIARY

	2019 US\$	2018 US\$
Unlisted shares, at cost	<u>479,958,021</u>	<u>479,958,021</u>

Particulars of the principal subsidiaries at the end of the reporting period are as follows:

Name	Place of incorporation/ registration and business	Percentage of equity attributable to the Company		Principal activities
		Direct	Indirect	
PCGI Intermediate Holdings Limited ^(a)	Cayman Islands	100	-	Investment holding
PCGI Intermediate Holdings (II) Limited ^(b)	Cayman Islands	-	100	Bond Issuance
FWD Group Limited ^(b)	Cayman Islands / Hong Kong	-	82.9	Investment holding
FWD Reinsurance SPC, Ltd. ^(b)	Cayman Islands	-	82.9	Reinsurance
FWD Group Financial Services Pte. Ltd. ^(b)	Singapore	-	82.9	Investment holding
FWD Group Management Holdings Limited ^(b)	Hong Kong	-	82.9	Regional support and consultancy services
FWD Life Insurance Public Company Limited ^(b)	Thailand	-	71.9	Life insurance
SCB Life Assurance Public Company Limited ^(b)	Thailand	-	71.4	Life insurance
FWD 富士生命保險株式会社 trading as FWD Fuji Life Insurance Company, Limited ^(b)	Japan	-	82.9	Life insurance
FWD Life Insurance Corporation ^(b)	Philippines	-	82.9	Life insurance
PT FWD Life Indonesia ^(b)	Indonesia	-	65.5	Life insurance
FWD Singapore Pte. Ltd. ^(b)	Singapore	-	82.9	Life and general insurance

^(a) Held by the Company

^(b) Held by the subsidiaries of the Company

PCGI HOLDINGS LIMITED

NOTES TO FINANCIAL STATEMENTS

31 December 2019

7. CASH AT BANK

Cash at bank earns interest at floating rates based on daily bank deposit rates. The bank balances are deposited with counterparties with no recent history of default. The carrying amounts of the cash and bank balances approximate to their fair values.

8. OTHER PAYABLES

Other payables are non-interest bearing and repayable within a year. The carrying amounts of other payables approximate to their fair values.

9. SHARE CAPITAL

	Notes	2019 US\$	2018 US\$
Authorised:			
25,000,000 (2018: 25,000,000) ordinary shares of US\$1 each	(a)	<u>25,000,000</u>	<u>25,000,000</u>
Issued and fully paid:			
1,000,010 (2018: 1,000,010) ordinary shares of US\$1 each	(b)	1,000,010	1,000,010
Share premium	(b)	<u>478,958,011</u>	<u>478,958,011</u>
		<u>479,958,021</u>	<u>479,958,021</u>

Notes:

(a) On 18 March 2013 (date of incorporation), the authorised share capital of the Company was US\$50,000 divided into 50,000 shares of US\$1 each. The authorised share capital of the Company was increased to US\$25,000,000 divided into 25,000,000 shares of US\$1 each on 28 May 2013.

There was no change in authorised share capital during the year.

(b) On 17 August 2015, the Company's sole shareholder provided capital contribution to the Company as share premium in the amount equivalent to PCGI Intermediate Holdings Limited's subscription of the additional 4,198,895 preference shares at total consideration of US\$379,958,011 in FWD Group Limited.

There was no change in issued share capital during the year.

31 December 2019

10. RELATED PARTY TRANSACTIONS

- (a) In addition to the transactions detailed elsewhere in the financial statements, the Company had the following material transactions with related parties.

	2019 US\$	2018 US\$
Funds transfer to a subsidiary	<u>10,000</u>	<u>5,000</u>
Funds transfer from a related company	<u>30,000</u>	<u>-</u>
Expenses paid by a related company on behalf of the Company	<u>5,645</u>	<u>4,965</u>

- (b) As disclosed in the statement of financial position, the Company had an amount due from a subsidiary as at the end of the reporting period. The amount due is unsecured, interest-free and payable on demand.
- (c) As disclosed in the statement of financial position, the Company had an amount due to a related company as at the end of the reporting period. The amount due is unsecured, interest-free and repayable on demand.
- (d) During the year, no remuneration was paid by the Company to its related parties and key management personnel (2018: Nil).

11. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments of the Company as at the end of the reporting period are as follows:

31 December 2019Financial assets

	Financial assets at amortised cost US\$
Due from a subsidiary	72,000
Cash at bank	<u>15,696</u>
	<u>87,696</u>

PCGI HOLDINGS LIMITED

NOTES TO FINANCIAL STATEMENTS

31 December 2019

11. FINANCIAL INSTRUMENTS BY CATEGORY (continued)

31 December 2019 (continued)

Financial liabilities

	Financial liabilities at amortised cost US\$
Due to a related company	291,145
Other payables	<u>10,000</u>
	<u><u>301,145</u></u>

31 December 2018

Financial assets

	Financial assets at amortised cost US\$
Due from a subsidiary	62,000
Cash at bank	<u>4,616</u>
	<u><u>66,616</u></u>

Financial liabilities

	Financial liabilities at amortised cost US\$
Due to a related company	255,500
Other payables	<u>8,470</u>
	<u><u>263,970</u></u>

31 December 2019

12. FAIR VALUE OF FINANCIAL INSTRUMENTS

Management has assessed that the fair values of cash at bank, an amount due from a subsidiary, an amount due to a related company and other payables approximate to their carrying amounts largely due to the short term maturities of these instruments.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

13. FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES

The Company's principal financial instruments comprise intercompany balances and other payables. It is, and had been, throughout the period under review, the Company's policy that no trading in financial instruments shall be undertaken.

