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*The financial information relating to the years ended 31 December 2021 and 2020 included in this announcement do not constitute the statutory annual consolidated financial statements of the Group for those years but is derived from those financial statements. Further information relating to these statutory financial statements required to be disclosed in accordance with section 436 of the Companies Ordinance is as follows:*

*The Group has delivered the financial statements for the year ended 31 December 2020 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to the Companies Ordinance and will deliver the financial statements for the year ended 31 December 2021 in due course.*

*The Group's auditor has reported on the consolidated financial statements for both years. The auditor's reports were unqualified, did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its reports; and did not contain a statement under sections 406(2), 407(2) or (3) of the Companies Ordinance.*



**中国太平**  
CHINA TAIPING

**中國太平保險控股有限公司**

China Taiping Insurance Holdings Company Limited

*(Incorporated in Hong Kong with limited liability)*

(Stock Code: 966)

## **ANNOUNCEMENT**

### **ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2021**

The Board of Directors of China Taiping Insurance Holdings Company Limited is pleased to announce the audited financial results of the company and its subsidiaries for the year ended 31 December 2021 as follows:

## Chairman's Statement

Year 2021 marked the beginning of implementation of the "14th Five-Year Plan" and was an extraordinary year in the development of China Taiping. In face of the challenges brought by the pandemic and the in-depth transformation of the industry, all Taiping people confronted difficulties with firm confidence, shouldered our responsibility to struggle courageously with a new spirit. The Company's "14th Five-Year Plan" got off to a good start and made solid progress in achieving high-quality development.

China Taiping has been on the list of "Fortune Global 500" for 4 consecutive years, ranking increased by 48 places to 344, ranked 45<sup>th</sup> in 2021 China's 500 Most Valuable Brands by the World Brand Lab and 9<sup>th</sup> in 2021 World's Best Employers in China by Forbes.

### REVIEW OF PERFORMANCE IN 2021

In 2021, the Group's total premiums written reached HK\$262.5 billion in 2021, increased by 12.4% over the Last Year. Profit attributable to owners was HK\$7.514 billion, increased by 14.7% over the Last Year. Total assets reached HK\$1,378.6 billion, increased by 17.9% over the last year-end. Group embedded value per share attributable to owners was HK\$60.536, increased by 14.3% over the last year-end.

**The PRC insurance business progressed steadily<sup>1</sup>.** TPL's direct premium income increased by 3.0% over the Last Year, with first year regular premium income increased by 13.5% over the Last Year. The new business value achieved a positive growth. TPI's proportion of non-motor insurance increased by 5.9 percentage points, and the persistency ratio for motor insurance increased by 2.5 percentage points. TPP's scale of assets under management for enterprise annuities and occupational annuities reached RMB546.1 billion, increased by 23.7% over the last year-end. Despite the overall pressure on the industry, we stabilised the fundamentals of our business and consolidated the sound momentum of steady development.

**Overseas insurance businesses maintained rapid growth.** CTPI (HK)'s premium income increased by 6.8% over the Last Year, outperforming the market. TPL (HK)'s premium income increased by 85.5% over the Last Year, with market influence continued increasing. TPre's premium income increased by 12.1% over the Last Year, with both property and casualty reinsurance business and life reinsurance business achieved a rapid growth. TP Macau's market share ranked first and continued expanding. TP UK's underwriting achieved a turnaround. TP Singapore's premium income from property and casualty insurance grew rapidly, market influence of life insurance business continued expanding. TP Indonesia's proportion of Chinese enterprises business achieved a substantial growth over the Last Year.

**Investment business performed well.** As at the end of 2021, assets under management of the Group reached HK\$1,180.7 billion, increased by 20.5% over the last year-end, higher than industry average. Assets from outside of the Group was HK\$1,037.9 billion, increased by 26.1% over the last year-end. We continued strengthen strategic asset allocation, based on our strengthened analysis on macro situation as well as research and judgement of capital market, we seized market opportunities and optimised our investment strategies, improved the investment mechanism, and strengthen the construction of investment system. During the year, we realised an investment income of HK\$58.227 billion, increased by 24.2% over the Last Year and the total investment yield was 5.39%.

<sup>1</sup> Calculated in RMB

## BUSINESS MEASURES AND RESULTS

In 2021, China Taiping vigorously grasped various key operations and management tasks, and achieved positive results.

**Formulated and implemented high-quality development strategies.** We formulated the Group’s “14th Five-Year Plan” development plan outline, the high-quality development strategies for China Taiping were established, and firmly follow the development path of value growth. Strategic vision is “Strive to Build an International and Modern Financial Insurance Group with the Highest Value Growth in China’s Insurance Industry”; Strategic core is “Value-oriented, High-quality Development”; Strategic direction is “Three Adherence”, that is adhere to have a foothold in Hong Kong and Macau, intensively develop the Greater Bay Area, adhere to internationalised characteristics, and adhere to put more efforts to accelerate domestic development; Strategic layout is “Coordinate and Promote the Industrial Synergetic Development of Insurance, Investment and Ecosystem”; Strategic requirements is “Devotion of Central Enterprises, Customer First, Leading Innovation and Value Orientation”; and there are 10 areas of strategic initiatives. At the same time, the “Plan Outline” has deployed 35 strategic projects around some key areas and in the next five years, we will promote the implementation of high-quality development strategies by focusing on key projects.

**Evident effect in laying solid foundation.** In respect of institutional construction, in order to better serve the national strategy and people’s well being, TPL and TPI newly established 65 and 91 third- or fourth-tier institutions, respectively, with service outlets are more scientific and reasonable. In respect of improving the office conditions of institutions at the primary level, China Taiping Finance Towers in Tianjin, Hefei and Chengdu were launched. In respect of digital transformation, the new-generation core business system was promoted on schedule, resulting in further enhancement of independent technological innovation capacity and significant enhancement of intelligent service capabilities. In respect of enhancing customer first, we focus on optimising customer experience, and successfully held the first “China Taiping Day” together with the theme activities of the 20<sup>th</sup> anniversary of China Taiping resumption of business in the PRC, as well as the 2<sup>nd</sup> China Taiping Customer Festival.

**Planned to seize new opportunities.** We formulated and implemented the plan – “China Taiping's Three-Year Action Plan for Participating in the Construction of the Guangdong-Hong Kong-Macao Greater Bay Area”, and successfully held a high-quality development forum for the insurance industry of Greater Bay Area. Furthermore, we held a seminar on helping the construction of Hainan Free Trade Port, and released the “China Taiping's Action Plan for Contributing to the Construction of Hainan Free Trade Port”. We also improved the leadership and coordination work mechanism of the insurance ecosystem construction, and worked with strategic partners to jointly establish and form the “China Taiping Medical Health & Elder Care Ecological Alliance” and “China Taiping Fintech Ecological Alliance”. We also established the Taiping Healthcare Investment Fund and Taiping Science and Technology Innovation Investment Fund. The construction of our elderly community centre “Taiping Town · Furong Family” in Chengdu was completed and opened, and the construction of “Taiping Town · Haitang Family” in Sanya was completed. Shanghai Taiping Rehabilitation Hospital was opened and included in the medical insurance. Taiping Capital Asset Management Company Limited was approved by CBIRC for establishment, becoming the second licensed insurance asset management company of the Group in the PRC. TP Fund was upgraded to a first-tier subsidiary, and becoming a new growth point for the Group’s investment and wealth management.

**Risk prevention and control have been comprehensively strengthened.** Strengthened comprehensive risk management, improved the comprehensive risk management system of the Group by improving the risk appetite system, strengthening the internal control and compliance management, established a unified risk management information platform domestic and abroad, built a unified credit rating management system, strengthened internal audit and other aspects, and ensure early detection, early warning and early handling of latent risks. Strengthened the awareness of risk compliance by carrying out in depth activities of the “Year of Internal Control and Compliance Management”, in order to cultivate a stable and prudent operating culture. At the same time, actively prevented, resolved and handled risks in key areas, strictly prevented new risks, and properly resolved and handled existing risks. Unremitting efforts has been put in the pandemic prevention and control domestically and abroad, and protected the health and safety of our employees.

## **OPPORTUNITIES AND CHALLENGES**

In 2022, the external environment will remain complex and severe. The Central Economic Work Conference pointed out that the China's economic development is facing 3 barriers, including shrinking demand, supply shock and weakening expectations, which have not been seen for many years. These 3 barriers have a significant impact on the insurance industry. However, we also see China is still in an important period of strategic opportunity for development and the fundamentals of the Chinese economy, characterised by long-term sustainability remain unchanged, which provides a solid fundamental support to the insurance industry, implying there is great space for the development of commercial insurance.

