

MILLIMAN CLIENT REPORT

Supplementary Report of the Independent Actuary on the Transfer of long term business from the Hong Kong branches of The Canada Life Assurance Company and Canada Life Limited to MyPace Life Limited

17 November 2025

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Section 1 Introduction

1.1. BACKGROUND

- 1.1.1. When an application is made to the High Court of the Hong Kong Special Administrative Region, Court of First Instance (the “Hong Kong Court”) for an order to sanction the transfer of long term insurance business from one insurer to another, it must be accompanied by a report on the terms of the proposed scheme of transfer (the “Scheme”) by an independent actuary in conformance with Section 24 of the Insurance Ordinance, Chapter 41 of the Laws of Hong Kong (the “Ordinance”).
- 1.1.2. I, Clement Bonnet, have been appointed as the Independent Actuary in connection with the proposed transfer of long term insurance business (also hereinafter referred as “Transferring Business”) from the Hong Kong branch (“CLA-HK”) of The Canada Life Assurance Company (“CLA”) and the Hong Kong branch (“CLL-HK”) of Canada Life Limited (“CLL”) to MyPace Life Limited (“MyPace Life”). MyPace Life is 51% owned by Asia Insurance Company Limited (“Asia Insurance”) and 49% owned by PACE Solutions Limited (“PACE”).
- 1.1.3. Under the Scheme, it is proposed that the Transferring Business should be transferred to and assumed by MyPace Life. After the Scheme is effected, the Transferring Business will then be reinsured to CLA, operating through its Barbados branch (“CLA-BB”) through two coinsurance agreements, one for participating business (“Participating Coinsurance Agreement”) and one for non-participating business including unit linked business (“Non-Participating Coinsurance Agreement”). These agreements are collectively referred to as the “Coinsurance Agreements”. The Scheme will enable CLA and CLL to retreat as direct insurers from the Asia region which is not their primary market, thereby releasing them from legal ownership, policy administration, and Hong Kong regulatory and compliance requirements for the Transferring Business.
- 1.1.4. My appointment as the Independent Actuary has been noted by the Hong Kong Insurance Authority (“IA”).
- 1.1.5. I have prepared a report to the Hong Kong Court entitled “Report of the Independent Actuary on the Transfer of long term business from the Hong Kong branches of The Canada Life Assurance Company and Canada Life Limited to MyPace Life Limited” dated 2 September 2025 (the “Main Report”) to examine the likely effects of the Scheme and the Coinsurance Agreements on the long term policyholders of CLA and CLL (including CLA-HK and CLL-HK) based on the financial information as at 31 December 2024.

1.2. THE SUPPLEMENTARY REPORT

- 1.2.1. The purpose of this report (the “Supplementary Report”) is to provide an updated assessment of the likely effects of the Scheme and the Coinsurance Agreements on the financial security and benefit expectation of policyholders and to address any areas for which information was not available at the time I prepared the Main Report. I also consider whether the conclusions reached in the Main Report remain valid in the light of updated financial information available as at 30 June 2025, any other relevant significant events subsequent to the date of finalisation of the Main Report, and any policyholder objections to the Scheme notified to me prior to the date of this Supplementary Report.
- 1.2.2. Any defined terms used in the Main Report have the same meaning in this Supplementary Report. In particular, CLA-HK and CLL-HK are collectively referred to as “Canada Life Hong Kong”; CLA and CLL are collectively referred to as “Canada Life Group”, which includes Canada Life Hong Kong; and Canada Life Group and MyPace Life are collectively referred to as the “Parties”. Their policyholders include:

- the Transferring Business policyholders are referred to as the “Transferring Policyholders”, who hold long term insurance policies of the Transferring Business which are underwritten by Canada Life Hong Kong (the “Transferring Policies”);
 - the remaining policyholders in Canada Life Group after the implementation of the Scheme are referred to as the “Non-Transferring Policyholders”, who hold “Non-Transferring Policies”; and
 - MyPace Life is a new company and has no existing policyholders.
- 1.2.3. This Supplementary Report should be read in conjunction with my Main Report. Both documents should be considered in their entirety, as considering individual reports or sections in isolation may be misleading.
- 1.2.4. Details of the scope of my work, qualifications and disclosures, considerations of the Scheme and the Coinsurance Agreements, reliances and limitations and the terms of reference applying to my work are provided in the Main Report.

1.3. RELIANCES

- 1.3.1. The reliances and limitations listed in Section 1 of my Main Report also apply equally to this Supplementary Report.
- 1.3.2. In preparing this Supplementary Report, I have had access to documentary evidence provided by the Parties, the key elements of which are listed in Appendix A. I have also had access to, and discussions with, staff and management of the Parties.
- 1.3.3. In coming to my conclusions, I have relied upon the accuracy of the information which has been provided to me in written or oral form, without independent verification. I explicitly rely on the Appointed (or Chief) Actuaries¹ and the Parties that all the calculations used in relation to the Scheme and the Coinsurance Agreements are appropriate and accurate as presented. I have considered, and am satisfied with, the reasonableness of this information based on my own experience of the Hong Kong insurance industry.
- 1.3.4. In particular, I have been presented with the solvency positions of CLA and CLL in Section 3. The results have been reviewed by the Appointed Actuary of CLA and the Chief Actuary of CLL respectively and submitted to the relevant local regulatory bodies. Accordingly, I am satisfied with, and have relied on the accuracy of, these figures. While certain estimates of pre- and post-Scheme and post-Coinsurance Agreements solvency positions have not been subject to external audit, they have been subject to internal review by Canada Life Group.

1.4. LIMITATIONS

- 1.4.1. This Supplementary Report has been prepared on the basis as set out in this Supplementary Report. It has been written on the basis that it will be utilised by persons technically competent in the areas addressed and with knowledge of the business activities of the Parties and the nature of the risks and rewards inherent in the life insurance business in which they operate.
- 1.4.2. Draft versions of this Supplementary Report should not be relied upon for any purpose. No summary of this Supplementary Report should be made without my express consent.
- 1.4.3. This Supplementary Report has been prepared by Milliman Limited (“Milliman”) on an agreed basis for the Parties in the context of the Scheme and the Coinsurance Agreements and must not be relied upon for any other purpose. No liability will be accepted by Milliman, or me, for any application of this Supplementary Report for a

¹ As at the date of this report, the appointment of the Appointed Actuary of MyPace Life has not yet been made pursuant to Section 15AAA of the Ordinance and is subject to the approval of the IA.

purpose for which it was not intended nor for the results of any misunderstanding by any user of any aspect of this Supplementary Report.

- 1.4.4. Other than as set out below, this Supplementary Report is not meant for use by any third party to do or omit to do anything and no third party should place any reliance on this Supplementary Report for that reason. This Supplementary Report and the opinions and conclusions contained herein are for the internal use of the management of the Parties, their professional advisors, their shareholders, their policyholders, regulators, and in court. With the exception of the limited distribution and disclosure of this Supplementary Report specified in Paragraph 1.4.6 below, this Supplementary Report and any written or oral information or advice provided by me must not be reproduced, distributed or communicated in whole or in part to any other person, or be relied upon by any other person except with written consent.
- 1.4.5. If the Parties wish to release a copy of this Supplementary Report to third parties or advisors, except as described in Paragraph 1.4.6 below, these parties must sign a disclaimer and release letter in the form approved by Milliman setting out the terms under which the information is provided and acknowledging that neither Milliman nor I assume any responsibility, liability or duty of care to them. If the Parties wish to disclose extracts from this Supplementary Report in documents, Milliman and I need to give prior written consent to the proposed wording.
- 1.4.6. In accordance with Section 24 of the Ordinance, in respect of a sanction of the Hong Kong Court for the transfer of the Transferring Business, the exceptions referred to in Paragraphs 1.4.4 and 1.4.5 above include:
 - a copy of this Supplementary Report will be provided to the IA;
 - a copy of this Supplementary Report will be made available to any person asking for one, provided that the request is made prior to an order for sanctioning the Scheme; and
 - a copy of this Supplementary Report will be available from the corporate websites of both Canada Life Group and MyPace Life and such posting will be maintained until the end of the substantive hearing of the petition.
- 1.4.7. The use of Milliman's name, trademarks or service marks, or reference to Milliman directly or indirectly in any media release, public announcement or public disclosure, including in any promotional or marketing materials, websites or business presentations is not authorized without Milliman's prior written consent for each such use or release, which consent shall be given in Milliman's sole discretion.
- 1.4.8. This Supplementary Report was based on data available to me and Milliman at, or prior to 17 November 2025, and takes no account of developments after that date. Neither Milliman nor I are under any obligation to update or correct inaccuracies which may become apparent in this Supplementary Report.
- 1.4.9. This Supplementary Report does not provide financial or other advice to individual policyholders.