During the year, the Company's principal activity is investment holding, and therefore, the directors considered that the Company is not subject to significant amounts of financial risk. As a result, no sensitivity analysis is provided.

Capital management

The Company's capital management objective is focused on maintaining an adequate capital base to safeguard the Company's ability to continue as a going concern, to support the development of the business and maximise shareholders' value.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid, return capital to ordinary shareholders or issue new shares.

14. EVENTS AFTER REPORTING YEAR

Covid-19 outbreak

The novel coronavirus outbreak since early 2020 was declared a pandemic by the World Health Organization in March 2020, causing disruption to business and economic activities. This may bring additional uncertainties and adverse impact in the Company's operating environment. The Company has been closely monitoring the potential impact on the Company's businesses and will keep its contingency measures under review as the situation evolves. The management of the Company assesses that the financial impact to the financial statements at current stage is minimal. Wherever necessary, prompt actions will be undertaken to mitigate potential impacts.

Audited Financial Statements

PCGI HOLDINGS LIMITED
(An exempted company incorporated in the Cayman Islands
with limited liability)

31 December 2020



PCGI HOLDINGS LIMITED

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Independent auditor's report

To the shareholder of PCGI Holdings Limited

(An exempted company incorporated in the Cayman Islands with limited liability)

Report on the Audit of the Financial Statements

Qualified Opinion

We have audited the financial statements of PCGI Holdings Limited (the "Company") set out on pages 4 to 31, which comprise the statement of financial position as at 31 December 2020, and the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the effects of the matter described in the *Basis for Qualified Opinion* section of our report, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2020, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs").

Basis for Qualified Opinion

As further explained in note 2.1 to the financial statements, the Company has not prepared consolidated financial statements of the Company and its subsidiaries (together, the "Group") which are required by IFRS 10 "Consolidated Financial Statements". As a consequence, the financial statements do not give all the information required about the economic activities of the Group of which the Company is the parent. It is not practicable to quantify the effects of the departure from this requirement.

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the *International Code of Ethics for Professional Accountants (including International Independence Standards)* ("IESBA Code") and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Responsibilities of the Directors for the Financial Statements

The directors are responsible for the preparation of the financial statements that give a true and fair view in accordance with IFRSs, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.



Independent auditor's report (continued)

To the shareholder of PCGI Holdings Limited

(An exempted company incorporated in the Cayman Islands with limited liability)

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Our report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



Independent auditor's report (continued)

To the shareholder of PCGI Holdings Limited

(An exempted company incorporated in the Cayman Islands with limited liability)

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

We also provide the board of directors with a statement that we have complied with relevant ethical requirements regarding independence and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards actions taken to eliminate threats or safeguards applied.

A handwritten signature in black ink that reads 'Ernst & Young' in a cursive, flowing script.

Certified Public Accountants
Hong Kong
30 April 2021

PCGI HOLDINGS LIMITED

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 31 December 2020

	Notes	2020 US\$	2019 US\$
REVENUE			
Bank interest income		-	4
Bond interest income	4	143,342	-
Other income		<u>27,327</u>	<u>-</u>
Total revenue		170,669	4
EXPENSES			
Finance costs		(69,321)	-
Interest expenses	5	(1,000,789)	-
Administrative and other expenses	6	<u>(85,838)</u>	<u>(15,849)</u>
Total expenses		(1,155,948)	(15,849)
LOSS BEFORE TAX		(985,279)	(15,845)
Income tax	7	<u>-</u>	<u>-</u>
LOSS AND TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>(985,279)</u>	<u>(15,845)</u>

PCGI HOLDINGS LIMITED

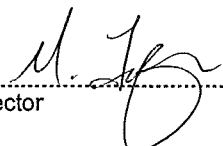
STATEMENT OF FINANCIAL POSITION

31 December 2020

	Notes	2020 US\$	2019 US\$
NON-CURRENT ASSETS			
Investment in subsidiaries	8	4,050,072,163	479,958,021
Debt investment	9	137,460,000	-
Total non-current assets		<u>4,187,532,163</u>	<u>479,958,021</u>
CURRENT ASSETS			
Prepayments and other receivables	11	1,145,666	250
Due from subsidiaries	10	-	72,000
Cash and cash equivalents	12	16,008,878	15,696
Total current assets		<u>17,154,544</u>	<u>87,946</u>
CURRENT LIABILITIES			
Borrowings	16	794,736,573	-
Loans from subsidiaries	10	636,116,261	-
Due to a related company	10	436,227,450	291,145
Due to subsidiaries	10	4,636,512	-
Financial guarantee contracts	14	4,797,970	-
Interest payables		624,799	-
Other payables		82,600	10,000
Total current liabilities		<u>1,877,222,165</u>	<u>301,145</u>
NET CURRENT LIABILITIES		<u>1,860,067,621</u>	<u>213,199</u>
Net assets		<u><u>2,327,464,542</u></u>	<u><u>479,744,822</u></u>
EQUITY			
Issued capital	13	19,486,650	1,000,010
Share premium	13	2,309,176,370	478,958,011
Accumulated losses		(1,198,478)	(213,199)
Total equity		<u><u>2,327,464,542</u></u>	<u><u>479,744,822</u></u>

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Director



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Director

PCGI HOLDINGS LIMITED

STATEMENT OF FINANCIAL POSITION

31 December 2020

	Notes	2020 US\$	2019 US\$
NON-CURRENT ASSETS			
Investment in subsidiaries	8	4,050,072,163	479,958,021
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Total equity		<u>2,327,464,542</u>	<u>479,744,822</u>