With the escalation of customer needs, intensify market competition, stricter regulatory environment, and acceleration of industry transformation, we must adapt to the trend, be good at observing problems with new thinking, solve problems with new methods, speed up transformation, and build new competitive advantages. We should not only always focus on our fundamental business, but also speed up innovation and reform; we must face up to difficulties, but also strengthen our confidence, look at the situation with a more positive attitude, and work harder to adapt to and change the situation. China Taiping will fully, accurately and comprehensively implement the new development concept, in order to achieve high-quality development in serving to build a new development pattern.

## **DEVELOPMENT PROSPECTS**

In 2022, China Taiping’s general requirements for business operations are “Stabilising Growth, Increasing Value, Preventing Risks, Focusing on Innovation, and Strengthening Foundation”. We will bear in mind the country’s most fundamental interests, and actively serve the national strategy and people’s well being; adhere to value orientation and achieve high quality development of insurance business; adhere to multiple measures and improvement capabilities to promote the continuous growth of investment income; adhere to shoulder responsibility for implementation and continue to make efforts in strategic areas: to achieve new breakthroughs in ecosystem construction, new strides in digital transformation, new stages in customer service, and new progress in foundation strengthening; adhere to innovation and change to seek breakthroughs, activating development momentum; adhere to consolidate and expand our international character by continuously optimising our overseas presence; adhere to bottom-line thinking in prevent and resolve major risks; comprehensively carry out the rectification of central inspection, and to promote it to become a new starting point for the high-quality development of the Group.

We will adhere to value orientation and will deeply implement the strategy of high-quality development, fully promote the strengthening of foundation, innovation and reform, continue creating a new chapter of China Taiping’s high quality sustainable development, to create greater values for shareholders, customers and society.

## **ACKNOWLEDGEMENTS**

On behalf of the Board, I would like to express my heartfelt gratitude to all our shareholders who have trusted and supported us for so many years! I would also like to extend my sincere gratitude to all the staff of Taiping for their dedication and hard work!

**WANG Sidong**  
*Chairman*

Hong Kong, 23 March 2022

## Management Review and Analysis

### 2021 Business Operations and Consolidated Results

#### Profit Attributable to Owners Increased, Premium Scale Progressed Steadily, Business Value Maintained its Growth

- Profit attributable to owners was HK\$7.514 billion, increased by 14.7% over the Last Year
- Total premiums written and policy fees reached HK\$262.5 billion, increased by 12.4% over the Last Year
- Basic earnings per share HK\$2.091, increased by 14.7% over the Last Year
- Owners' equity was HK\$88.067 billion, decreased by 2.8% over the last year-end
- Total assets were HK\$1,378.6 billion, increased by 17.9% over the last year-end
- Group embedded value per share attributable to owners was HK\$60.536, increased by 14.3% over the last year-end figure of HK\$52.942, while TPL's embedded value increased by 19.3% over the end of Last Year
- New business value of the PRC life insurance was HK\$9.104 billion, increased by 3.6% over the Last Year, increased by 0.7% in terms of RMB

#### PRC Insurance Business<sup>1</sup> Developed Steadily, Core Advantages Further Consolidated

- Direct premium of the PRC life insurance<sup>2</sup> increased by 3.4% over the Last Year, outperformed the market
- TPL's first year regular premium increased by 13.5% over the Last Year, with first year regular premium from individual insurance increased by 21.6% over the Last Year, agent manpower increased by 1.0% over the beginning of the year against trend
- Group employee benefit business increased by 15.8% over the Last Year, with short term health insurance business increased by 19.1% over the Last Year
- Four persistency ratios of the individual agency and bancassurance channels maintained in the industry leading position for consecutive years
- Direct premium of PRC property and casualty non-motor insurance increased by 17.2% over the Last Year, the proportion increased by 5.9 percentage point over the Last Year; the persistency ratio of motor insurance increased by 2.5 percentage point over the Last Year
- Pension assets under management was amounted to RMB660.0 billion, increased by 16.1% over the last year-end

<sup>1</sup> Calculated in RMB

<sup>2</sup> Including TPL and TPP

## 2021 Business Operations and Consolidated Results (Continued)

### Overseas Insurance Business Contribution Continued Increasing, Operating Efficiency Improved Steadily

- CTPI (HK)'s premium income increased by 6.8% over the Last Year, achieving continual underwriting profit
- TPL (HK)'s premium income increased by 85.5% over the Last Year, with market influence continued increasing; its Macau subsidiary TPL (Macau)'s development accelerated, premium income increased by 335.3% over the Last Year
- TP Macau's premium income increased by 8.4%, maintaining outstanding underwriting result, with solid market leadership
- TP UK's premium income increased by 18.6% over the Last Year, underwriting achieved a turnaround
- TP Singapore's premium income grew steadily, with premium from property and casualty insurance increased by 27.1% over the Last Year, and combined ratio optimised by 5.1 percentage point over the Last Year; the proportion of life insurance business continued increasing, market influence continued expanding
- TP Indonesia's premium income increased by 11.5% over the Last Year, the proportion of Chinese enterprises business achieved a substantial growth over the Last Year, with underwriting results maintained at an outstanding level
- TPRe's premium income increased by 12.1% over the Last Year, with property and casualty reinsurance business and life reinsurance business achieved a rapid growth

### Mechanism Reform Shown Achievements, Investment Capabilities Increased Steadily

- Asset under management scale grew rapidly and investment income notably increased. At the end of 2021, the total investment assets of the Group was HK\$1,180.7 billion, increased by 20.5% over the last year-end, higher than industry average; investment income was HK\$58.227 billion, representing a substantial increase of 24.2% over the Last Year
- Seizing periodic opportunities in the stock market and promptly realised equity gains. In 2021, the Group strengthened investment research capabilities, grasped market opportunities and focused on realising equity gains, thus achieving good performance, the realised and unrealised investment gains was HK\$14.240 billion, increased substantially by 34.7% over the Last Year
- Investment mechanism continued improving, management level continued enhancing. In 2021, the Group continued strengthening the guiding role of strategic asset allocation, deeply adhered the concept of value investing, further improve the evaluation of investment performance, and improve the professional capability and management, in order to support the development of the insurance business and the implementation of the Group's overall strategies
- Strengthening the construction of investment system, consolidating the foundation for investment management. In 2021, the Group continuously optimised the investment management infrastructure, increased investment in information system construction, accelerated the handling of market risk events and preventing material risks and systemic risks, which promoted the high-quality development of the investment business

## **2021 Business Operations and Consolidated Results (Continued)**

### **Strategic Clients Cooperation and Cross-selling Business Progressed Steadily**

- As at the end of 2021, China Taiping had established strategic cooperation relationships with 109 large clients and these clients has contributed total premium of HK\$52.367 billion and new payment from annuity of HK\$65.667 billion
- In 2021, our cross-selling initiatives achieved HK\$10.201 billion insurance sales, including HK\$7.759 billion of property insurance sales through TPL, HK\$1.997 billion of pension sales through TPL, HK\$232 million of property insurance sales through TPP, HK\$116 million pension sales through TPI and HK\$97.30 million of life insurance sales through TPI

### **Effective Enhancement of Social Image, Brand Influence Further Strengthened**

- In 2021, China Taiping strived to promote people's wellbeing and satisfy customers' needs, its brand was widely recognised by the society, with brand image effectively enhanced and market influence further strengthen
- The Company is a core subsidiary of TPG. In 2021, TPG and subsidiaries of the Company have won over 140 awards from regulatory authorities and the society. TPG's ranking on the "Fortune Global 500" increased by 48 place to 344<sup>th</sup>, was selected as the 45<sup>th</sup> of "China's 500 Most Valuable Brands" by World Brand Lab, and ranked 9<sup>th</sup> in China in the Forbes World's Best Employer 2021