1.5. LIMITS OF LIABILITY AND LEGAL JURISDICTION

- 1.5.1. This Supplementary Report is subject to the terms and limitations, including limitation of liability and legal jurisdiction, set out in the Engagement Letter entered into between Milliman, CLA-HK, CLL-HK, Asia Insurance and PACE.

Section 2 Relevant Developments

2.1. INTRODUCTION

- 2.1.1. In this section I consider a number of developments relevant to the Scheme and the Coinsurance Agreements since the finalisation of the Main Report dated 2 September 2025.

2.2. SANCTION HEARING DATE

- 2.2.1. According to the court order dated 18 September 2025 issued by the Hong Kong Court, the substantive hearing of the petition for the Scheme is scheduled to be held on 9 December 2025.

2.3. AUTHORIZATION OF MYPACE LIFE

- 2.3.1. As noted under Paragraph 2.6.3 of my Main Report, MyPace Life applied to the IA for an authorization to carry on Classes A (Life and Annuity), C (Linked Long Term), D (Permanent Health), G (Retirement Scheme Management Category I), H (Retirement Scheme Management Category II) and I (Retirement Scheme Management Category III) of long term insurance business in or from Hong Kong under Section 8 of the Ordinance, with the condition of not issuing any new policies.
- 2.3.2. The IA granted an approval-in-principle in respect of MyPace Life's new authorization application through a letter dated 25 August 2025. Formal approval of the authorization application is expected to be granted by the IA immediately after the making of the order sanctioning the Scheme in December 2025.

2.4. ELECTED TAXATION BASIS OF MYPACE LIFE

- 2.4.1. There have been no changes to the elected taxation basis of MyPace Life since the finalisation of the Main Report. As noted under Paragraph 2.6.7 of my Main Report, MyPace Life continues to apply the same taxation basis as Canada Life Hong Kong. In accordance with the business plan submitted to the IA in June 2025, and as confirmed by MyPace Life's prospective independent auditor, no tax expense is expected following the implementation of the Scheme and the Coinsurance Agreements.

2.5. DISCRETIONARY BENEFITS FOR PARTICIPATING BUSINESS

- 2.5.1. As noted in Paragraph 5.3.6 of the Main Report, an annual review of policyholder dividend rates and loan interest rates for CLA-HK's participating products is performed by the Appointed Actuary of CLA-HK and approved by the CLA Board of Directors. My Main Report has provided summaries of historical changes to discretionary benefits up to the most recent review performed by CLA-HK on 8 November 2024 based on the financial position as at 30 June 2024.
- 2.5.2. Since the finalisation of my Main Report, I have been provided with the memorandum entitled "2025 Valuation Bases and 2026 Dividend Scale Recommendations – CLA International", dated 9 October 2025. This memorandum was prepared by the Appointed Actuary of CLA-HK and outlines the proposed valuation bases and dividend scale for determining the 2025 insurance contract liabilities of CLA-HK's participating products, based on the financial position as at 30 June 2025. The dividend scale proposed in this memorandum was subsequently approved by the CLA Board of Directors.

- 2.5.3. Within the memorandum, the Appointed Actuary of CLA-HK recommended increasing the expected investment return on assets from 4.7% to 4.8%, which aligns with the projected rates for the next three years, whereas the dividend enhancement is recommended to be increased from 0.5% to 0.6% due to the Hong Kong dividend stabilisation reserve approaching the upper limit of the 5% tolerance range. Accordingly, the proposed 2026 dividend interest rate is 5.4% (compared to 5.2% in 2025).
- 2.5.4. The Appointed Actuary of CLA-HK has confirmed that, since the finalisation of the Main Report, no changes have been made to other discretionary benefits for CLA-HK's participating products, including loan interest rates, accumulation rates on dividends and death benefits on deposit, as well as universal life current crediting rates.
- 2.5.5. I am satisfied that the increase in the proposed dividend scale for the participating business will not affect the conclusions of my Main Report, based on the following reasons:
- The revision to the dividend scale has been determined and approved in accordance with the established methodology and governance framework, as described in Section 5.3 of the Main Report, and is reflective of the actual experience within the closed block. Since this revision merely redistributes the positive experience back to the policyholders who generated it, the financial security of the Transferring Policyholders remains unaffected.
 - For Transferring Policyholders, the higher dividend scale represents an increase in the level of non-guaranteed benefits credited to their policies, on average. While the impact may vary depending on individual policy characteristics, most Transferring Policyholders are expected to benefit from this revision.
 - Under the Coinsurance Agreements, all material financial and insurance risks associated with the participating business remain with CLA (through CLA-BB), and MyPace Life acts primarily as the policy administrator and ceding company. As such, the change in dividend scale does not materially adversely affect the solvency position of MyPace Life, and ultimately the financial security of the Transferring Policyholders.
 - As noted in Section 5.3 of this Supplementary Report, the solvency positions of CLA-BB and CLA are indistinguishable. Given the immateriality of the Transferring Business relative to the overall balance sheet of CLA, the proposed increase in the dividend scale is not expected to have any material adverse impact on the solvency position of CLA. Therefore, it is not expected that there will be any material adverse impact on the financial security of either the Transferring Policyholders or the Non-Transferring Policyholders.

2.6. RISK PROFILE OF CANADA LIFE GROUP AND MYPACE LIFE

- 2.6.1. As noted in Paragraph 6.5.1 of the Main Report, following the implementation of the Scheme, the key risk exposures will essentially be reallocated or transferred from CLA-HK and CLL-HK to CLA-BB (via MyPace Life) under the Coinsurance Agreements. Therefore, the risks to CLA, in respect of the Transferring Policies, will not be materially different before and after the implementation of the Scheme and the Coinsurance Agreements. The Appointed Actuaries of CLA-HK and CLL-HK have confirmed that the risk profiles of CLA-HK and CLL-HK have not changed materially since the finalisation of my Main Report.
- 2.6.2. The Transferring Business will be the first portfolio to be onboarded to MyPace Life. It should be noted that the number of in-force policies during the first half of 2025 was lower than what was projected in MyPace Life's business plan submitted to the IA in June 2025. This variance was primarily attributable to an increase in the number of deaths over the period, rising from 48 in the first half of 2024 to 62 in the same period of 2025, while the

number of surrenders and lapses remained relatively stable. However, the Appointed Actuary of MyPace Life has confirmed that the risk exposures under the business plan are not materially different from those reported in the Main Report, based on the following reasons:

- On the basis that this increase in deaths represents a short-term, non-recurring increase in decrements, the higher-than-expected reduction in policy counts (around 20 policies) is expected to result in an immaterial decrease in projected annual policy administration fees by around USD 1,320 (i.e. 20 policies times USD 66, which would have been paid by CLA-BB to MyPace Life under the reinsurance arrangement), and therefore leading to a corresponding reduction in the projected capital resources and HKRBC solvency ratio of less than 1%.
- The Appointed Actuary of MyPace Life will continue to closely monitor the experience. Should adverse trends persist, the Appointed Actuary of MyPace Life will update the best estimate assumptions as necessary, as described in Paragraph 6.3.11 of the Main Report.

2.6.3. I am satisfied that there are no material changes to risk profiles which would affect the conclusion made under Paragraph 6.5.16 of the Main Report.