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Director

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Director

PCGI HOLDINGS LIMITED

STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2020

	Note	Issued capital US\$	Share premium US\$	Accumulated losses US\$	Total equity US\$
At 1 January 2019		1,000,010	478,958,011	(197,354)	479,760,667
Loss and total comprehensive income for the year		<u>-</u>	<u>-</u>	<u>(15,845)</u>	<u>(15,845)</u>
At 31 December 2019 and 1 January 2020		1,000,010	478,958,011	(213,199)	479,744,822
Loss and total comprehensive income for the year		-	-	(985,279)	(985,279)
Shares issued	13	<u>18,486,640</u>	<u>1,830,218,359</u>	<u>-</u>	<u>1,848,704,999</u>
At 31 December 2020		<u>19,486,650</u>	<u>2,309,176,370</u>	<u>(1,198,478)</u>	<u>2,327,464,542</u>

PCGI HOLDINGS LIMITED

STATEMENT OF CASH FLOWS

Year ended 31 December 2020

	Notes	2020 US\$	2019 US\$
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before tax		(985,279)	(15,845)
Adjustments for:			
Bank interest income		-	(4)
Bond interest income	4	(143,342)	-
Other income		(27,327)	-
Finance costs		69,321	-
Interest expenses	5	1,000,789	-
		(85,838)	(15,849)
Increase in amounts due from subsidiaries		-	(10,000)
Increase in prepayments and other receivables		(4,535)	(250)
Increase in an amount due to a related company		16,030,955	35,645
Increase in other payables		72,600	1,530
Cash generated from operations		16,013,182	11,076
Bank interest received		-	4
Net cash flows from operating activities		<u>16,013,182</u>	<u>11,080</u>
CASH FLOWS FROM FINANCING ACTIVITY			
Finance costs paid		(20,000)	-
NET INCREASES IN CASH AND CASH EQUIVALENTS		15,993,182	11,080
Cash and cash equivalents at beginning of year		<u>15,696</u>	<u>4,616</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR		<u><u>16,008,878</u></u>	<u><u>15,696</u></u>
ANALYSIS OF BALANCE OF CASH AND CASH EQUIVALENTS			
Cash and cash equivalents as stated in the statement of financial position and the statement of cash flows		<u><u>16,008,878</u></u>	<u><u>15,696</u></u>

PCGI HOLDINGS LIMITED

NOTES TO FINANCIAL STATEMENTS

31 December 2020

1.1 CORPORATE INFORMATION

PCGI Holdings Limited (the "Company") was incorporated on 18 March 2013 in the Cayman Islands and its principal business activity is investment holding. The registered office of the Company is located at Vistra (Cayman) Limited, P. O. Box 31119 Grand Pavilion, Hibiscus Way, 802 West Bay Road, Grand Cayman, KY1-1205 Cayman Islands.

The Company is wholly-owned by Mr. Richard Li Tzar Kai.

The financial statements were approved and authorised for issuance by board of directors on 30 April 2021.

1.2 REORGANISATION OF THE COMPANY

Subsidiaries of the Company underwent the following reorganisation steps (the "Reorganisation"):

1. On 17 December 2020, PCGI Intermediate Holdings Limited, the subsidiary of the Company and PCGI Limited, the ultimate holding company in a sister group, carried out a merger under the laws of the Cayman Islands (the "Merger"), pursuant to which:
 - i. PCGI Intermediate Holdings Limited assumed all the assets, liabilities and business of PCGI Limited, and PCGI Limited ceased to exist according to the laws of the Cayman Islands; and
 - ii. PCGI Intermediate Holdings Limited issued certain ordinary shares to Mr. Richard Li Tzar Kai on a one-to-one basis of his holding of ordinary shares of PCGI Limited.

Following the Merger, PCGI Intermediate Holdings Limited became the immediate investment holding company of FWD Limited, FWD Group Limited, PCGI Intermediate Limited and PCGI Intermediate Holdings (II) Limited.

2. On 23 December 2020, Mr. Richard Li Tzar Kai transferred all holding of ordinary shares of PCGI Intermediate Holdings Limited to the Company.
3. On 23 December 2020, PCGI Intermediate Holdings Limited transferred its shareholding of PCGI Intermediate Limited and PCGI Intermediate Holdings (II) Limited to the Company. The Company replaced PCGI Intermediate Holdings Limited as the guarantor of notes issued by PCGI Intermediate Limited and PCGI Intermediate Holdings (II) Limited.

2.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"), except that the consolidated financial statements of the Company and its subsidiaries have not been prepared in accordance with IFRS 10 *Consolidated Financial Statements* because, in the opinion of the directors, compliance with this requirement would involve expenses and delay and be out of proportion to the value to the shareholder of the Company.

These financial statements have been prepared under the historical cost and are presented in United States dollars ("US\$"), which is the Company's functional and presentation currency.

31 December 2020

2.2 FUNDAMENTAL ACCOUNTING CONCEPT

These financial statements have been prepared on the going concern basis notwithstanding that the Company had net current liabilities as at 31 December 2020 as the ultimate beneficial owner of the Company has agreed to provide sufficient funds to enable the Company to meet its liabilities as and when they fall due.

2.3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Company has adopted the *Conceptual Framework for Financial Reporting 2018* and the following revised IFRSs for the first time for the current year's financial statements.