## 2021 Business Operations and Consolidated Results (Continued)

### Advancement in Digital Transformation and Effective Improvement in Technological Innovation

- In 2021, the Group stepped up its efforts in new digital infrastructure construction. Using new generation core system as a starting point, the Group has effectively carried out various tasks of maintaining and gaining its fundamental strength. The core remodeling of accident and health insurance of TPI was launched, while the core transformation of TP Macau was fully completed. The functional optimisation of life insurance, pension and other business segments was steadily implemented, with system support and safety controllability significantly enhanced. In-depth data governance has been carried out and established a unified data platform with more than 10,000 access data metrics. The six digital management platforms for cost control, investment, personnel, training, risk control and business analysis have all been launched, bringing intelligent management capabilities to reach new heights
- In 2021, the Group fully launched the construction of its fintech ecosystem and Taiping G60 Science and Technology Innovation Equity Fund progressed steadily. The insurance technology laboratory was officially established and various innovative products produced by the intelligent technology sharing platform have been applied in 82 scenarios. Life insurance innovative projects such as “Smart Head”, “Intelligent Underwriting” and “Air Taiping”, property insurance innovative projects such as “Taiping I-claim” and “ECC Management System”, and pension insurance innovative projects such as “Easy Claim” have received good market response. 10 innovative projects such as Taiping Tong, Intelligent Audio-Video Recording System in Insurance Sales and Service Expansion Department Data Cockpit were selected as excellent cases of digital transformation in the industry in 2021
- In 2021, the Group Adhered to the general principle of “Customer First”, built a five-in-one customer service system of “Unified Service Hotline, Mobile Application, Smart Service Hall, Annual Customer Festival and Service Ecosystem” and effectively improved its service standard with technology empowerment. The Group held the 2<sup>nd</sup> Taiping Customer Festival with the theme of “Wonderful Life, Together with Taiping” by organising both online and offline activities, attracted over 30 million cumulative participants and indirectly boosted premiums over RMB1.2 billion. The Group also continued upgrading the 95589 service hotline by developing the human-machine integrated digital service platform. To improve the “Taiping Tong” online service, the Group built a comprehensive service ecological platform covering health, car owners, e-commerce and integrated finance, which has more than 18 million users. In addition, the Group also launched the construction of a group-level technology-based customer service experience center and unveiled the first sample display room. By making full use of “E Counter”, to realise zero-counter operating services. According to the 1st half of 2021 Insurance Service Quality Index released by CBIT, TPL ranked 2<sup>nd</sup> among 79 life insurance companies, and the overall service standard of the Group has been widely recognised by the industry and customers

## CONSOLIDATED FINANCIAL RESULTS

The financial highlights of the Group for the Year were as follows:

*For the year ended 31 December, HK\$ million*

	2021	2020	Change
Total premiums written and policy fees	<b>262,549.26</b>	233,534.53	+12.4%
Profit before taxation	<b>10,913.84</b>	13,264.81	-17.7%
Profit after taxation	<b>10,952.37</b>	10,456.88	+4.7%
Net profit attributable to the owners	<b>7,513.70</b>	6,548.98	+14.7%
Basic earnings per share (HK\$)	<b>2.091</b>	1.822	+0.269 dollar
Final dividend proposed at 46 HK cents per share (2020: 40 HK cents per share)	<b>1,653.25</b>	1,437.61	+15.0%

*At 31 December, HK\$ million*

	2021	2020	Change
Total assets	<b>1,378,641.97</b>	1,169,007.97	+17.9%
Total equity	<b>113,455.96</b>	116,613.06	-2.7%
Owners' equity	<b>88,066.83</b>	90,647.45	-2.8%
- Per share (HK\$)	<b>24.504</b>	25.222	-0.718 dollar
Return on equity (ROE)	<b>9.52%</b>	9.90%	-0.38 pt
Group embedded value	<b>285,888.15</b>	248,608.54	+15.0%
Owners' group embedded value	<b>217,569.12</b>	190,273.55	+14.3%
- Per share (HK\$)	<b>60.536</b>	52.942	+7.594 dollars

## CONSOLIDATED FINANCIAL RESULTS (Continued)

The figures below were the results of the respective companies from their operations, before intra-group eliminations.

The net operating profit/(loss) by each business line was summarised below:

*For the year ended 31 December, HK\$ million*

	2021	2020	Change
Life insurance	<b>11,115.59</b>	14,210.78	-21.8%
Pension and group life insurance	<b>377.30</b>	340.81	+10.7%
PRC property and casualty insurance	<b>(381.96)</b>	2.76	N/A
Overseas property and casualty insurance	<b>17.98</b>	(108.97)	N/A
Reinsurance	<b>9.63</b>	(169.64)	N/A
Asset management business	<b>742.92</b>	571.63	+30.0%
Others <sup>1</sup>	<b>(929.09)</b>	(4,390.49)	-78.8%
Net profit from operations	<b>10,952.37</b>	10,456.88	+4.7%
Non-controlling interests	<b>(3,438.67)</b>	(3,907.90)	-12.0%
Net profit attributable to the owners	<b>7,513.70</b>	6,548.98	+14.7%

<sup>1</sup> Others mainly includes the operating results of the holding company, TPIH (HK), TPFH and consolidation adjustments.

## CONSOLIDATED FINANCIAL RESULTS (Continued)

The following analysis showed the movement of the total equity of the Group.

*HK\$ million*

	2021	2020
Total equity as at 1 January	<b>116,613.06</b>	94,056.96
Net profit recognised in statement of profit or loss	<b>10,952.37</b>	10,456.88
Net changes in available-for-sale investment reserve	<b>(14,154.34)</b>	5,584.26
Revaluation gain arising from reclassification of own-use properties into investment properties	<b>64.29</b>	15.02
Exchange differences arising from translation of financial statements of foreign and non-foreign operations	<b>2,965.24</b>	5,661.60
Capital injection made to a subsidiary	<b>5.45</b>	-
Dividend declared by subsidiaries to non-controlling interests	<b>(1,553.55)</b>	(1,077.60)
Dividend declared to shareholders	<b>(1,437.61)</b>	(1,078.21)
Disposal of a subsidiary	<b>1.05</b>	-
Deemed disposal of partial interest in a subsidiary	-	3,041.35
Acquisition of additional interest in a subsidiary	-	(47.20)
	<b>113,455.96</b>	<u>116,613.06</u>
Total equity as at 31 December		
Attributable to:		
Owners of the Company	<b>88,066.83</b>	90,647.45
Non-controlling interests	<b>25,389.13</b>	25,965.61
	<b>113,455.96</b>	<u>116,613.06</u>

## CONSOLIDATED INVESTMENT PERFORMANCE

### Assets Management Business

#### Asset Management within the Group

In 2021, under the continuous challenge of the COVID-19 pandemic in many countries and regions, the global economy has entered a stage of differentiated recovery due to differences in macro policies and vaccine promotion. Annual GDP of the United States recorded a year-on-year growth of 5.7%, while the employment situation gradually improved with an unemployment rate for December of 3.9%, close to the pre-pandemic level. For the euro area, GDP grew by an average of 5.9% on a year-on-year basis in the first three quarters and the average economic climate index for the year was 110.1, significantly higher than the 2020 average of 88.2. Japan's economy has bounced back from recession with an average year-on-year growth of 1.9% in the four quarters of 2021, while employment remained stable with an average unemployment rate for the year of 2.8%. China has achieved a stable economic recovery with a year-on-year growth of 8.1% for the year and a two-year average growth of 5.1%. By quarter, the first quarter recorded a growth of 18.3% while the second, third and fourth quarter recorded a growth of 7.9%, 4.9% and 4.0%, respectively.

In 2021, global equities saw divergence with equities generally pointing higher in developed countries, S&P 500 Total Return Index increased by 28.7%, Euro Stoxx 50 increased by 22.8%, Nikkei 225 Total Return increased by 6.7%. PRC and Hong Kong stock market fell, with CSI 300 Total Return Index decreased by 3.5% and Hang Seng Total Return Index decreased by 11.8%.

In respect of the bond market, the United States treasury yield moved upward as a result of rising inflation and market concern over the Federal Reserve's tapering, with the yield-to-maturity on 10-year treasury increased to 1.52% from 0.93% at the beginning of the year and the yield-to-maturity on 2-year treasury rising to 0.73% from 0.13% at the beginning of the year. The PBOC maintained prudent monetary policy and reasonably ample market liquidity, resulting in continued decline in yield level. The yield-to-maturity of 10-year government bonds decreased to 2.77% from 3.14% at the beginning of the year, while the yield-to-maturity of 10-year AAA-rated corporate bonds decreased slightly to 3.68%.

The Group has conducted the in-depth study on macroeconomic changes, more extensive analysis on the capital market, and seized the opportunity to sell at top in the equity market and continued to optimise its investment portfolio structure. In 2021, the Group achieved notable investment results by maintaining the dominance of fixed income assets in the major asset class allocation, extending the asset allocation duration at high interest rate, shortening the asset and liability duration gap, slightly reducing the proportion of equity assets allocation, intensifying the value investment concept in the selection of varieties, and enhancing protection against credit risk.