2.7. INTERNAL POLICIES AND OTHER COMPANY GOVERNANCE

2.7.1. The Parties have confirmed that there are no material changes to the internal policies that I have relied upon to form my view under the Main Report, which includes capitalisation policies, investment policies, reserving policies, policyholder dividend policies, risk management policies and other internal governance of the Parties since the finalisation of my Main Report.

2.8. COSTS AND EXPENSES IN RELATION TO THE SCHEME AND THE COINSURANCE AGREEMENTS

2.8.1. I have been informed by the Appointed Actuary of CLA-HK that there have been no changes to the estimated costs and expenses to be paid out from the CLA's shareholders' fund immediately following the implementation of the Scheme and the Coinsurance Agreements since the finalisation of my Main Report. These costs will not exceed USD 14 million and include, but are not limited to: (i) Scheme-related costs; (ii) the outstanding onboarding fee payable to PACE; (iii) upfront ceding commission payable to MyPace Life; (iv) the first-year administration fee payable to MyPace Life; and (v) custodian fees associated with the establishment, maintenance and operation of a new custody account in the name of MyPace Life to hold the transferring unit linked assets, with these costs to be borne by CLA-BB. These costs are relatively immaterial as compared to the CLA's balance sheet and can be well covered by the CLA's net assets of USD 25,126 million under the Canadian IFRS 17 basis as at 30 June 2025. Accordingly, the total LICAT ratio of CLA as at 30 June 2025 is estimated to be reduced by only 0.1% after the implementation of the Scheme and the Coinsurance Agreements, compared to the pre-Scheme position. This is comparable to the impact assessed as at 31 December 2024 in my Main Report.

2.8.2. I have been informed by the Appointed Actuary of CLL-HK that the estimated costs and expenses to be paid out from the CLL's shareholders' fund immediately following the implementation of the Scheme and the Coinsurance Agreements have been updated from around GBP 0.4 million to GBP 0.6 million since the finalisation of my Main Report. These costs consist primarily of Scheme-related costs and potential ex-gratia payment for the CLL-HK Transferring Policyholders who currently reside in the UK or who have resided in the UK prior to the transfer and may experience adverse tax impacts as a result of the Scheme. These costs are relatively immaterial as compared to the CLL's balance sheet and can be well covered by the CLL's net assets of GBP 2,354 million under the UK

financial reporting standard as at 31 December 2024². Accordingly, the total UK Solvency II ratio of CLL as at 30 June 2025 is estimated to be reduced by only 0.03% after the implementation of the Scheme and the Coinsurance Agreements, compared to the pre-Scheme position. This is comparable to the impact assessed as at 31 December 2024 in my Main Report.

2.9. UPDATE ON CANLIFE PROPERTY FUND CLOSURE PROCESS

- 2.9.1. Since the finalisation of the Main Report, there have been changes to the proposed arrangements for the closure of the Canlife Property fund, as set out in Paragraph 5.5.5 of my Main Report. CLL will no longer pursue an early closure of the fund through a stakeholder buyout. Instead, the fund will be allowed to close according to its planned schedule, with the closure expected to occur during the first quarter of 2026.
- 2.9.2. Following the implementation of the Scheme, Irish Life Investment Managers (“ILIM”) will assume Fund Administrator responsibilities for the Transferring Policyholders. ILIM will therefore be responsible for operating the property distribution process for these policyholders from an administrative perspective. CLL will continue to provide support to ILIM and MyPace Life during this process, leveraging its knowledge of the required outcomes from a fund administrative perspective of the distribution process. In parallel, CLL will continue to manage the distribution process for Non-Transferring Policyholders who are also invested in the Canlife Property fund. The involvement of both ILIM and CLL ensures continuity and consistency in the redistribution process for all policyholders invested in the Canlife Property fund, whether or not they are transferring under the Scheme.
- 2.9.3. These revised fund closure arrangements remain consistent with the contractual terms and reflect standard industry practice for managing fund closures in unit linked investments. They will be implemented whether or not the Scheme proceeds. Therefore, my opinion remains unchanged that the fund closure and redistribution process will not result in any materially adverse impact on either the Scheme itself or the Transferring Policyholders.

2.10. TAX IMPLICATIONS

- 2.10.1. On 6 June 2025, Hong Kong enacted legislation to implement a global corporate minimum tax rate of 15%, as proposed by the Organisation for Economic Co-operation and Development, and to introduce a 15% domestic minimum tax, both with retrospective effect from 1 January 2025. However, I do not expect these changes in Hong Kong tax legislation to result in any material tax implications for the Transferring Policyholders for the following reasons:
- Prior to the Scheme, the vast majority of the Transferring Business consists of participating business held by CLA-HK. As noted in Paragraph 5.11.7 of my Main Report, no tax is expected to arise with respect to the participating Transferring Business, as the cumulative earnings/ losses will be zero over the lifetime of the closed block due to the maintenance of the dividend stabilisation reserve. Any tax arising from the earnings of the non-participating Transferring Business and unit linked Transferring Business will be payable by Canada Life Hong Kong, with no pass-through to the Transferring Policyholders. Such taxes are expected to be immaterial due to the small size of the business.
 - Following the implementation of the Scheme and the Coinsurance Agreements, although MyPace Life will not have any premium income due to the coinsurance arrangement with CLA-BB, its profits – mainly coming from the upfront ceding commission and ongoing expense allowances received from CLA-BB – will be subject

² CLL will prepare a balance sheet as at 30 June solely under the UK Solvency II basis, and not under the UK financial reporting standard for this period. Therefore, the net assets as at 31 December 2024 under the UK financial reporting standard are presented instead.

to the 15% global minimum tax rate. MyPace Life's prospective independent auditor has confirmed that MyPace Life is not expected to be subject to the global minimum tax requirement, as its projected revenues are less than EUR 750 million, in accordance with its business plan submitted to the IA in June 2025. Furthermore, any tax arising from the earnings will be payable by MyPace Life, with no pass-through to the Transferring Policyholders, consistent with the current practice adopted by Canada Life Hong Kong.

2.11. RECENT DEVELOPMENTS OF THE PACE ADMINISTRATION SYSTEM

2.11.1. MyPace Life has provided me with an update regarding the latest developments in the PACE administration system for the post-Scheme administration of the Transferring Policies, including the data migration, testing and controls, system integration, and security assessment:

- All existing Canada Life Hong Kong products have been successfully replicated and configured within the PACE administration system, ensuring full alignment with existing product specifications.
- Comprehensive data validation (excluding sensitive data) and consistency checks have been performed to verify the accuracy and integrity of the migrated data. Moreover, between October 2024 and March 2025, five rounds of user acceptance testing were conducted, covering about 120 different test scenarios. All issues identified during these tests were fully resolved by April 2025.
- An initial parallel run was conducted using a live data snapshot as at 31 March 2025, supplemented by incremental transactions from April 2025. The comparison of key outputs – including policy values, reports, and transactions – between the existing Canada Life Hong Kong system and the PACE administration system has been completed.
- The final parallel run was conducted using a live data extract as at 30 September 2025, executed within MyPace Life's production environment. This phase further validated compliance functions and third-party integrations. Specifically, MyPace Life's production environment is now fully operational on a cloud platform. Various independent cybersecurity assessments and tests were conducted in May and June 2025, and all significant findings have been duly addressed.

2.11.2. Based on the measures and controls described above, which have been implemented to ensure a smooth transition and full implementation of the PACE administration system on the Transfer Date, I do not expect any materially adverse impact on the services provided to the Transferring Policyholders, nor any deterioration in service standards following the implementation of the Scheme and the Coinsurance Agreements as a result of the change in policy administration system.

2.12. PROFESSIONAL OPINION OF THE APPOINTED ACTUARIES OF CANADA LIFE HONG KONG

2.12.1. When forming my opinion on the effects of the Scheme and the Coinsurance Agreements on the Non-Transferring Policyholders on their reasonable expectations with regard to benefits and levels of service, as well as their financial security, as concluded under Section 8.6 of the Main Report, I have relied upon the professional opinion of the Appointed Actuaries of CLA-HK and CLL-HK.