Amendments to IFRS 3	<i>Definition of a Business</i>
Amendments to IFRS 9, IAS 39 and IFRS 7	<i>Interest Rate Benchmark Reform</i>
Amendments to IAS 1 and IAS 8	<i>Definition of Material</i>

The nature and the impact of the Conceptual Framework for Financial Reporting 2018 and the revised IFRSs are described below:

- (a) *Conceptual Framework for Financial Reporting 2018* (the "Conceptual Framework") sets out a comprehensive set of concepts for financial reporting and standard setting, and provides guidance for preparers of financial statements in developing consistent accounting policies and assistance to all parties to understand and interpret the standards. The Conceptual Framework includes new chapters on measurement and reporting financial performance, new guidance on the derecognition of assets and liabilities, and updated definitions and recognition criteria for assets and liabilities. It also clarifies the roles of stewardship, prudence and measurement uncertainty in financial reporting. The Conceptual Framework is not a standard, and none of the concepts contained therein override the concepts or requirements in any standard. The Conceptual Framework did not have any significant impact on the financial position and performance of the Company.
- (b) Amendments to IFRS 3 clarify and provide additional guidance on the definition of a business. The amendments clarify that for an integrated set of activities and assets to be considered a business, it must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output. A business can exist without including all of the inputs and processes needed to create outputs. The amendments remove the assessment of whether market participants are capable of acquiring the business and continue to produce outputs. Instead, the focus is on whether acquired inputs and acquired substantive processes together significantly contribute to the ability to create outputs. The amendments have also narrowed the definition of outputs to focus on goods or services provided to customers, investment income or other income from ordinary activities. Furthermore, the amendments provide guidance to assess whether an acquired process is substantive and introduce an optional fair value concentration test to permit a simplified assessment of whether an acquired set of activities and assets is not a business. The Company has applied the amendments prospectively to transactions or other events that occurred on or after 1 January 2020. The amendments did not have any impact on the financial position and performance of the Company.

2.3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)

- (c) Amendments to IFRS 9, IAS 39 and IFRS 7 issues affecting financial reporting in the period before the replacement of an existing interest rate benchmark with an alternative risk-free rate ("RFR"). The amendments provide temporary reliefs which enable hedge accounting to continue during the period of uncertainty before introduction of the alternative RFR. In addition, the amendments require companies to provide additional information to investors about their hedging relationships which are directly affected by these uncertainties. The amendments did not have any impact on the financial position and performance of the Company as the Company does not have any interest rate hedging relationships.
- (d) Amendments to IAS 1 and IAS 8 provide a new definition of material. The new definition states that information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. The amendments clarify that materiality will depend on the nature or magnitude of information, or both. The Company has applied the amendments prospectively from 1 January 2020. The amendments did not have any significant impact on the financial position and performance of the Company.

31 December 2020

2.4 ISSUED BUT NOT YET EFFECTIVE INTERNATIONAL FINANCIAL REPORTING STANDARDS

The Company has not applied the following new and revised IFRSs, that have been issued but are not yet effective, in these financial statements. Among the new and revised IFRS, the following are expected to be relevant to the Company's financial statements upon becoming effective:

Amendments to IFRS 3	<i>Reference to the Conceptual Framework²</i>
Amendments to IFRS 9, IAS 39 and IFRS 7, Amendments to IAS 1	<i>Interest Rate Benchmark Reform - Phase 2¹</i>
<i>Annual Improvements to IFRSs 2018-2020</i>	<i>Classification of Liabilities as Current or Non-current³</i> <i>Amendments to IFRS 1, IFRS 9²</i>

¹ Effective for annual periods beginning on or after 1 January 2021

² Effective for annual periods beginning on or after 1 January 2022

³ Effective for annual periods beginning on or after 1 January 2023

Further information regarding those IFRS that are expected to be applicable to the Company is as follow:

Amendments to IFRS 3 are intended to replace a reference to the previous Framework for the Preparation and Presentation of Financial Statements with a reference to the Conceptual Framework for Financial Reporting issued in June 2018 without significantly changing its requirements. The amendments also add to IFRS 3 an exception to its recognition principle for an entity to refer to the Conceptual Framework to determine what constitutes an asset or a liability. The exception specifies that, for liabilities and contingent liabilities that would be within the scope of IAS 37 or IFRIC-Int 21 if they were incurred separately rather than assumed in a business combination, an entity applying IFRS 3 should refer to IAS 37 or IFRIC-Int 21 respectively instead of the Conceptual Framework. Furthermore, the amendments clarify that contingent assets do not qualify for recognition at the acquisition date. The Company expects to adopt the amendments for which the acquisition date is on or after the date of first application, the Company will not be affected by these amendments on the date of transition.

Amendments to IFRS 9, IAS 39 and IFRS 7 address issues not dealt with in the previous amendments which affect financial reporting when an existing interest rate benchmark is replaced with an alternative RFR. The Phase 2 amendments provide a practical expedient to allow the effective interest rate to be updated without adjusting the carrying amount when accounting for changes in the basis for determining the contractual cash flows of financial assets and liabilities, if the change is a direct consequence of the interest rate benchmark reform and the new basis for determining the contractual cash flows is economically equivalent to the previous basis immediately preceding the change.

31 December 2020

2.4 ISSUED BUT NOT YET EFFECTIVE INTERNATIONAL FINANCIAL REPORTING STANDARDS
(continued)

In addition, the amendments permit changes required by the interest rate benchmark reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued. Any gains or losses that could arise on transition are dealt with through the normal requirements of IFRS 9 to measure and recognise hedge ineffectiveness. The amendments also provide a temporary relief to entities from having to meet the separately identifiable requirement when an RFR is designated as a risk component. The relief allows an entity, upon designation of the hedge, to assume that the separately identifiable requirement is met, provided the entity reasonably expects the RFR risk component to become separately identifiable within the next 24 months. Furthermore, the amendments require an entity to disclose additional information to enable users of financial statements to understand the effect of interest rate benchmark reform on an entity's financial instruments and risk management strategy. The amendments are effective for annual periods beginning on or after 1 January 2021 and shall be applied retrospectively, but entities are not required to restate the comparative information.