## CONSOLIDATED INVESTMENT PERFORMANCE (Continued)

### Investment Income

The total investment income and investment yield of the Group are summarised below:

*For the year ended 31 December, HK\$ million*

	2021	2020	Change
Net investment income <sup>1</sup>	<b>43,987.50</b>	36,296.89	+21.2%
Net realised and unrealised investment gains <sup>2</sup>	<b>14,239.85</b>	10,574.01	+34.7%
Total investment income	<b>58,227.35</b>	46,870.90	+24.2%
Net investment yield	<b>4.07%</b>	4.21%	-0.14 pt
Total investment yield <sup>3</sup>	<b>5.39%</b>	5.44%	-0.05 pt

<sup>1</sup> Including the interests income from deposits, interests income from debt financial assets, dividends from equity financial investments, rental income from investment properties and deducting interest expense on securities sold under repurchase agreements.

<sup>2</sup> Including the income from the spread of investment securities, gain or loss on changes in fair value and impairment loss of investment assets.

<sup>3</sup> In the calculation of total investment yield, as the denominator, the average investment assets takes into account the effect of securities purchased under resale agreements and securities sold under repurchase agreements.

Net investment income increased by 21.2% from HK\$36.297 billion in 2020 to HK\$43.988 billion in 2021. The realised and unrealised investment gain increased significantly from HK\$10.574 billion in 2020 to HK\$14.240 billion in 2021.

By the combined effects of the above factors, the total investment income of investment assets of the Group amounted to HK\$58.227 billion in 2021, increased by 24.2% over the HK\$46.871 billion in 2020; the total investment yield decreased slightly by 5bp from 5.44% in 2020 to 5.39% in 2021.

## CONSOLIDATED INVESTMENT PERFORMANCE (Continued)

### Investment Portfolio

The asset allocation of the investment portfolio of the Group's insurance funds is as follows:

*As at 31 December, HK\$ million*

	2021	% of Total	2020	% of Total
<b>By investment category</b>				
Fixed income				
Debt securities	624,049.47	52.8%	493,308.50	50.4%
Term deposits	84,874.92	7.2%	69,247.55	7.1%
Debt products	118,896.21	10.1%	130,167.76	13.3%
Other fixed income investments	88,223.06	7.5%	74,652.91	7.6%
Equity investments				
Equity securities	136,185.71	11.5%	129,735.94	13.2%
Investment funds	47,930.33	4.1%	37,013.28	3.8%
Other equity investments	36,463.08	3.1%	31,461.28	3.2%
Investment properties	22,439.67	1.9%	18,792.11	1.9%
Cash, cash equivalents and others				
Cash and cash equivalents	34,041.58	2.9%	28,945.60	2.9%
Securities purchased under resale agreements/securities sold under repurchase agreements	(12,449.34)	-1.1%	(33,615.28)	-3.4%
<b>Total invested asset</b>	<b>1,180,654.69</b>	<b>100.0%</b>	<b>979,709.65</b>	<b>100.0%</b>

Based on strengthened research and judgement of the capital market, the Group took the initiative in improving its investment portfolio to respond to the new capital market situation, the proportion of fixed income investments to total investment assets decreased from 78.4% in 2020 year-end to 77.6% in 2021 year-end. The proportion of equity investments to total investment assets decreased from 20.2% in 2020 year-end to 18.7% in 2021 year-end.

### Finance Lease Business of the Group

As at the end of 2021, the financial leasing assets of TSFL were approximately HK\$51.3 billion, increased by 20.7% over the 2020 year-end. The company safeguard the risk bottom line, and the managed assets were of good quality, the proportion of special mentioned assets and non-performing assets was 1.07% and 0.98%, respectively, continued lower than the industry average.

## CONSOLIDATED INVESTMENT PERFORMANCE (Continued)

### Analysis of Investment in Securities

#### *Development on Equity Investments Keep Steady*

As at the end of 2021, stock investments and fund investments held by the Group amounted to approximately HK\$136.2 billion and HK\$47.9 billion, representing approximately 9.9% and 3.5% of the total assets, respectively. Adhering to the concept of value investment, our Group has leveraged on the long-term advantages of insurance funds and focused on the leading companies with reasonable valuation and stable cash flow in the industry, so that the overall investment style remained prudent.

#### *High Credit Ratings for Debt Securities*

As at the end of 2021, debt securities held by the Group amounted to approximately HK\$624.0 billion, representing approximately 45.3% of the total assets, of which 82.5% were PRC bonds investment. Within the PRC bonds, 99.7% were bonds with AAA ratings, government bonds and financial policy bonds, interbank deposits, A-1 ratings short term bonds etc. Investment grade bonds with BBB- ratings or higher reached 100%, with Ministry of Finance for government bonds, and other issuers such as China Development Bank, China Railway, Industrial and Commercial Bank of China, Agricultural Bank of China, Agricultural Development Bank of China and The Export-Import Bank of China. Foreign bonds investments constituted 17.5% of debt securities held by the Group, 90.7% of them were investment grade bonds with international ratings of BBB- or higher.

#### *Good Credit Status for Alternative Investments*

As at the end of 2021, alternative investments held by the Group amounted to approximately HK\$177.8 billion, representing approximately 12.9% of the total assets. From which the ration of trust products and special asset support plan financial products increased, reflecting the investments has been further diversified. The credit ratings of the PRC financial investment debt products remained relatively high, products rated AAA accounted for 96.7%, products rated AA+ accounted for 2.3%, products rated AA or below only accounted for 1.0%. The Group's investment in alternative varieties have gone through a rigorous investment decision-making process, with a proprietary information system in place for monitoring during the investment and post-investment management. In general, the Group has made sufficient assessment on its alternative investment risks, which indicated sound asset credit.

#### *Real Estate Financial Investment Debt Products*

As at the end of 2021, real estate financial investment debt products of approximately HK\$30.3 billion, represented only 2.2% of the total assets, the ratio decreased by 0.9 percentage point over the last year-end. The credit ratings of the real estate financial investment debt products were relatively high. Major projects were located in tier 1 or developed tier 2 cities, financing entities have relatively strong solvencies.

#### *Purchased External Financial Products*

As at the end of 2021, purchased external debt financial products of about HK\$73.5 billion, represented 5.3% of the total assets, the ratio decreased by 1.2 percentage points over the last year-end. Within the purchased external projects, 100% of them were with AAA ratings, and mainly were from the real estate, non-bank financial industry, building decoration etc. The overall credit ratings were relatively high, with risk exposure kept at a relatively low level.



## **CONSOLIDATED INVESTMENT PERFORMANCE** *(Continued)*

### **Third-party Assets Management**

In 2021, the Group actively expanded its asset management business, the third-party entrusted investment assets under management maintained its growth. As at the end of 2021, the total third-party entrusted investment assets managed by the Group amounted to HK\$1,037.9 billion, increased by 26.1% over the last year-end.

As at the end of 2021, TPAM (including TP Fund) recorded a total management fee income (including consultancy fee) before taxation of HK\$2.488 billion, including HK\$1.128 billion derived from assets outside of the Group, which accounted for 45.4% of total fee income.

## LIFE INSURANCE BUSINESS

The Group's life insurance segment is operated by TPL, TPL (HK), TPL (Macau) and TP Singapore, which are engaged in the underwriting of life insurance businesses in Mainland China, Hong Kong, Macau and Singapore, respectively.

TP Singapore was approved by The Monetary Authority of Singapore in August 2018 and launched its life insurance business during December 2018. During the Year, the direct premiums written from life insurance business by TP Singapore achieved HK\$1,714 million (2020: HK\$1,660 million). The loss after taxation from life insurance business of TP Singapore was HK\$146 million (2020: profit after tax: HK\$42 million), which was primarily due to unrealised investment losses.

The results under life insurance business for the Year was mainly contributed by TPL, TPL (HK) and its subsidiary TPL (Macau). The figures below were focus on the analysis of TPL and TPL (HK) Group's performance.