2.12.2. The Appointed Actuaries of CLA-HK and CLL-HK have confirmed that their opinion has not changed since my Main Report.

2.13. CONCLUSION

- 2.13.1. I am satisfied that none of the above developments affects the conclusions of my Main Report, which are restated in Section 7 of this Supplementary Report, either individually or in aggregate. The financial positions of the Parties are considered in further detail in Section 3 of this Supplementary Report.

Section 3 The Updated Financial Position as at 30 June 2025

3.1. INTRODUCTION

- 3.1.1. This section describes the updated key statistics of the long term business of CLA-HK and CLL-HK as at 30 June 2025. It also sets out the updated solvency positions of CLA and CLL as at that date, the most recent dates for which financial results are available. Note that the IA does not require the solvency positions of CLA-HK or CLL-HK to be reported at a branch level.
- 3.1.2. I have relied upon the solvency results of CLA and CLL at 30 June 2025. These results have been reviewed by the Appointed Actuary of CLA and the Chief Actuary of CLL respectively and submitted to the relevant local regulatory bodies.
- 3.1.3. The Transferring Business is the first portfolio to be acquired by MyPace Life and it does not have any other in-force policies therefore MyPace Life does not report a solvency position at 30 June 2025. The Appointed Actuary of MyPace Life has confirmed that, since the finalisation of my Main Report, there have been no updates to the projected solvency position of MyPace Life under both base and pessimistic scenarios as submitted to the IA in June 2025.

3.2. LONG TERM BUSINESS PORTFOLIO OF CLA-HK

- 3.2.1. Table 3.1 shows the updated number of policies and gross sum assured of CLA-HK's long term business as at 30 June 2025, while Table 3.2 presents the updated gross insurance contract liabilities as at the same date. For ease of comparison, a high-level summary of the corresponding figures as at 31 December 2024 – based on the more detailed data in Table 3.2 of my Main Report – is also included in the two tables below.
- 3.2.2. There was a decrease in both the number of in-force policies and total gross sum assured during the first half of 2025, as CLA-HK's long term business has been placed in run-off.

Table 3.1: Number of policies and gross sum assured of the long term business of CLA-HK (in USD million except number of policies)

Product category	As at 31 December 2024		As at 30 June 2025	
	Number of policies	Total gross sum assured	Number of policies	Total gross sum assured
Class A – life assurance participating	9,819	1,012.2	9,623	997.8
Class A – life assurance non-participating	113	9.8	109	9.6
Total	9,932	1,022.0	9,732	1,007.4

Figures may not be additive due to rounding.

Table 3.2: Gross insurance contract liabilities of the long term business of CLA-HK (in USD million)

Product category/ Liability item	Amount of gross insurance contract liabilities under the IFRS 17 basis	
	As at 31 December 2024	As at 30 June 2025
Class A – life assurance participating	516.3	522.8
Class A – life assurance non-participating	2.3	2.3
Contractual Service Margin	15.5	15.1
Additional expense provision	10.1	10.2
Policy loans	(90.8)	(88.7)
Other policy liabilities	15.2	16.8
Total	468.6	478.5

Figures may not be additive due to rounding.

3.3. LONG TERM BUSINESS PORTFOLIO OF CLL-HK

3.3.1. Table 3.3 shows updated key statistics of CLL-HK's long term insurance business as at 30 June 2025, together with the corresponding figures as at 31 December 2024 for comparison (as included in Table 3.4 of my Main Report).

Table 3.3: Long term insurance business of CLL-HK (in GBP million except number of policies)

Product category/ Liability item	As at 31 December 2024			As at 30 June 2025		
	Number of policies	Total gross sum assured	Amount of gross long term liabilities under UK Solvency II basis	Number of policies	Total gross sum assured	Amount of gross long term liabilities under UK Solvency II basis ⁽¹⁾
Class C – linked long term whole life	204	17.8	5.0	191	16.8	4.4
Total	204	17.8	5.0	191	16.8	4.4

Figures may not be additive due to rounding.

Note (1): Refer to footnote 3 for further details.

3.3.2. There was a decrease in both the number of in-force policies and total gross sum assured during the first half of 2025, as CLL-HK's long term business has been placed in run-off.

3.3.3. As at 30 June 2025, total gross long term insurance liabilities under the UK Solvency II basis were GBP 4.4 million, including unit liabilities of GBP 3.9 million, non-unit best estimate liabilities of GBP 0.4 million and non-unit risk margin of GBP 0.1 million³.

³ The UK Solvency II non-unit risk margin has not been recalculated as at 30 June 2025 due to immateriality (i.e., less than GBP 0.1 million), and is therefore assumed to be the same as at 31 December 2024.

3.4. LONG TERM BUSINESS PORTFOLIO OF MYPACE LIFE

- 3.4.1. MyPace Life has no in-force insurance policies prior to the completion of the Scheme. The Appointed Actuary of MyPace Life has confirmed that there have been no changes to the business plan submitted to the IA in June 2025 as part of its license application (refer to Paragraph 2.6.2 above for further details). Therefore, there are no updates to the key statistics of MyPace Life's long term business as presented in my Main Report.

3.5. TRANSFERRING BUSINESS

- 3.5.1. Table 3.4 shows the updated key statistics of Transferring Business as at 30 June 2025, together with the corresponding figures as at 31 December 2024 for comparison (as included in Table 4.1 of my Main Report). Specifically, the total liabilities to be transferred under the Scheme ("Transferring Liabilities") are calculated on an IFRS 17 basis (noting that the Transferring Liabilities of CLL-HK are estimated based on the UK Solvency II basis).

Table 3.4: Transferring Liabilities of Canada Life Hong Kong (in USD million and GBP million except for policy counts)

	As at 31 December 2024			As at 30 June 2025		
	Class A – Life assurance participating	Class A – Life assurance non- participating	Class C – Linked long term ⁽¹⁾	Class A – Life assurance participating	Class A – Life assurance non- participating	Class C – Linked long term ⁽¹⁾
Policy counts	9,819	113	204	9,623	109	191
Year-to-date premium receivable	USD 15.7	USD 0.1	GBP 0.2	USD 6.6	USD 0.0	GBP 0.1
Transferring Liabilities						
IFRS 17 best estimate liabilities (net of policy loans)	USD 424.6	USD 2.3	GBP 4.9	USD 433.3	USD 2.2	GBP 4.3
Other policy liabilities ⁽²⁾	USD 15.1	USD 0.1	NA	USD 16.7	USD 0.1	NA
Other miscellaneous liabilities	USD 0.4	NA	NA	USD 0.0	NA	NA
Total Transferring Liabilities	USD 440.1	USD 2.4	GBP 4.9	USD 450.0	USD 2.3	GBP 4.3

Figures may not be additive due to rounding.

Note (1): The IFRS 17 best estimate liabilities for CLL-HK use UK Solvency II liabilities as a proxy.

Note (2): Other policy liabilities to be transferred under the Scheme include provisions for claims admitted but not paid, provisions for incurred but not reported claims, dividends on deposit and outstanding premiums.

3.6. NON-TRANSFERRING BUSINESS

- 3.6.1. As at 30 June 2025, the Transferring Policies of CLA-HK represented not more than approximately 1% of the total CLA policy counts, year-to-date premium receivable, and face amounts, consistent with the position as at 31 December 2024 as presented in my Main Report.
- 3.6.2. Table 3.5 provides a comparison of the in-force unit linked business between CLL-HK and CLL as at 30 June 2025, together with the corresponding figures as at 31 December 2024 for comparison (as included in Table 8.1 of my Main Report). It shows that the Transferring Policies of CLL-HK continue to represent a very small proportion of CLL's overall unit linked portfolio.