The Company had certain interest-bearing bank borrowings based on the London Interbank Offered Rate ("LIBOR") as at 31 December 2020. If the interest rates of these borrowings are replaced by RFRs in a future period, the Company will apply this practical expedient upon the modification of these borrowings when the "economically equivalent" criterion is met and expects that no significant modification gain or loss will arise as a result of applying the amendments to these changes.

Amendments to IAS 1 clarify the requirements for classifying liabilities as current or non-current. The amendments specify that if an entity's right to defer settlement of a liability is subject to the entity complying with specified conditions, the entity has a right to defer settlement of the liability at the end of the reporting period if it complies with those conditions at that date. Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement of the liability. The amendments also clarify the situations that are considered a settlement of a liability. The amendments are effective for annual periods beginning on or after 1 January 2023 and shall be applied retrospectively. The amendments are not expected to have any significant impact on the Company's financial statements.

Annual Improvements to IFRSs 2018-2020 sets out amendments to IFRS 1 and IFRS 9. Details of the amendments that are expected to be applicable to the Company are as follows:

IFRS 9 *Financial Instruments*: clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment. The amendment is effective for annual periods beginning on or after 1 January 2022. The amendment is not expected to have a significant impact on the Company's financial statements.

31 December 2020

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Subsidiaries

A subsidiary is an entity (including a structured entities), directly or indirectly, controlled by the Company. Control is achieved when the Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Company the current ability to direct the relevant activities of the investee).

When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Company considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- (a) the contractual arrangement with the other vote holders of the investee;
- (b) rights arising from other contractual arrangements; and
- (c) the Company's voting rights and potential voting rights.

The Company's investment in a subsidiary is stated at cost less any impairment losses.

Fair value measurement

The Company measures its financial assets at fair value at the end of each reporting period. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Company. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 – based on quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly
- Level 3 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

31 December 2020

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than financial assets), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value, less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to profit or loss in the year/period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of each reporting period as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to profit or loss in the year/period in which it arises (only if there are revalued assets in the financial statements), unless the asset is carried at a revalued amount, in which case the reversal of the impairment loss is accounted for in accordance with the relevant accounting policy for that revalued asset.

Investments and other financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient of not adjusting the effect of a significant financing component, the Company initially measures a financial asset at its fair value, plus in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient are measured at the transaction price determined under IFRS 15 in accordance with the policies set out for "Revenue recognition" below.

In order for a financial asset to be classified and measured at amortised cost, it needs to give rise to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

31 December 2020

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Investments and other financial assets (continued)

Initial recognition and measurement (continued)

The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows, while financial assets classified and measured at fair value through other comprehensive income are held within a business model with the objective of both holding to collect contractual cash flows and selling. Financial assets which are not held within the aforementioned business models are classified and measured at fair value through profit or loss.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Company commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at amortised cost (debt instruments)

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in the statement of profit or loss when the asset is derecognised, modified or impaired.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily de-recognised (i.e. removed from the Company's statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or
- the Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Company continues to recognise the transferred assets to the extent of the Company's continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

31 December 2020

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of financial assets

The Company recognises an allowance for expected credit losses ("ECLs") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

General approach

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

At each reporting date, the Company assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Company compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information.

The Company considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for trade receivables and contract assets which apply the simplified approach as detailed below.

- Stage 1 – Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs
- Stage 2 – Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs
- Stage 3 – Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

Simplified approach

For trade receivables and contract assets that do not contain a significant financing component or when the Company applies the practical expedient of not adjusting the effect of a significant financing component, the Company applies the simplified approach in calculating ECLs. Under the simplified approach, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

31 December 2020

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include borrowings, an amount due to a related company, amounts due to subsidiaries, financial guarantee contracts, loans from subsidiaries, interest payables and other payables.

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

Financial liabilities at amortised cost (loans and borrowings)

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in the statement of profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in the statement of profit or loss.

Financial guarantee contracts

Financial guarantee contracts issued by the Company are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. A financial guarantee contract is recognised initially as a liability at its fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, the Company measures the financial guarantee contracts at the higher of: (i) the ECLs allowance determined in accordance with the policy as set out in "Impairment of financial assets"; and (ii) the amount initially recognised less, when appropriate, the cumulative amount of income recognised.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in the statement of profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

31 December 2020

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, which are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Company's cash management.

For purpose of the statement of financial position, cash and cash equivalents comprise cash on hand and at banks, including term deposits, which are not restricted as to use.

Revenue recognition

Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. The Company determined that there is no revenue contracts with customers entered during the year.

Interest income is recognised on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

Foreign currency

These financial statements are presented in United States dollars, which is the Company's functional and presentation currency. Foreign currency transactions are initially recorded using the functional currency rates ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of the reporting period. Differences arising on settlement of translation of monetary items are recognised in the statement of profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation differences on item whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

In determining the exchange rate on initial recognition of the related asset, expense or income on the derecognition of a non-monetary asset or non-monetary liability relating to an advance consideration, the date of initial transaction is the date on which the Company initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Company determines the transaction date for each payment or receipt of the advance consideration.

31 December 2020

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Related parties

A party is considered to be related to the Company if:

- (a) the party is a person or a close member of that person's family and that person:
 - (i) has control or joint control over the Company;
 - (ii) has significant influence over the Company; or
 - (iii) is a member of the key management personnel of the Company or of a parent of the Company;or
- (b) the party is an entity where any of the following conditions applies:
 - (i) the entity and the Company are members of the same group;
 - (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
 - (iii) the entity and the Company are joint ventures of the same third party;
 - (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
 - (v) the entity is a post-employment benefit plan for the benefit of employees of an entity related to the Company;
 - (vi) the entity is controlled or jointly controlled by a person identified in (a);
 - (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and
 - (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Company or to the parent of the Company.