**The figures below were the results of TPL from its operations, before intra-group eliminations.**

TPL is 75.1% owned by the Group. The key financial data of the life insurance business operated by TPL was summarised below:

*For the year ended 31 December, HK\$ million*

	2021	2020	Change
Direct premiums written and premium deposits	<b>188,134.62</b>	171,993.58	+9.4%
Less: Premium deposits of universal life products	<b>8,314.75</b>	9,598.44	-13.4%
Premium deposits of unit-linked products	<b>485.97</b>	129.67	+274.8%
Premium deposits of other products	<b>254.84</b>	237.45	+7.3%
Direct premiums written recognised in statement of profit or loss	<b>179,079.06</b>	162,028.02	+10.5%
Inward reinsurance premiums	<b>523.42</b>	1,311.23	-60.1%
Policy fees	<b>147.71</b>	180.00	-17.9%
Net premiums written and policy fees	<b>176,477.98</b>	158,877.12	+11.1%
Net earned premiums and policy fees	<b>175,878.82</b>	158,399.59	+11.0%
Net policyholders' benefits	<b>(42,314.99)</b>	(33,199.38)	+27.5%
Net commission and handling fee expenses	<b>(15,814.35)</b>	(13,921.40)	+13.6%
Change in life insurance contract liabilities, net of reinsurance	<b>(139,425.65)</b>	(119,300.05)	+16.9%
Total investment income	<b>48,373.90</b>	36,533.68	+32.4%
Administrative and other expenses	<b>(19,205.54)</b>	(18,695.84)	+2.7%
Profit before taxation	<b>10,806.62</b>	17,211.24	-37.2%
Profit after taxation	<b>11,475.13</b>	14,803.21	-22.5%
Profit attributable to the owners	<b>8,617.82</b>	11,117.21	-22.5%

**LIFE INSURANCE BUSINESS** (Continued)

*At 31 December, HK\$ million*

	2021	2020	Change
Total assets	<b>1,016,841.36</b>	868,188.36	+17.1%
Total equity	<b>69,275.01</b>	73,727.01	-6.0%

The key operational data of the life insurance business operated by TPL was summarised below:

	2021	2020	Change
Market share <sup>1</sup>	<b>4.8%</b>	4.6%	+0.2 pt
Number of provincial branches	<b>38</b>	38	-
Number of sub-branches and marketing centers	<b>1,369</b>	1,304	+65
Number of customers			
- Individual	<b>14,886,564</b>	14,194,581	+691,983
- Corporate	<b>833</b>	831	+2
Distribution network			
- Number of individual agents	<b>385,038</b>	381,239	+3,799
- Number of bancassurance outlets	<b>72,909</b>	68,094	+4,815
Agent monthly regular premiums (RMB) <sup>2</sup>	<b>13,040</b>	12,570	+470
Persistency ratios – 13th month <sup>3</sup>			
- Individual	<b>95.0%</b>	95.1%	-0.1 pt
- Bancassurance	<b>97.0%</b>	96.3%	+0.7 pt
Compound persistency ratios – 25th month <sup>3</sup>			
- Individual	<b>92.4%</b>	92.7%	-0.3 pt
- Bancassurance	<b>94.8%</b>	95.5%	-0.7 pt

<sup>1</sup> Derived according to the premiums published by the CBIRC.

<sup>2</sup> Based on regular premiums and number of active agents.

<sup>3</sup> Based on the amount of premiums.

## LIFE INSURANCE BUSINESS (Continued)

### Operating Profit

During the Year, the life insurance business operated by TPL produced a net operating profit of HK\$11,475 million, decreased by 22.5% from HK\$14,803 million in the Last Year. It was mainly because of the 750-day treasury bond moving average yield curve shifted downward.

### Direct Premiums Written and Premium Deposits

TPL's direct premiums written recognised in the consolidated statement of profit or loss grew by 10.5% to HK\$179,079 million from HK\$162,028 million in the Last Year. This growth was driven by the contributions of renewal premiums from the in-force business and the year-on-year growth of new policy premiums from the individual distribution channel.

TPL's direct premiums written and premium deposits by line of business were as follows:

*For the year ended 31 December 2021, HK\$ million*

	Direct premiums written recognised in the consolidated statement of profit or loss	Premium deposits of universal life products	Premium deposits of unit-linked products	Premium deposits of other products	Total	% of Total
Individual	126,189.13	6,591.79	451.03	150.89	133,382.84	71.0%
Bancassurance	44,943.01	1,722.96	34.94	1.00	46,701.91	24.8%
Group	713.81	-	-	102.95	816.76	0.4%
Other channels <sup>1</sup>	7,233.11	-	-	-	7,233.11	3.8%
	<u>179,079.06</u>	<u>8,314.75</u>	<u>485.97</u>	<u>254.84</u>	<u>188,134.62</u>	<u>100%</u>

*For the year ended 31 December 2020, HK\$ million*

	Direct premiums written recognised in the consolidated statement of profit or loss	Premium deposits of universal life products	Premium deposits of unit-linked products	Premium deposits of other products	Total	% of Total
Individual	119,766.75	7,801.20	81.00	146.90	127,795.85	74.3%
Bancassurance	37,198.53	1,797.24	48.67	0.91	39,045.35	22.7%
Group	831.28	-	-	89.64	920.92	0.5%
Other channels <sup>1</sup>	4,231.46	-	-	-	4,231.46	2.5%
	<u>162,028.02</u>	<u>9,598.44</u>	<u>129.67</u>	<u>237.45</u>	<u>171,993.58</u>	<u>100.0%</u>

<sup>1</sup> Other Channels mainly consisted of telemarketing.

**LIFE INSURANCE BUSINESS** *(Continued)*

During the Year, premiums distributed through the individual agency force channel increased to HK\$126,189 million from HK\$119,767million in the Last Year, representing an increase of 5.4%. Driven by the business pace, the active agency force monthly per capita regular premiums increased to RMB13,040 during the Year (31 December 2020: RMB12,570).

In the bancassurance channel, premium increased to HK\$44,943 million from HK\$37,199 million in the Last Year, representing an increase of 20.8%. Within this, renewal year bancassurance regular premium increased to HK\$35,549 million from HK\$26,789 million in the Last Year, representing an increase of 32.7%.

The persistency ratios remained stable and at the forefront of the industry. The persistency ratios were at 95.0% and 97.0% at the 13th month, and the compound persistency ratios were 92.4% and 94.8% at the 25th month, for the individual agency and bancassurance channels, respectively.

**LIFE INSURANCE BUSINESS** (Continued)

The detailed breakdown of TPL's single premium products and regular premium products by line of business was summarised as follows:

*For the year ended 31 December, HK\$ million*

**Individual**

	2021	% of Total	2020	% of Total
Single Premium	162.86	0.1%	137.35	0.1%
Regular Premium				
– First Year	21,730.46	17.2%	16,648.34	13.9%
– Renewal Year	104,295.81	82.7%	102,981.06	86.0%
	<b>126,189.13</b>	<b>100.0%</b>	<b>119,766.75</b>	<b>100.0%</b>

**Bancassurance**

	2021	% of Total	2020	% of Total
Single Premium	117.14	0.3%	106.78	0.3%
Regular Premium				
– First Year	9,276.71	20.6%	10,303.07	27.7%
– Renewal Year	35,549.16	79.1%	26,788.69	72.0%
	<b>44,943.01</b>	<b>100.0%</b>	<b>37,198.54</b>	<b>100.0%</b>

**Group**

	2021	% of Total	2020	% of Total
Group Insurance	713.81	100.0%	831.28	100.0%

**Other Channels**

	2021	% of Total	2020	% of Total
Single Premium	111.65	1.5%	31.27	0.7%
Regular Premium				
– First Year	3,547.20	49.1%	1,419.31	33.5%
– Renewal Year	3,574.26	49.4%	2,780.88	65.8%
	<b>7,233.11</b>	<b>100.0%</b>	<b>4,231.46</b>	<b>100.0%</b>

**LIFE INSURANCE BUSINESS** (Continued)

For the individual first year regular premium, the premium by payment term and feature were as follows:

*For the year ended 31 December, HK\$ million*

Individual first year regular premium - by payment term

	2021	% of Total	2020	% of Total
1 - 9 years	14,037.59	64.6%	9,015.07	54.1%
10 - 19 years	1,820.62	8.4%	1,280.26	7.7%
20 - 29 years	5,657.59	26.0%	6,274.76	37.7%
30 years+	214.66	1.0%	78.25	0.5%
	<b>21,730.46</b>	<b>100.0%</b>	<b>16,648.34</b>	<b>100.0%</b>

Individual first year regular premium - by feature

	2021	% of Total	2020	% of Total
Short-term savings	5,424.04	25.0%	5,829.00	35.0%
Long-term savings	1,004.76	4.6%	994.36	6.0%
Long-term protection	8,213.60	37.8%	6,855.52	41.2%
Others	7,088.06	32.6%	2,969.46	17.8%
	<b>21,730.46</b>	<b>100.0%</b>	<b>16,648.34</b>	<b>100.0%</b>

For the bancassurance first year regular premium, the premium by payment term was as follows:

Bancassurance first year regular premium - by payment term

	2021	% of Total	2020	% of Total
1 - 9 years	7,530.61	81.2%	9,266.58	89.9%
10 - 14 years	1,494.62	16.1%	668.67	6.5%
Others	251.48	2.7%	367.82	3.6%
	<b>9,276.71</b>	<b>100.0%</b>	<b>10,303.07</b>	<b>100.0%</b>

## LIFE INSURANCE BUSINESS (Continued)

TPL's direct premiums written by product structure were as follows:

*For the year ended 31 December, HK\$ million*

	2021	% of Total	2020	% of Total
Participating	51,134.05	28.6%	62,370.09	38.5%
Annuity	38,134.03	21.3%	26,397.31	16.3%
Long-term health	41,821.29	23.4%	37,873.68	23.4%
Traditional life	34,471.22	19.2%	22,206.19	13.7%
Accident and short-term health	13,502.84	7.5%	13,165.48	8.1%
Universal life	14.63	0.0%	14.39	0.0%
Investment-linked	1.00	0.0%	0.88	0.0%
<b>Total</b>	<b>179,079.06</b>	<b>100.0%</b>	<b>162,028.02</b>	<b>100.0%</b>

TPL's direct premiums written by region were as follows:

*For the year ended 31 December, HK\$ million*

	2021	% of Total		2020	% of Total
Shandong	17,014.53	9.5%	Shandong	15,738.04	9.7%
Sichuan	16,664.55	9.3%	Sichuan	15,635.48	9.6%
Hubei	9,634.83	5.4%	Heilongjiang	9,097.65	5.6%
Zhejiang	9,556.37	5.3%	Hubei	8,792.90	5.4%
Heilongjiang	9,412.09	5.3%	Guangdong	7,938.56	4.9%
Others	116,796.69	65.2%	Others	104,825.39	64.8%
<b>Total</b>	<b>179,079.06</b>	<b>100.0%</b>	<b>Total</b>	<b>162,028.02</b>	<b>100.0%</b>

### Highlights on Embedded Value

The embedded value of TPL (expressed in terms of HKD) increased 19.3% to HK\$240,105 million from HK\$201,333 million at the end of Last Year. The new business value after cost of capital for the Year increased to HK\$9,104 million from HK\$8,784 million of the Last Year, representing an increase of 3.6% (increased by 0.7% if calculated in RMB). These latest actuarial figures of TPL are disclosed in the section of "Embedded Value of TPL".



**LIFE INSURANCE BUSINESS** *(Continued)*

**Net Policyholders' Benefits**

The net policyholders' benefits of TPL were summarised as follows:

*For the year ended 31 December, HK\$ million*

	2021	2020	Change
Surrenders and net claims	28,409.61	20,656.22	+37.5%
Annuity, dividends and maturity payments	11,673.84	11,462.63	+1.8%
Interest allocated to investment and reinsurance contracts	2,231.54	1,080.53	+106.5%
	<b>42,314.99</b>	<b>33,199.38</b>	<b>+27.5%</b>

**Financial Strength and Solvency Margin**

The comprehensive solvency ratios of TPL under the CBIRC regulations were as follows:

*At 31 December, RMB million*

	2021	2020
Available Capital	214,315	202,182
Minimum Capital	102,974	94,958
Comprehensive Solvency Ratio	<b>208%</b>	213%

## LIFE INSURANCE BUSINESS *(Continued)*

TPL (HK) is a Hong Kong-incorporated company established in July 2015 and is wholly-owned by the Group. In connection with the Group's business strategy, TPL (HK) established TPL (Macau), a wholly owned subsidiary of the Group, to explore and develop the life insurance business in Macau. TPL (Macau) was incorporated in February 2019 and TPL (Macau) kicked off the operations in June 2019 to expand the life insurance business in Macau actively.

**The figures below were the consolidated results of TPL (HK) (including TPL (Macau)) from its operations, before intra-group eliminations.**

The key financial data of the life insurance business operated by TPL (HK) was summarised below:

*For the year ended 31 December, HK\$ million*

	2021	2020	Change
Direct premiums written and premium deposits	<b>20,019.63</b>	16,025.77	+24.9%
Less: Premium deposits of universal life products	<b>3,899.92</b>	7,336.74	-46.8%
Direct premiums written recognised in statement of profit or loss	<b>16,119.71</b>	8,689.03	+85.5%
Loss after taxation	<b>(19.87)</b>	(466.28)	-95.7%
<hr/>			
<i>At 31 December, HK\$ million</i>	<b>2021</b>	2020	Change
Total assets	<b>97,335.00</b>	74,842.12	+30.1%
Total equity	<b>3,111.14</b>	3,565.77	-12.7%
<hr/>			
Number of individual agents	<b>3,016</b>	2,264	+752
TPL (HK) regulatory solvency margin ratio <sup>1</sup>	<b>208%</b>	269%	-61 pts

<sup>1</sup> Based on local regulations.

### Operating Result

The life insurance business operated by TPL (HK) produced a net operating loss of HK\$20 million during the Year (2020: net operating loss of HK\$466 million), representing an improvement of 95.7% compared to the Last Year.

### Direct Premiums Written

TPL (HK)'s direct premiums written recognised in the consolidated statement of profit or loss increased by 85.5% to HK\$16,120 million from HK\$8,689 million in the Last Year. The growth was mainly due to the satisfactory performance of both new policy premiums.

## PENSION AND GROUP LIFE INSURANCE BUSINESSES

The Group's pension and group life insurance business are operated by TPP. TPP is a PRC-incorporated company and is 100% owned by the Group. TPP is principally engaged in corporate and personal retirement insurance, annuity businesses, and group life insurance business in Mainland China.

**The figures below were the results of TPP from its operations, before intra-group eliminations.**

The key financial data of the pension and group life insurance business was summarised below:

*For the year ended 31 December, HK\$ million*

	2021	2020	Change
Direct premiums written	8,082.22	6,636.65	+21.8%
Net premiums written	7,419.16	6,022.85	+23.2%
Net earned premiums	7,380.49	5,545.70	+33.1%
Net policyholders' benefits	(4,217.17)	(2,893.08)	+45.8%
Net commission and handling fee expenses	(466.51)	(417.28)	+11.8%
Change in insurance contract liabilities, net of reinsurance	(1,901.54)	(1,582.82)	+20.1%
Total investment income	826.06	614.66	+34.4%
Pension administration fee income	1,756.95	1,370.87	+28.2%
Agency fee income	5.64	2.64	+113.6%
Administrative and other expenses	(2,969.75)	(2,264.38)	+31.2%
Profit before taxation	453.06	438.37	+3.4%
Profit after taxation and attributable to the owners	377.30	340.81	+10.7%

*At 31 December, HK\$ million*

	2021	2020	Change
Total assets	24,114.36	18,894.61	+27.6%
Total equity	4,161.27	3,547.56	+17.3%

The key operational data of the pension business was summarised below:

	2021	2020	Change
Annuity invested assets ( <i>HK\$ million</i> )	179,099	153,136	+17.0%
Annuity entrusted assets ( <i>HK\$ million</i> )	173,748	137,743	+26.1%
Number of enterprises in funds and schemes	10,450	9,927	+523
Number of branches	46	42	+4

## PENSION AND GROUP LIFE INSURANCE BUSINESSES (Continued)

### Operating Profit

The pension and group life insurance business recorded a net operating profit of HK\$377 million during the Year (2020: HK\$341 million), representing an increase of 10.7% compared to the Last Year.

### Direct Premiums Written

TPP's direct premiums written for the Year increased by 21.8% to HK\$8,082 million from HK\$6,637 million in the Last Year.

### Financial Strength and Solvency Margin

The comprehensive solvency ratios of TPP under the CBIRC regulations were as follows:

*At 31 December, RMB million*

	2021	2020
Available capital	4,154	3,741
Minimum capital	1,621	1,597
Comprehensive solvency ratio	256%	234%

## PRC PROPERTY AND CASUALTY INSURANCE BUSINESS

The Group's property and casualty insurance segment in the PRC is operated by TPI. TPI is a PRC-incorporated company and is 100% owned by the Group. TPI is principally engaged in the underwriting of motor, marine and non-marine policies in Mainland China.