Table 3.5: Comparison of in-force unit linked business between CLL-HK and CLL (in GBP million except policy counts)

Unit linked portfolio	As at 31 December 2024			As at 30 June 2025		
	CLL (1)	CLL-HK (2)	Percentage [(3)=(2)/(1)]	CLL (1)	CLL-HK (2)	Percentage [(3)=(2)/(1)]
Policy counts	19,351	204	1.1%	18,838	191	1.0%
Year-to-date gross written premium	86	0.2	0.2%	12	0.1	0.5%
Total best estimate liabilities on UK Solvency II basis	2,375	4.9 ⁽¹⁾	0.2%	2,322	4.3 ⁽¹⁾	0.2%

Note (1): The UK Solvency II non-unit risk margin will not be transferred under the Scheme, which amounted to less than GBP 0.1 million as at both 31 December 2024 and 30 June 2025 (refer to footnote 3 for further details).

- 3.6.3. CLA-HK currently provides policyholder administration services for a small number of policies written in Macau belonging to the Macau branch of CLA and in various Pacific Rim jurisdictions belonging to CLA. These policies will not be transferred under the Scheme. As at 30 June 2025, there were 362 policies belonging to the Macau branch of CLA, and 151 policies written in various Pacific Rim jurisdictions of CLA. Since the finalisation of my Main Report, there have been no changes to the post-Scheme arrangements pertaining to discretionary benefits, valuation basis, or policy administration for these policies, as set out in Paragraphs 8.3.7, 8.4.11 and 8.5.4 of my Main Report. Therefore, my opinion remains unchanged that there will not be any materially adverse impact on the reasonable benefit expectations, financial security, or policyholder services provided to the non-transferring Macau and various Pacific Rim jurisdictions' policyholders as a result of the Scheme and the Coinsurance Agreements.

3.7. UPDATED FINANCIAL POSITIONS

- 3.7.1. Based on the unaudited IFRS 17 accounts for the six months ended 30 June 2025, CLA-HK had total assets of USD 509.9 million and total liabilities of USD 479.4 million, of which insurance contract liabilities accounted for USD 478.5 million. These figures are broadly comparable to the financial position as at 31 December 2024, as presented in my Main Report. The net profit for the first half of 2025 was USD 0.6 million, compared to a net profit of USD 0.2 million for the year ended 31 December 2024.
- 3.7.2. Based on the unaudited UK Solvency II accounts as at 30 June 2025, CLL-HK had total assets of GBP 4.4 million and total liabilities of GBP 4.4 million. The total liabilities consisted of unit liabilities of GBP 3.9 million, non-unit best estimate liabilities of GBP 0.4 million and non-unit risk margin of GBP 0.1 million⁴. These figures are comparable to total assets and total liabilities of GBP 5.0 million as at 31 December 2024.

3.8. UPDATED SOLVENCY POSITIONS

- 3.8.1. Table 3.6 shows the updated solvency ratio of CLA as at 30 June 2025 under the LICAT basis, together with the historical solvency ratios for the past four year-ends for comparison. Over the period, CLA has maintained a stable and robust solvency position, with ratios consistently well above the minimum regulatory requirement of 100%. In particular, CLA's solvency ratio has improved since 31 December 2022, increasing from 120% as at 31 December 2022 to 132% as at 30 June 2025.

⁴ Refer to footnote 2 for further details.

Table 3.6: CLA's solvency ratios under the LICAT basis (in USD million except total LICAT ratio)

	31 December 2021	31 December 2022	31 December 2023	31 December 2024	30 June 2025
Required capital (at 100% solvency requirement) (1)	18,017	17,468	16,936	16,331	19,011
Total capital resources (2)	22,390	21,020	21,740	21,198	25,126
Total LICAT ratio (3)=(2)/(1)	124%	120%	128%	130%	132%

Figures derived from this table may not be the same due to rounding. Figures have been converted from CAD to USD based on the exchange rates applicable on each respective reporting date.

- 3.8.2. Table 3.7 shows the updated solvency ratio of CLL as at 30 June 2025 under the UK Solvency II basis, together with the historical solvency ratios for the past four year-ends for comparison. In particular, CLL's solvency ratio has improved since 31 December 2023, increasing from 162% as at 31 December 2023 to 171% as at 30 June 2025.

Table 3.7: CLL's solvency ratios under the UK Solvency II basis (in GBP million except solvency ratio)

	31 December 2021	31 December 2022	31 December 2023	31 December 2024	30 June 2025
Solvency capital requirement (at 100% solvency requirement) (1)	2,341	1,764	2,204	2,124	1,976
Total own funds under UK Solvency II ⁽¹⁾ (2)	3,998	3,563	3,567	3,446	3,383
UK Solvency II solvency ratio (3)=(2)/(1)	171%	202%	162%	162%	171%

Figures derived from this table may not be the same due to rounding.

Note (1): The total own funds reported for UK Solvency II purposes in the table above differ from the net assets reported in the CLL financial statements, which have been prepared under the UK financial reporting standard.

- 3.8.3. Table 3.8, below, shows the pro-forma impact of the Scheme and Coinsurance Agreements on the solvency positions of CLA and CLL, assuming they were effective on 30 June 2025. The results indicate that the Scheme and the Coinsurance Agreements have a negligible impact on solvency position of both entities. This analysis is consistent with that shown in Tables 8.2 and 8.3 of my Main Report, which have been summarised in Table 3.9 below for comparison.

Table 3.8: Solvency position of CLA and CLL as at 30 June 2025 (in USD million and GBP million except solvency ratio)

	Pre-Scheme (actual)		Post-Scheme and post-Coinsurance Agreements (pro-forma)	
	CLA	CLL	CLA ⁽¹⁾	CLL ⁽²⁾
Required capital (at 100% solvency requirement) (1)	USD 19,011	GBP 1,976	USD 19,011	GBP 1,976
Net assets (2)	USD 25,126	GBP 3,383	USD 25,112	GBP 3,383
Solvency ratio (3)=(2)/(1)	132%	171%	132%	171%

Figures derived from this table may not be the same due to rounding.

Note (1): The pro-forma position of CLA as at 30 June 2025 is calculated assuming that a total of USD 14 million of costs and expenses related to the Scheme and the Coinsurance Agreements is paid out from the CLA's shareholders' fund, which results in a reduction in the total net assets.

Note (2): The pro-forma position of CLL as at 30 June 2025 is calculated assuming that a total of GBP 0.6 million of costs and expenses related to the Scheme and the Coinsurance Agreements is paid out from the CLL's shareholders' fund, which results in a reduction in the total net assets. This has a negligible impact on solvency position. Please refer to Paragraph 2.8.2 for details regarding the update to anticipated costs and expenses from the 31 December 2024 position, as shown in Table 3.9 below.

Table 3.9: Solvency position of CLA and CLL as at 31 December 2024 (in USD million and GBP million except solvency ratio)

	Pre-Scheme (actual)		Post-Scheme and post-Coinsurance Agreements (pro-forma)	
	CLA	CLL	CLA ⁽¹⁾	CLL ⁽²⁾
Required capital (at 100% solvency requirement) (1)	USD 16,331	GBP 2,124	USD 16,331	GBP 2,124
Net assets (2)	USD 21,198	GBP 3,446	USD 21,184	GBP 3,446
Solvency ratio (3)=(2)/(1)	130%	162%	130%	162%

Figures derived from this table may not be the same due to rounding.

Note (1): The pro-forma position of CLA as at 31 December 2024 is calculated assuming that a total of USD 14 million of costs and expenses related to the Scheme and the Coinsurance Agreements is paid out from the CLA's shareholders' fund, which results in a reduction in the total net assets.

Note (2): The pro-forma position of CLL as at 31 December 2024 is calculated assuming that a total of GBP 0.4 million of costs and expenses related to the Scheme and the Coinsurance Agreements is paid out from the CLL's shareholders' fund, which results in a reduction in the total net assets. This has a negligible impact on solvency position.

- 3.8.4. Given that the solvency ratios of both CLA and CLL are expected to be largely unimpacted by the Scheme and Coinsurance Agreements, and remain above both their respective internal targets and the supervisory capital requirement ratios, the financial security of the Non-Transferring Policyholders is not expected to be materially adversely impacted in this regard.

3.9. CONCLUSION

- 3.9.1. Based on the above comparison, the main reasons underpinning my opinion, as detailed in Paragraph 6.10.1 of my Main Report, remain unchanged. Therefore, I believe there will be no materially adverse impact on the financial security of the long term policyholders of the Canada Life Group (including Canada Life Hong Kong), and in particular, the Transferring Policyholders, following the implementation of the Scheme and the Coinsurance Agreements.