31 December 2020

3. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Estimation uncertainties

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

(a) *Impairment of investment in subsidiaries*

The Company assesses whether there are any indicators of impairment for investment in subsidiaries at the end of each reporting period. If such an indication exists, the Company makes an estimate of the recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows. Further details regarding investment in subsidiaries is provided in note 8 to the financial statements.

(b) *Provision for expected credit loss on financial assets*

The Company assesses the credit exposures for any significant increase in credit risk since initial recognition of the financial assets. The assessment of the correlation among historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions.

(c) *Impairment of intercompany balances*

The Company maintains an allowance for estimated loss arising from the inability of its group companies to make the required payments. The Company makes its estimates based on the aging of its intercompany balances, creditworthiness of group companies, and historical write-off experience. If the financial condition of its group companies were to deteriorate so that the actual impairment loss might be higher than expected, the Company would be required to revise the basis of making the allowance and its future results would be affected.

4. BOND INTEREST INCOME

The Company received interest income of US\$143,342 (2019: Nil) from its investment in guaranteed notes.

PCGI HOLDINGS LIMITED

NOTES TO FINANCIAL STATEMENTS

31 December 2020

5. INTEREST EXPENSES

The Company's interest expenses are as follow:

	2020 US\$	2019 US\$
Loan interest expense	706,766	-
Bank facility interest expense	<u>294,023</u>	<u>-</u>
	<u><u>1,000,789</u></u>	<u><u>-</u></u>

6. ADMINISTRATIVE AND OTHER EXPENSES

The Company's administrative expenses are as follow:

	2020 US\$	2019 US\$
Auditor's remuneration	15,000	10,000
Company secretarial fee	5,050	5,395
Bank charges	140	84
Professional fee	65,085	-
Sundry expenses	<u>563</u>	<u>370</u>
	<u><u>85,838</u></u>	<u><u>15,849</u></u>

7. INCOME TAX

The Company is an exempted company domiciled in the Cayman Islands. Under the Cayman Islands law, there is no income tax, corporation tax, capital gains tax or any other types of tax on profits or gains or tax in the nature of estate duty or inheritance tax currently in effect.

PCGI HOLDINGS LIMITED

NOTES TO FINANCIAL STATEMENTS

31 December 2020

8. INVESTMENT IN SUBSIDIARIES

	2020 US\$	2019 US\$
Unlisted shares, at cost	<u>4,050,072,163</u>	<u>479,958,021</u>

Particulars of the principal subsidiaries at the end of the reporting period are as follows:

Name	Place of incorporation/ registration and business	Percentage of equity attributable to the Company		Principal activities
		Direct	Indirect	
PCGI Intermediate Holdings Limited ^(a)	Cayman Islands/ Hong Kong	100	-	Investment holding
PCGI Intermediate Holdings (II) Limited ^(a)	Cayman Islands	100	-	Bond issuance
PCGI Intermediate Limited ^(a)	Cayman Islands	100	-	Bond issuance
FWD Group Limited ^(b)	Cayman Islands/ Hong Kong	-	82	Investment holding
FWD Limited ^(b)	Cayman Islands/ Hong Kong	-	82	Investment holding
FWD Reinsurance SPC, Ltd. ^(b)	Cayman Islands	-	82	Life re-insurance
FWD Group Financial Services Pte. Ltd. ^(b)	Singapore	-	82	Investment holding
FWD Group Management Holdings Limited ^(b)	Hong Kong	-	82	Group management
FWD Management Holdings Limited ^(b)	Hong Kong	-	82	Investment holding
FWD Life Insurance Company (Bermuda) Limited ^(b)	Bermuda/ Hong Kong	-	82	Life insurance
FWD Life (Hong Kong) Limited ^(b)	Hong Kong	-	82	Life insurance
FWD Life Assurance Company (Hong Kong) Limited ^(b)	Hong Kong	-	82	Life insurance
FWD Life Insurance Company (Macau) Limited ^(b)	Macau	-	82	Life insurance
FWD Life Insurance Public Company Limited ^(b)	Thailand	-	71	Life insurance

PCGI HOLDINGS LIMITED

NOTES TO FINANCIAL STATEMENTS

31 December 2020

8. INVESTMENT IN SUBSIDIARIES (continued)

Particulars of the principal subsidiaries at the end of the reporting period are as follows (continued):

Name	Place of incorporation/ registration and business	Percentage of equity attributable to the Company		Principal activities
		Direct	Indirect	
FWD 富士生命保険株式会社 trading as FWD Fuji Life Insurance Company, Limited ^(b)	Japan	-	82	Life insurance
FWD Life Insurance Corporation ^(b)	Philippines	-	82	Life insurance
PT FWD Insurance Indonesia ^(b)	Indonesia	-	65	Life insurance
FWD Singapore Pte. Ltd. ^(b)	Singapore	-	82	Life and general insurance
FWD Takaful Berhad ^(b)	Malaysia	-	49	Life insurance
FWD Vietnam Life Insurance Company Limited ^(b)	Vietnam	-	82	Life insurance
FWD Assurance VietNam Company Limited ^(b)	Vietnam	-	82	Life insurance
FWD Life Insurance (Cambodia) Public Limited Company ^{(b) (c)}	Cambodia	-	82	Life insurance

(a) Held by the Company

(b) Held by the subsidiaries of the Company

(c) Formerly known as Bangkok Life Assurance (Cambodia) Public Limited Company

9. DEBT INVESTMENT

	2020 US\$	2019 US\$
Guaranteed notes	<u>137,460,000</u>	<u>-</u>

The Company invested into 4.75% guaranteed notes due 2024 issued on 18 March 2020.

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10. RELATED PARTY TRANSACTIONS

- (a) In addition to the transactions detailed elsewhere in the financial statements, the Company had the following material transactions with related parties.