**The figures below were the results of TPI from its operations, before intra-group eliminations.**

The key financial data of the property and casualty insurance business operated by TPI was summarised below:

### *For the year ended 31 December, HK\$ million*

	2021	2020	Change
Direct premiums written	33,144.32	31,559.05	+5.0%
Net premiums written	30,766.54	26,971.54	+14.1%
Net earned premiums	30,518.51	25,708.47	+18.7%
Net claims incurred	(21,652.42)	(14,182.09)	+52.7%
Underwriting expenses	(6,623.93)	(8,719.86)	-24.0%
Net commission and handling fee expenses	(4,065.93)	(3,818.95)	+6.5%
Underwriting loss	(1,823.77)	(1,012.43)	+80.1%
Total investment income	1,802.30	1,172.10	+53.8%
Share of results of associates	(2.30)	19.66	N/A
Other income	100.56	95.80	+5.0%
Other miscellaneous expenses	(437.77)	(118.74)	+268.7%
Finance costs	(176.03)	(164.44)	+7.0%
Loss before taxation	(537.00)	(8.05)	+6570.8%
(Loss)/profit after taxation and attributable to the owners	(381.96)	2.76	N/A
Retained ratio	92.8%	85.5%	+7.3 pts
Loss ratio <sup>1</sup>	70.9%	55.3%	+15.6 pts
Expense ratio <sup>1</sup>	35.0%	48.6%	-13.6 pts
Combined ratio <sup>2</sup>	105.9%	103.9%	+2.0 pts

### *At 31 December, HK\$ million*

	2021	2020	Change
Total assets	43,982.91	43,435.32	+1.3%
Total equity	8,043.47	8,473.44	-5.1%

<sup>1</sup> Both the loss ratio and expense ratio were based on net earned premiums.

<sup>2</sup> The combined ratio was the sum of the loss ratio and the expense ratio.

**PRC PROPERTY AND CASUALTY INSURANCE BUSINESS** *(Continued)*

The key operational data of the property and casualty insurance business operated by TPI was summarised below:

	<b>2021</b>	2020	Change
Market share <sup>1</sup>	<b>2.0%</b>	2.1%	-0.1 pt
Number of provincial branches	<b>33</b>	32	+1
Number of sub-branches and marketing centers	<b>806</b>	721	+85
Number of customers			
- Individual	<b>7,851,413</b>	9,526,532	-1,675,119
- Corporate	<b>440,862</b>	331,511	+109,351
Number of direct sales representatives	<b>11,449</b>	11,829	-380

<sup>1</sup> Derived according to the premiums published by the CBIRC.

**Operating Result**

The property and casualty insurance business operated by TPI produced a net operating loss of HK\$381.96 million during the Year (2020: net operation profit of HK\$2.76 million).

## PRC PROPERTY AND CASUALTY INSURANCE BUSINESS (Continued)

### Direct Premiums Written

TPI's direct premiums written increased by 5.0% to HK\$33,144 million from HK\$31,559 million in the Last Year. The detailed breakdown of TPI's direct premiums written was as follows:

*For the year ended 31 December, HK\$ million*

Business Line	2021	% of Total	2020	% of Total
Motor	21,063.67	63.6%	21,951.36	69.5%
Marine	748.11	2.2%	679.56	2.2%
Non-marine	11,332.54	34.2%	8,928.13	28.3%
	<b>33,144.32</b>	<b>100.0%</b>	<b>31,559.05</b>	<b>100.0%</b>

TPI's direct premiums written by region were as follows:

*For the year ended 31 December, HK\$ million*

	2021	% of Total		2020	% of Total
Guangdong	3,078.24	9.3%	Shandong	2,949.26	9.3%
Shandong	2,522.75	7.6%	Sichuan	2,277.07	7.2%
Sichuan	2,151.55	6.5%	Guangdong	2,259.25	7.2%
Shanghai	1,895.97	5.7%	Hebei	1,634.28	5.2%
Beijing	1,820.80	5.5%	Shenzhen	1,612.24	5.1%
Others	21,675.01	65.4%	Others	20,826.95	66.0%
Total	<b>33,144.32</b>	<b>100.0%</b>	Total	<b>31,559.05</b>	<b>100.00%</b>

### Financial Strength and Solvency Margin

The comprehensive solvency ratios of TPI under the CBIRC regulations were as follows:

*At 31 December, RMB million*

	2021	2020
Available Capital	9,380	10,010
Minimum Capital	4,352	4,194
Comprehensive Solvency Ratio	216%	239%

## OVERSEAS PROPERTY AND CASUALTY INSURANCE BUSINESS

The Group's property and casualty insurance segment cover Hong Kong, Macau, UK, Singapore and Indonesia, and is operated by CTPI (HK), TP Macau, TP UK, TP Singapore and TP Indonesia respectively. CTPI (HK), TP Macau, TP UK and TP Singapore are wholly-owned by the Group. TP Indonesia is 55% owned by the Group.

**The figures below are the results of these companies from its operations, before intra-group eliminations.**

The key financial data of the overseas property and casualty insurance business is summarised below:

*For the year ended 31 December, HK\$ million*

	2021	2020	Change
<b>Direct premiums written</b>			
CTPI (HK)	2,218.54	2,076.56	+6.8%
TP Macau	903.98	833.75	+8.4%
TP UK	727.32	613.01	+18.6%
TP Singapore <sup>1</sup>	706.73	555.99	+27.1%
TP Indonesia	384.39	344.67	+11.5%
<b>Underwriting profit/(loss)</b>			
CTPI (HK)	52.80	36.92	+43.0%
TP Macau	80.30	89.19	-10.0%
TP UK	51.98	(76.54)	N/A
TP Singapore <sup>1</sup>	51.30	15.62	+228.4%
TP Indonesia	17.64	17.11	+3.1%
<b>Profit/(loss) after taxation</b>			
CTPI (HK)	95.42	(201.35)	N/A
TP Macau	111.10	115.82	-4.1%
TP UK	(276.31)	(92.81)	+197.7%
TP Singapore <sup>1</sup>	57.42	47.51	+20.9%
TP Indonesia	16.70	18.01	-7.3%
<b>Combined ratio</b>			
CTPI (HK)	98.0%	99.0%	-1.0 pt
TP Macau	81.6%	78.0%	+3.6 pts
TP UK	54.2%	119.2%	-65.0 pts
TP Singapore <sup>1</sup>	91.7%	96.8%	-5.1 pts
TP Indonesia	64.6%	64.3%	+0.3 pt

<sup>1</sup> The results of TP Singapore from its property and casualty insurance business, which do not include its life insurance business.



## OVERSEAS PROPERTY AND CASUALTY INSURANCE BUSINESS (Continued)

*At 31 December*

	2021	2020	Change
<b>Regulatory solvency margin ratio <sup>1</sup></b>			
CTPI (HK)	<b>1026%</b>	656%	+370 pts
TP Macau	<b>293%</b>	293%	-
TP UK	<b>171%</b>	163%	+8 pts
TP Singapore	<b>175%</b>	189%	-14 pts
TP Indonesia	<b>179%</b>	179%	-

<sup>1</sup> Based on the local regulations.

## REINSURANCE BUSINESS

The Group's reinsurance business is operated by TPRe and TPRe's wholly owned subsidiary TPRe (China). TPRe is a Hong Kong-incorporated company. During 2020, TPRe allotted and issued shares representing approximately 25% of the enlarged issued capital of TPRe and the equity interest owned by the Group reduced to 75%. TPRe mainly engaged in the underwriting of all classes of non-life reinsurance business around the globe, consisting mainly of short-tail, property reinsurance business in the Asia Pacific region. TPRe also engages in the underwriting of certain classes of long term (life) reinsurance business. TPRe (China) incorporated in PRC in December 2015.

**The figures below were the consolidated results of TPRe (including TPRe (China)) from its operations, before intra-group eliminations.**

The key financial data and key performance indicators of the reinsurance business operated by TPRe were summarised below:

*For the year ended 31 December, HK\$ million*

	2021	2020	Change
Direct premiums written	<b>18,237.58</b>	16,266.74	+12.1%
Underwriting loss (non-life)	<b>(368.25)</b>	(322.15)	+14.3%
Profit/(loss) after taxation	<b>9.63</b>	(169.64)	N/A
Profit/(loss) attributable to the owners	<b>7.22</b>	(16.55)	N/A
Non-life reinsurance business: Combined ratio	<b>103.9%</b>	103.9%	-

*At 31 December*

	2021	2020	Change
Regulatory solvency margin ratio <sup>1</sup>	<b>278%</b>	354%	-76 pts

<sup>1</sup> Based on the local regulations.

## REINSURANCE BUSINESS *(Continued)*

### Operating Result

The reinsurance business produced a net operating profit after tax of HK\$9.63 million during the Year (2020: net operating loss after tax of HK\$170 million). The growth compared to the Last Year was mainly due to the decrease in the impairment of financial assets and the increase in exchange gains.