Section 4 Correspondence and Questions Received from the Transferring Policyholders

4.1. OVERVIEW

- 4.1.1. The Parties have received enquiries and/or comments on the proposed transfer from the Transferring Policyholders (either directly or through their representatives).
- 4.1.2. At the time of writing this Supplementary Report, I have not received any correspondence regarding the proposed transfer directly from the Transferring Policyholders.

4.2. COMPLAINTS AND ENQUIRIES

- 4.2.1. As at 13 November 2025, the Parties received no formal complaints concerning the proposed transfer.
- 4.2.2. The Parties have provided me with a log of the enquiries raised by the Transferring Policyholders (either directly or through their representatives) in respect of the Scheme, covering the inspection period up to the close of business on 13 November 2025. The enquiries are mainly general in nature, covering the following aspects:
 - Clarification on the scope, rationale, mechanism and effective date of the transfer;
 - Clarification on the impact caused by the transfer;
 - Clarification on post-transfer operational arrangements, including premium payment arrangement, claims arrangement, customer service arrangement and policy termination;
 - Further information on MyPace Life, including its background, corporate structure, legal status, financial position and contact information;
 - Requests for details regarding surrender procedures and/or application of policy surrender, primarily due to unfamiliarity with MyPace Life or other reasons;
 - Clarification on the current legal status of CLA-HK and CLL-HK, including whether they remain in operation or have ceased to exist; and
 - Clarification of tax-related enquiries from CLL-HK Transferring Policyholders who are UK tax residents.
- 4.2.3. Following notification of the proposed transfer to the Transferring Policyholders, approximately 171 Transferring Policyholders had submitted applications to surrender their policies as at the close of business on 13 November 2025. This represents around 1.7% of the number of in-force policies as at 30 June 2025, which is higher than the best estimate voluntary lapse rate assumed in MyPace Life's business plan submitted to the HKIA in June 2025 (best estimate voluntary lapse rate of 1.1%). As a result, the projected HKRBC solvency ratios of MyPace Life over the three-year period ending 31 December 2028, as presented in Table 6.4 of my Main Report, will be reduced by around 3% throughout the period. Nevertheless, these ratios remain above the minimum HKRBC requirement of 100% and MyPace Life's target capital ratio of 150%.

Given that an increase in voluntary lapses constitutes a key risk for MyPace Life, and any further increase in voluntary lapses may further reduce the solvency ratio, the Appointed Actuary of MyPace Life has confirmed that, in accordance with MyPace Life Enterprise Risk Management Policy:
 - Prior to the transfer, a task force comprising the Chief Executive Officer, Chief Financial Officer, Chief Risk Officer and Appointed Actuary will be formed to closely

monitor the solvency position, consider possible management actions, and report to the Risk Committee;

- Following the transfer, voluntary lapse rates will continue to be closely monitored; and
- In the event that the HKRBC solvency position of MyPace Life falls below or is anticipated to fall below the target capital ratio of 150%, appropriate actions will be taken, including potential remedial actions as described in Paragraph 6.6.12 of my Main Report and notification to the Risk Committee and the Board, to restore the solvency position above 150% within six months.

Taking into account the fact that the projected solvency ratios remain above the minimum HKRBC regulatory requirement and MyPace Life's internal target capital ratio, the additional monitoring measures, the established governance framework, the potential management actions to be implemented by MyPace Life, and the capital support commitments from the parent entities of MyPace Life to the IA (as described in Paragraph 6.5.7 of my Main Report), I am satisfied that the increase in voluntary surrenders following the notification of the proposed transfer, and the corresponding impact on the solvency ratios of MyPace Life, will not have a material adverse impact on the financial security of the Transferring Policyholders.

- 4.2.4. At the time of writing this Supplementary Report, one Transferring Policyholder has enquired about the consequences of objecting to the transfer, and another has enquired about her right to object the transfer. However, neither policyholder has lodged a formal objection to the transfer.
- 4.2.5. The Parties have summarised to me the responses provided to the Transferring Policyholders. All enquires have either been addressed or are being actively followed up by the Parties. I have no concern with any of the Parties' responses to the Transferring Policyholders.

4.3. OBJECTIONS

- 4.3.1. At the time of writing this Supplementary Report, CLA-HK received an objection letter from a Transferring Policyholder on 31 October 2025. Following receipt of the objection, CLA-HK engaged with the policyholder to explain the proposed transfer and its implications. Although the policyholder has not formally withdrawn his objection letter, he has indicated his intention to retain his policy, acknowledged that he had no alternative but to accept the transfer, and confirmed that he does not intend to attend the substantive hearing of the petition. Accordingly, CLA-HK considers that this objection has been addressed and resolved.

Section 5 Questions Received from the Hong Kong Court

5.1. OVERVIEW

- 5.1.1. At the time of writing this Supplementary Report, I understand that the Hong Kong Court has raised certain questions in respect of the arrangements under the Scheme and the Coinsurance Agreements in the directions hearing on 18 September 2025. As I understand, the questions cover the following aspects:
- Clarification on terms “directly and indirectly” used in the Independent Actuary’s Statement of Opinion in my Main Report;
 - The financial position of CLA-BB;
 - The securities provided by CLA-BB in relation to the coinsurance arrangement; and
 - Clarification of the “funds withheld basis” applied to the transfer of Unit Linked Assets.

5.2. CLARIFICATION ON TERMS “DIRECTLY AND INDIRECTLY” USED IN THE INDEPENDENT ACTUARY’S STATEMENT OF OPINION

- 5.2.1. With reference to the Independent Actuary’s Statement of Opinion of the Main Report, the objective of the Coinsurance Agreements is to ensure that the financial security of the Transferring Policyholders will not be materially adversely affected as the Transferring Business will continue to be held (whether directly or indirectly) by the same Canada Life Group. For clarity, the terms “directly” and “indirectly” refer to the ownership structure of the Transferring Assets following the implementation of the Scheme and the Coinsurance Agreements, as outlined below:
- **Directly held assets:** All Transferring Assets, except for the Unit Linked Assets, will be reallocated from CLA-HK, or transferred directly from CLL-HK, to CLA-BB, which is part of CLA. Therefore, following the implementation of the Scheme and the Coinsurance Agreements, these assets will continue to be “directly” held by CLA via its Barbados branch.
 - **Indirectly held assets:** As noted in Paragraph 4.7.2 of the Main Report, the Unit Linked Assets will be transferred from CLL-HK to MyPace Life and held by MyPace Life on a “funds withheld basis”. Although the Unit Linked Assets will be recorded as assets on MyPace Life’s balance sheet, they will be fully offset by an account payable to CLA-BB under the Coinsurance Agreements. As a result, while the Unit Linked Assets are legally held in the name of MyPace Life, they are reinsured by CLA-BB and therefore considered to be “indirectly” held by CLA via its Barbados branch following the implementation of the Coinsurance Agreements.

Regardless of the mechanism, the transfer of Transferring Business will follow the same process, initially through MyPace Life under the Scheme and subsequently to CLA-BB under the Coinsurance Agreements. This ensures that the insurance liabilities attributable to these assets will remain, either directly or indirectly, with the same Canada Life Group, thereby safeguarding the financial security of the Transferring Policyholders.

5.3. FINANCIAL POSITION OF CLA-BB

- 5.3.1. From a solvency perspective, I understand that the solvency positions of CLA-BB and CLA are indistinguishable, as CLA-BB operates as a branch of CLA. As noted under Paragraph 6.4.12 of my Main Report, CLA-BB is required to maintain its own capital requirement as the greater of (i) the local Barbados capital requirements and (ii) the Canadian LICAT requirement (applied to CLA at the entity level). Since the local Barbados capital requirements set by the Financial Service Commission are consistently

lower than the Canadian LICAT requirements, the LICAT solvency position of CLA has been the primary focus of both my Main Report and this Supplementary Report. As shown in Table 3.6 of this Supplementary Report, CLA's LICAT solvency ratio remained above the minimum required capital level of 100% over the past few years, demonstrating robust financial strength that supports both CLA and CLA-BB.