	2020 US\$	2019 US\$
Funds transfer to subsidiaries	<u>-</u>	<u>10,000</u>
Funds transfer from a related company	<u>16,025,000</u>	<u>30,000</u>
Expenses paid by a related company on behalf of the Company	<u>5,955</u>	<u>5,645</u>
Expenses paid by the Company on behalf of subsidiaries	<u>57,816</u>	<u>-</u>
Interest-bearing intercompany loan from subsidiaries	<u>636,109,232</u>	<u>-</u>
Interest payable to subsidiaries	<u>4,694,308</u>	<u>-</u>
Investment in note issued by a subsidiary	<u>137,460,000</u>	<u>-</u>

- (b) As disclosed in the statement of financial position, the Company had amounts due from subsidiaries of Nil (2019: US\$72,000) as at the end of the reporting period. The amount due is unsecured, interest-free and payable on demand.
- (c) As disclosed in the statement of financial position, the Company had amounts due to subsidiaries of US\$4,636,512 (2019: Nil) as at the end of the reporting period. The amount due is unsecured, interest-free and payable on demand.
- (d) As disclosed in the statement of financial position, the Company had an amount due to a related company of US\$436,227,450 (2019: US\$291,145) as at the end of the reporting period. The amount due is unsecured, interest-free and repayable on demand.
- (e) As disclosed in the statement financial position, the Company had an interest-bearing loan from subsidiaries of US\$636,116,261 (2019: Nil) as at the end of the reporting period.
- (f) During the year ended 31 December 2020, no remuneration was paid by the Company to its related parties and key management personnel (2019: Nil).

PCGI HOLDINGS LIMITED

NOTES TO FINANCIAL STATEMENTS

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11. PREPAYMENT AND OTHER RECEIVABLES

	2020 US\$	2019 US\$
Prepayments	4,785	250
Interest receivables	<u>1,140,881</u>	<u>-</u>
	<u><u>1,145,666</u></u>	<u><u>250</u></u>

12. CASH AND CASH EQUIVALENTS

Cash and cash equivalents earns interest at floating rates based on daily bank deposit rates. The bank balances are deposited with counterparties with no recent history of default. The carrying amounts of the cash and bank balances approximate to their fair values.

13. SHARE CAPITAL

	Notes	2020 US\$	2019 US\$
Authorised:			
25,000,000 (2019: 25,000,000) ordinary shares of US\$1 each	(a)	<u>25,000,000</u>	<u>25,000,000</u>
Issued and fully paid:			
19,486,650 (2019: 1,000,010) ordinary shares of US\$1 each	(b)	19,486,650	1,000,010
Share premium	(b), (c)	<u>2,309,176,370</u>	<u>478,958,011</u>
		<u><u>2,328,663,020</u></u>	<u><u>479,958,021</u></u>

Notes:

- (a) On 18 March 2013 (date of incorporation), the authorised share capital of the Company was US\$50,000 divided into 50,000 shares of US\$1 each. The authorised share capital of the Company was increased to US\$25,000,000 divided into 25,000,000 shares of US\$1 each on 28 May 2013.
- (b) On 17 August 2015, the Company's sole shareholder provided capital contribution to the Company as share premium in the amount equivalent to PCGI Intermediate Holdings Limited's subscription of the additional 4,198,895 preference shares at total consideration of US\$379,958,011 in FWD Group Limited.

PCGI HOLDINGS LIMITED

NOTES TO FINANCIAL STATEMENTS

31 December 2020

13. SHARE CAPITAL (continued)

A summary of movements in the Company's share capital is as follows:

	Note	Number of shares in issue	Share capital & share premium US\$
At 1 January 2019, 31 December 2019 and 1 January 2020		1,000,010	479,958,021
Shares issued	(c)	<u>18,486,640</u>	<u>1,848,704,999</u>
At 31 December 2020		<u>19,486,650</u>	<u>2,328,663,020</u>

Notes:

- (c) On 23 December 2020, the Company's sole shareholder subscribed for additional 18,486,640 ordinary shares, with a nominal or par value of US\$1 each in the Company for the transfer of 18,486,640 ordinary shares with a nominal or par value of US\$1 each held in his name in PCGI Intermediate Holdings Limited to the Company at total consideration of US\$1,848,704,999.

14. FINANCIAL GUARANTEE CONTRACTS

The financial guarantee contracts were transferred to the Company since 23 December 2020 after the Reorganisation, as presented in Note 1.2. The contracts represent the guarantees given to PCGI Intermediate Limited and PCGI Intermediate Holdings (II) Limited, the subsidiaries of the Company in connection with guaranteed notes issued to the professional investors. The guaranteed notes issued by the subsidiaries amounted to US\$637,460,000 (2019: US\$500,000,000), and all proceeds were loaned back to the Company (2019: their respective immediate holding companies).

The financial guarantee contracts are measured at the higher of the ECL allowance and the amount initially recognised less the cumulative amount of income recognised. The ECL allowance is measured by estimating the cash shortfalls, which are based on the expected payments to reimburse the professional investors for a credit loss that it incurs less any amounts that the Company expects to receive from the subsidiary. The amount initially recognised representing the fair value at initial recognition of the financial guarantees is US\$4,825,297 (2019: Nil). During the year ended 31 December 2020, no ECL allowance was provided (2019: Nil).

The credit exposure of the financial guarantee contracts is classified as stage 1. During the year, there were no transfers between stages (2019: Nil).