5.4. SECURITIES PROVIDED BY CLA-BB IN RELATION TO THE COINSURANCE ARRANGEMENT

5.4.1. The securities offered by CLA-BB in relation to the coinsurance arrangement include:

- **The Trust Agreement.** The Trust Agreement was signed and executed on 14 October 2025. As noted in Paragraphs 4.7.13 to 4.7.27 of my Main Report, this agreement provides that CLA-BB will deposit the participating Transferring Assets (or assets of equivalent value) into a Trust Account as collateral, with MyPace Life named as the beneficiary. This trust arrangement allows MyPace Life direct access to the collateral in the event that CLA-BB fails to pay the settlement amount under the Participating Coinsurance Agreement to MyPace Life.
- **Assets held within the CLA-BB shareholders' fund.** As noted in Paragraph 6.5.12(ii) of my Main Report, these assets will be used in the event that there are insufficient funds in both the CLA-BB Long Term Funds and the Trust Account (established under the Participating Coinsurance Agreement) to cover the required settlement amount under the Coinsurance Agreements.
- **The Letter of Credit.** As noted in Paragraphs 4.7.28 to 4.7.30 of my Main Report, CLA-BB will maintain a Letter of Credit with an initial amount of USD 21.482 million in favour of the IA. The Letter of Credit will be issued for a period of not less than one year on an "evergreen" basis, which automatically extends the term for one year from its date of expiration. CLA-BB acknowledges and agrees that the IA is permitted to draw on the Letter of Credit at the discretion of the IA if in its opinion it is required to do so to appropriately safeguard the interests of the Transferring Policyholders, thereby providing additional security to the coinsurance arrangement.
- **Unit Linked Assets.** The securities provided in relation to the Unit Linked Assets are discussed in Section 5.5 of this report.

5.5. CLARIFICATION OF THE "FUNDS WITHHELD BASIS" APPLIED TO THE TRANSFER OF UNIT LINKED ASSETS

5.5.1. As described under Paragraphs 4.6.10 and 4.7.2 of the Main Report, the transfer mechanism for the Unit Linked Assets is different from other Transferring Assets, which will be reallocated or transferred directly to CLA-BB with a separate Trust Account established to hold the participating Transferring Assets. Instead, the Unit Linked Assets will be retained by MyPace Life on a "funds withheld basis" and reinsured to CLA-BB. This approach is adopted because the trust structure is considered to be operationally suboptimal given the nature of Unit Linked Assets. In particular:

- The trust arrangement requires up to five days' notice for transactions, adding significant operational complexity and risk of delays in policyholder payments, fund pricing, and trading activities. This raises concerns regarding the ability to provide timely and effective service to policyholders.
- It is uncertain whether the potential trustees possess the necessary operational capabilities, including access to GBP currency (as the Unit Linked Assets are primarily denominated in GBP) and the ability to easily comply with local UK requirements, to effectively administer the trust structure.

5.5.2. In light of these considerations, the Parties have proposed the following transfer mechanism specifically for the Unit Linked Assets:

- MyPace Life will withhold the Unit Linked Assets from CLA-BB on a “funds withheld basis” after the transfer, resulting in no net impact on MyPace Life’s balance sheet. The fair market value of the Unit Linked Assets will be recorded as an account payable from MyPace Life to CLA-BB, with a corresponding account receivable for CLA-BB. When MyPace Life needs to make a policyholder payment, CLA-BB makes a matching reinsurance payment to MyPace Life, allowing the account balances to be set off accordingly.
- MyPace Life will hold the legal title to the Unit Linked Assets and grant limited powers of attorney to relevant Canada Life entities to facilitate necessary access and operations.
- A new custody account with Northern Trust Company (as the custodian) will be established after the transfer, with the account registered directly in the name of MyPace Life, which will enable MyPace Life to have direct access to the Unit Linked Assets and also direct contractual enforceability with the custodian to better protect the Transferring Policyholders.

5.5.3. Overall, the Parties consider a “funds withheld” structure to be more appropriate for MyPace Life to withhold the Unit Linked Assets after the transfer, whereas a trust structure remains the preferred mechanism for the assets backing the participating Transferring Business.

A funds withheld structure is considered for Unit Linked Assets for the following reasons:

- **Operational agility:** The funds withheld structure simplifies operational processes and reduces risk of delays in trading, pricing, and cash movements, resulting in improved alignment with the short settlement timelines required by unit linked policies.
- **Direct legal title:** With this structure, Unit Linked Assets are directly registered under MyPace Life’s name in a custody account at Northern Trust Company, enabling immediate access to assets and enhanced policyholder protection through direct contractual relationships with the custodian.
- **Counterparty default risk management:** MyPace Life’s direct ownership of the Unit Linked Assets fully mitigates counterparty default risk from CLA-BB by removing reliance on enforcement of collateral or on CLA-BB’s solvency for access to those assets.
- **Balance sheet neutrality:** This structure allows MyPace Life to simultaneously recognise (i) an account payable to CLA-BB equivalent to the fair value of the withheld assets and (ii) an offsetting receivable from CLA-BB for reinsurance recoverables, resulting in no net impact on MyPace Life’s balance sheet while ensuring full access to assets for policyholder obligations.
- **Cost and efficiency:** By eliminating the need to establish a separate trust and engage trustee services, this approach reduces administrative expenses and transaction fees, thereby improving operational efficiency and reducing costs for the unit linked fund and its policyholders.

On the other hand, a trust structure is retained for the assets backing the participating Transferring Business for the following reasons:

- **Continuity in setting discretionary benefits for participating Transferring Business:** Discretionary benefits for participating Transferring Business are driven by the investment returns, smoothing philosophy and existing investment management practices. Retaining asset ownership and investment management within Canada

Life Group (via CLA-BB) ensures continuity of practice when setting discretionary benefits for participating business.

- **Established investment infrastructure:** Canada Life Group already operates the systems, models and governance required for managing long term fixed income assets that back participating liabilities. Replicating or migrating these systems to MyPace Life would be disproportionate, costly and time consuming, and would introduce execution risk to the Scheme.
- **Low-turnover asset base:** Participating assets are predominantly long term fixed income assets with infrequent trading. The five-day notice period embedded in a trust therefore has no material adverse impact on liquidity management or benefit payments for participating business.
- **Counterparty default risk management:** Under the Trust Agreement, CLA-BB must deposit collateral equal to the value of the participating assets into a segregated trust account for the sole benefit of MyPace Life. Consequently, MyPace Life has direct recourse to the collateral should CLA-BB default, providing protection comparable to the funds withheld arrangement for Unit Linked Assets.

5.5.4. Both the trust and funds withheld structures achieve the primary objective of safeguarding MyPace Life and the Transferring Policyholders against counterparty default risk by CLA-BB. The decision to employ different mechanisms for MyPace Life's ownership of assets after the implementation of the Scheme is thereby driven by considerations of operational efficiency and policyholder equity. Specifically, the proposed use of a trust structure for participating Transferring Business and a funds withheld structure for Unit Linked Assets is considered to best align with the distinct needs of each business type. Such approach optimises operational efficiency, enhances prudent risk management, and ensures the preservation of policyholders' interest.

Section 6 Other Considerations Arising from the Proposed Transfer

6.1. THE POLICYHOLDER COMMUNICATION PROCESS

Statutory Notice

- 6.1.1. I have been informed that the Parties published notices of the proposed transfer in a form approved by the IA on 17 October 2025:
- once in the Hong Kong Government Gazette, in both English and Chinese;
 - once in South China Morning Post, in English; and
 - once in the Hong Kong Economic Times, in Chinese.

Statutory Statement

- 6.1.2. As noted in Paragraph 9.3.1 of my Main Report, the Parties applied for dispensation from the requirement to notify the Non-Transferring Policyholders of Canada Life Group about the proposed transfer, as 99% of these policyholders are located outside Hong Kong. This was granted by the Hong Kong Court through the court order dated 18 September 2025.
- 6.1.3. The Parties sent a statement to the Transferring Policyholders pursuant to Section 24(3)(b) of the Ordinance (the “Statutory Statement”), in both English and Chinese, to the last known address of each of the Transferring Policyholders as set out in Paragraph 6.1.4 below, during the period from 17 October 2025 to 24 October 2025, to notify them of the proposed transfer. The Statutory Statement is also accessible at the corporate websites of CLA (www.canadalife.com/hongkong-portfolio-transfer), CLL (www.canadalife.co.uk/transferring-policies-to-my-pace-life), and MyPace Life (www.mypace.life). The summary of the terms of the Scheme and the summary of my Main Report in both English and Chinese, together with a copy of the court order dated 18 September 2025, have been included in the Statutory Statement sent to the Transferring Policyholders.
- 6.1.4. The recipients of the Statutory Statement include:
- Each Transferring Policyholder whose Transferring Policy(ies) is/are in force as at 31 July 2025, other than those Transferring Policyholders of CLA-HK who are uncontactable according to the records of CLA-HK.
 - Each Transferring Policyholder whose Transferring Policy(ies) has/have expired, terminated, matured or surrendered as at 31 July 2025 but there are claims or payments outstanding under such policy(ies) or in respect of which a notice of claim has been received by CLA-HK or CLL-HK.
 - Each Transferring Policyholder whose Transferring Policy(ies) has/have lapsed for not more than four years as at 31 July 2025, other than those Transferring Policyholders of CLA-HK who are uncontactable according to the records of CLA-HK.
- 6.1.5. Any Transferring Policyholder or interested party who wishes to enquire about the proposed transfer may send such enquiry in writing to the Parties’ office or email addresses and call the Parties’ telephone hotlines dedicated for this portfolio transfer on or prior to the date of the substantive hearing of the petition.

Tax Letter

- 6.1.6. As noted in Paragraph 5.11.6 of my Main Report, CLL issued an additional letter (“Tax Letter”) during the period from 17 October 2025 to 24 October 2025 to the CLL-HK Transferring Policyholders who, based on the address records held by Scottish Friendly or insofar as CLL-HK is informed, are known to reside or have resided in the UK during the

term of their unit linked Transferring Policies, explaining how the proposed transfer may affect their tax liabilities and the remediation approach. In addition, all Transferring Policyholders have been informed, via the Statutory Statement, that they should contact CLL if they are or have been UK tax residents at any time during the policy term but do not receive the Tax Letter. There is no deadline for policyholders to contact CLL. Any policyholder subsequently identified as being a UK tax resident will be eligible for the same appropriate level of ex-gratia payment as those who received the Tax Letter.

Summary

- 6.1.7. Overall, the Transferring Policyholders and other interested parties have been, and continue to be, able to obtain information on the proposed transfer from the Parties' corporate websites, including the Statutory Statement, the petition (having annexed thereto a copy of the full terms of the Scheme), my Main Report, the court order dated 18 September 2025, and this Supplementary Report. The Supplementary Report is expected to be posted on the Parties' corporate websites on 18 November 2025 and will be filed with the Hong Kong Court prior to the substantive hearing of the petition.

6.2. THE COINSURANCE AGREEMENTS AND OTHER AGREEMENTS

- 6.2.1. The Coinsurance Agreements, Framework Agreement, and Administration Agreement were executed by the relevant parties on 28 August 2025, prior to the finalisation of the Main Report. I have also been provided with the executed version of the Trust Agreement dated 14 October 2025, which incorporates minor changes or corrections made since the finalisation of the Main Report. These changes do not affect my assessment of the consequences of the proposed transfer.

Section 7 Conclusion

I have considered relevant developments brought to my attention by the Parties since the completion of my Main Report. I have not changed my conclusions regarding the likely effects of the Scheme and the Coinsurance Agreements.

Accordingly, I remain satisfied that:

- The Scheme and the Coinsurance Agreements will not have a materially adverse effect on the reasonable expectations of the long term policyholders of Canada Life Group (including Canada Life Hong Kong), and in particular, the Transferring Policyholders, with regard to benefits and levels of service.
- The Scheme and the Coinsurance Agreements will not have a materially adverse effect on the financial security of the long term policyholders of Canada Life Group (including Canada Life Hong Kong), and in particular, the Transferring Policyholders.
- The Scheme and the Coinsurance Agreements provide sufficient safeguards to ensure that they operate as presented.



Clement Bonnet

Fellow of the French Institute of Actuaries

Fellow of the Actuarial Society of Hong Kong

Independent Actuary

17 November 2025

Appendix A Key Sources of Data

In addition to discussions (both verbally and electronically) with staff and management of the Parties during the period of our assignment, I have relied upon the principal documents listed in Appendix B of my Main Report and the following principal documents in formulating my conclusions:

Documents related to the Scheme and the Coinsurance Agreements

- A1. Sealed copy of the order before High Court Madam Justice Linda Chan in Chambers dated 18 September 2025.
- A2. The Scheme pursuant to Sections 24 and 25(1) of the Ordinance (Cap. 41) for the transfer of the long term insurance business from Canada Life Hong Kong to MyPace Life, as filed with the Hong Kong Court, dated 27 August 2025.
- A3. Participating Coinsurance Agreement entered into between MyPace Life and CLA-BB under which all insurance risks under the participating CLA-HK Transferring Business (after such policies are transferred to and assumed by MyPace Life pursuant to the Scheme) shall be ceded by MyPace Life to CLA-BB, dated 28 August 2025.
- A4. Non-Participating Coinsurance Agreement entered into between MyPace Life and CLA-BB under which all insurance risks under the CLA-HK non-participating Transferring Policies and the CLL-HK Transferring Policies (after such policies are transferred to and assumed by MyPace Life pursuant to the Scheme) shall be ceded by MyPace Life to CLA-BB, dated 28 August 2025.
- A5. Framework Agreement entered into between CLA, CLL, MyPace Life, Asia Insurance and PACE, dated 28 August 2025.
- A6. Administration Agreement entered into between CLA-BB and MyPace Life, dated 28 August 2025.
- A7. Trust Agreement by and among MyPace Life, CLA-BB and the Bank of New York Mellon, dated 14 October 2025.
- A8. Appointed Actuary's report of CLA-HK on the proposed Scheme and the Coinsurance Agreements, dated 19 August 2025.
- A9. Supplementary Appointed Actuary's report of CLL-HK on the proposed Scheme and the Coinsurance Agreements, dated 9 October 2025.
- A10. Appointed Actuary's report of MyPace Life on the proposed Scheme and the Coinsurance Agreements, dated 17 November 2025.
- A11. Policyholder communication pack, including the Statutory Statement (with the "Frequently Asked Questions" and a copy of the court order dated 18 September 2025 enclosed) and, where applicable, the Tax Letter, issued jointly by Canada Life Hong Kong and MyPace Life to the Transferring Policyholders, and the Statutory Notice published in the Hong Kong Government Gazette, the South China Morning Post and the Hong Kong Economic Times.
- A12. A list of policyholders' general enquiries and document requests with respect to the proposed transfer and the Parties' responses.

CLA-HK

- A13. In-force long term business summary, including number of policies, year-to-date gross written premium, sum assured, reserves and policy loans as of 30 June 2025.
- A14. Memorandum on proposed recommendations for the 2025 valuation bases and 2026 dividend scale covering the international block of participating life policies, consisting of Hong Kong and Macau participating life policies, dated 9 October 2025.

CLL-HK

- A15. In-force long term business summary, including number of policies, year-to-date gross written premium, sum assured and reserves as of 30 June 2025.

Canada Life Group

- A16. Management's Discussion and Analysis Report for The Canada Life Assurance Company for the period ended 30 June 2025.

MyPace Life

- A17. Closed Block Participating Business Policy, effective as of October 2024.
- A18. Discretionary Benefits in Closed Block Non-Participating Business Policy, effective as of February 2025.

Others

- A19. Other information and clarifications obtained through various email and telecommunication during the period of our assignment.