PCGI HOLDINGS LIMITED

NOTES TO FINANCIAL STATEMENTS

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15. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments of the Company as at the end of the reporting period are as follows:

31 December 2020

Financial assets

	Financial assets at amortised cost US\$
Other receivables	1,140,881
Debt investments	137,460,000
Cash and cash equivalents	<u>16,008,878</u>
	<u>154,609,759</u>

Financial liabilities

	Financial liabilities at amortised cost US\$
Borrowings	794,736,573
Loans from subsidiaries	636,116,261
Due to a related company	436,227,450
Due to subsidiaries	4,636,512
Financial guarantee contracts	4,797,970
Interest payables	624,799
Other payables	<u>82,600</u>
	<u>1,877,222,165</u>

PCGI HOLDINGS LIMITED

NOTES TO FINANCIAL STATEMENTS

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15. FINANCIAL INSTRUMENTS BY CATEGORY (continued)

31 December 2019

Financial assets

	Financial assets at amortised cost US\$
Due from a subsidiary	72,000
Cash and cash equivalents	<u>15,696</u>
	<u>87,696</u>

Financial liabilities

	Financial liabilities at amortised cost US\$
Due to a related company	291,145
Other payables	<u>10,000</u>
	<u>301,145</u>

16. BORROWINGS

	2020 US\$	2019 US\$
Bank facilities	<u>794,736,573</u>	<u>-</u>

The Company entered into 3-year LIBOR plus 1.5% term loan facility of US\$400,000,000 on 2 January 2020. The Company also entered into two 3-year LIBOR plus 1.5% green-shoe facility of US\$100,000,000 and US\$300,000,000 on 28 April 2020 and 27 May 2020, respectively.

17. FAIR VALUE OF FINANCIAL INSTRUMENTS

Management has assessed that the fair values of cash and cash equivalents, loan from subsidiaries, an amount due to a related company, amounts due to subsidiaries, interest payables and other payables approximate to their carrying amounts largely due to the short term maturities of these instruments.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

31 December 2020

18. FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES

The Company's principal financial instruments comprise debt investments, intercompany balances, interest-bearing borrowings, financial guarantee contracts and other payables. It is, and had been, throughout the period under review, the Company's policy that no trading in financial instruments shall be undertaken.

The main risks arising from the Company's financial instruments are credit risk, interest rate risk and liquidity risk. The board of directors reviews and agrees policies for managing the risk and is summarised below.

Credit risk

The Company's credit risk is primarily attributable to debt investments and intercompany balances. Receivable balances are monitored on an ongoing basis and the Company's exposure to bad debts is insignificant. The management assesses that the related parties are creditworthy, therefore, the credit risk is minimal.

Maximum exposure and year-end staging

The tables below show the credit quality and the maximum exposure to credit risk based on the management's assessment, which is mainly based on past due information unless other information is available without undue cost or effort, and year-end staging classification as at 31 December 2020.

As at 31 December 2020

	12-month	Lifetime ECLs		Total US\$
	ECLs	Stage 2	Stage 3	
	Stage 1 US\$	US\$	US\$	
Debt investment	137,460,000	-	-	137,460,000
Financial guarantee contracts	4,797,970	-	-	4,797,970

As at 31 December 2019

	12-month	Lifetime ECLs		Total US\$
	ECLs	Stage 2	Stage 3	
	Stage 1 US\$	US\$	US\$	
Debt investment	-	-	-	-
Financial guarantee contracts	-	-	-	-

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18. FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES (continued)

Interest rate risk

The Company's exposure to the risk of changes in market interest rates related primarily to the Company's long term debt obligations with a fixed interest rate.

Liquidity risk

The Company monitors its risk of shortage of funds using a liquidity planning tool.

The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of borrowings. Approximately 57% the Company's debt will mature in less than one year at 31 December 2020 (2019: 100%) based on the carrying value of borrowings reflected in the financial statements. Since the ultimate beneficial owner has agreed to provide continuous financial support to the Company to meet its liabilities as and when they fall due, the Company exposes to minimal liquidity risk.

The table below summarises financial liabilities of the Company into relevant maturity groupings based on the remaining period at the end of the reporting period to their contractual maturities or expected repayment dates.

31 December 2020

	On demand US\$	1 to 5 years US\$	Total US\$
Borrowings	-	800,000,000	800,000,000
Loans from subsidiaries	637,460,000	-	637,460,000
Due to a related company	436,227,450	-	436,227,450
Due to subsidiaries	4,636,512	-	4,636,512
Financial guarantee contracts	-	4,797,970	4,797,970
Interest payable	624,799	-	624,799
Other payables	82,600	-	82,600
	<u>1,079,031,361</u>	<u>804,797,970</u>	<u>1,883,829,331</u>
Total financial liabilities			

31 December 2019

	On demand US\$	1 to 5 years US\$	Total US\$
Due to a related company	291,145	-	291,145
Other payables	10,000	-	10,000
	<u>301,145</u>	<u>-</u>	<u>301,145</u>
Total financial liabilities			

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18. FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES (continued)

Capital management

The Company's capital management objective is focused on maintaining an adequate capital base to safeguard the Company's ability to continue as a going concern, to support the development of the business and maximise shareholders' value.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid, return capital to ordinary shareholders or issue new shares.

19. EVENT AFTER REPORTING PERIOD

On 3 February 2021, the Company has obtained an interest-bearing term loan facility of up to US\$1,435,000,000.

ISSUER

PCGI Intermediate Holdings (III) Limited

Vistra (Cayman) Limited
P.O. Box 31119
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KY1-1205 Cayman Islands

GUARANTOR

PCGI Holdings Limited

Vistra (Cayman) Limited
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Grand Pavilion, Hibiscus Way
802 West Bay Road, Grand Cayman
KY1-1205 Cayman Islands

FISCAL AGENT, PAYING AND TRANSFER AGENT AND REGISTRAR

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