### Direct Premiums Written

TPre's direct premiums written for the Year increased by 12.1% to HK\$18,238 million from HK\$16,267 million in the Last Year. The combined ratio of the non-life reinsurance business was 103.9% (2020: 103.9%). The underwriting loss was HK\$368 million (2020: HK\$322 million).

TPre's life reinsurance business achieved premiums of HK\$6,953 million (2020: HK\$5,979 million), mainly from Mainland China, Hong Kong and Southeast Asia.

**The figures below were the results of TPre (China) from its operations, before intra-group eliminations.**

The key financial data of the reinsurance business operated by TPre (China) was summarised below:

*For the year ended 31 December, HK\$ million*

	2021	2020	Change
Direct premiums written	6,654.56	5,921.66	+12.4%
Profit after taxation	152.16	146.39	+3.9%

*At 31 December, HK\$ million*

	2021	2020	Change
Net assets	3,012.83	2,809.58	+7.2%

## REINSURANCE BUSINESS (Continued)

### Financial Strength and Solvency Margin

The comprehensive solvency ratios of TPre (China) under the CBIRC regulations were as follows:

*At 31 December, RMB million*

	2021	2020
Available capital	2,459	2,353
Minimum capital	1,169	1,039
Comprehensive solvency ratio	210%	226%

## ASSET MANAGEMENT BUSINESS

The Group's asset management business is mainly operated by TPAM and TP Fund (collectively known as the "TPAM Group") and TPA (HK), which are engaged in the provision of asset management services to the Group in managing its RMB and non-RMB investment portfolios. TPAM is a PRC-incorporated company and is 80% owned by the Group, while TP Fund, which was acquired by TPAM in September 2016, is 91.5% owned by TPAM. TPA (HK) is a Hong Kong-incorporated company and is wholly-owned by the Group.

**The figures below were the results of TPAM Group and TPA (HK) from their operations, before intra-group eliminations.**

The key financial data of the asset management business operated in the PRC by TPAM Group and in Hong Kong by TPA (HK) were summarised below:

*For the year ended 31 December, HK\$ million*

	2021	2020	Change
Management fee income	2,311.90	1,593.23	+45.1%
Profit after taxation	742.92	571.63	+30.0%
Profit attributable to the owners	600.96	468.52	+28.3%

*At 31 December, HK\$ million*

	2021	2020	Change
Assets under management	1,314,841	1,060,468	+24.0%

### Operating Profit

The asset management business produced a net operating profit of HK\$743 million during the Year (2020: HK\$572 million), representing an increase of 30.0% compared to the Last Year.

## LIQUIDITY AND FINANCIAL RESOURCES

The Group's cash and bank deposits as at 31 December 2021 amounted to HK\$118,916 million (2020: HK\$98,193 million).

## FINANCIAL LEVERAGE

The interest-bearing notes and bank facilities drawn as at 31 December 2021 amounted to HK\$32,798 million and HK\$60,146 million (2020: HK\$15,336 million and HK\$43,658 million), respectively. As of 31 December 2021, CTIH's consolidated financial leverage ratio (calculated by debt over the summation of debt plus equity) was 45.0% (2020: 33.6%).

## CAPITAL STRUCTURE

CTIH did not issue new Shares during the Year and 2020.

## PRINCIPAL PROPERTIES

The location and use of the principal properties held for investment purposes by the Group are set out below, other details are set out in Note 15 of the consolidated financial statements.

Property location	Use
Taiping Finance Tower, Pudong New District, Shanghai, the PRC	Medium term lease ; Commercial
Taiping Finance Tower, Futian District, Shenzhen, the PRC	Medium term lease ; Commercial
18 King Wah Road, North Point, Hong Kong, the PRC	Medium term lease ; Commercial
The Exchange Beijing, Chaoyang District, Beijing, the PRC	Medium term lease ; Commercial

## STAFF AND STAFF REMUNERATION

As at 31 December 2021, the Group had a total of 68,446 employees (2020: 65,900 employees), an increase of 2,546 employees. Total staff costs (excluding retirement plans contributions) for the Year amounted to HK\$18,000 million (2020: HK\$16,988 million), an increase of 6.0%. Bonuses are linked to both the performance of the Group and the performance of the individual.

## CONTINGENT LIABILITIES

Other than those incurred in the normal course of the Group's insurance businesses, there was no outstanding litigation nor any other contingent liabilities as at 31 December 2021.

## OUTLOOK

### **Fully Promote the Implementation of Strategy of High-quality Development with Strong Resolve and Confidence**

The year 2022 will be an important year for China Taiping to implement its strategy of high-quality development, and there will be both opportunities and challenges. China Taiping will gain new competitive advantages by its trend-following, innovation and change efforts to pursue high-quality development. China Taiping will implement the new development concept while balancing the relationship between overall and regional interests, short- and long-term growth, front- and back-end, stock and increment, fully implement the requirements of “Stabilising Growth, Increasing Value, Preventing Risks, Focusing on Innovation, and Strengthening Foundation” in its operation, actively participate in and serve for creation of the new development pattern to expand the supply of effective insurance services, grasp the implementation of regional development, ecosystem construction, digital transformation, customer services and foundation consolidation projects. We will work towards the goal of developing into a modern international financial and insurance group with the most value growth by continuous innovations, consolidation and expansion of international character, and prevention and resolution of major risks on the basis of the bottom-line thinking.

#### **PRC Life Insurance Business – TPL**

- Further outward expansion will be pursued to drive business growth with human resources development and promote human resources development with business growth
- Inward development will be strengthened while paying more attention to fine management so as to maximise the benefits of our resources
- Mechanism will be optimised to enhance the agile response of the middle office and back office to promote the outward expansion and inward development
- Efforts will be made in several areas and lines of business to create a diversified value-driven development model

#### **PRC Property and Casualty Insurance Business – TPI**

- Adhere to value orientation, strengthen cash flow management, consolidate risk prevention and control, accelerate transformation and upgrading
- The motor insurance business will actively respond to the comprehensive reform, improve the persistency ratio and strengthen the efforts to reduce claims and losses so as to improve business quality; the non-motor insurance business will focus on serving national major regional development strategies and rural revitalisation, and use the strategic customer blanket insurance projects and “The Belt and Road” project as a starting point to serve the national strategy and optimise the product structure

#### **Group Life Insurance and Pension Business – TPP**

- Actively participate in the construction of the national pension security system, consolidate the market position and professional image of Taiping-annuity to accelerate the innovation and transformation of the pension security business, strengthen research on investment strategies with continuous optimisation of asset allocation to promote continuous improvement of pension investment performance
- For group insurance, accelerate the development of the worksite marketing business, expand the breadth and depth of policy business services and strengthen quality control and structural optimisation to continuously improve operating efficiency

## **OUTLOOK (Continued)**

### **Overseas Life Insurance Business – TPL (HK), TPL (Macau) and TP Singapore**

- TPL (HK) will continue to optimise the business structure, continuously increase shareholder returns, and improve capital utilisation efficiency through value enhancement and profit realisation, and further strengthen the construction of professional management capabilities in liabilities, assets and capital, so as to achieve self-driven and sustainable capital growth, which is its medium and long-term development goals
- TPL (Macau) will be leveraged as an important business growth engine for the offshore life insurance sector, continue to focus on the expansion of bancassurance business, accelerate the establishment of the Macau agent business segment, steadily expand the production capacity of intermediary channel, and continue to increase the contribution to the Group's life insurance business
- TP Singapore's life insurance business will enhance capital efficiency, value creation and customer trust to enhance comprehensive strength, thus making positive contributions to the Group's overseas development and regional strategies

### **Overseas Property and Casualty Business – CTPI (HK), TP Macau, TP UK, TP Singapore and TP Indonesia**

- CTPI (HK) will adhere to the balanced development of scale and value, enhance customer service and the exploration of pipeline potential, and strengthen the empowerment of informatisation construction, steadily promote the layout of overseas institutions, strengthen cross-border business development, continue improving its profitability
- TP Macau will continue to accelerate product and pipeline innovation, continuously improve customer service quality and brand influence, strengthen synergistic development with TPI and TPL (Macau), and deepen the exploitation of business growth points to ensure a leading position in the industry
- TP UK will actively serve the national strategy of “Go Global”, adjust and optimise the existing featured niche market business, expand and strengthen the Chinese and Chinese enterprise market, strengthen the development of new products, and promote the online operation of SMEs and personal insurance business to improve underwriting profitability
- TP Singapore's property and casualty insurance will strengthen the analysis of the market development cycle, deeply explore the potential of serving “The Belt and Road” initiative, maintain the good development momentum of advantageous insurance products to continuously improve profitability
- TP Indonesia will steadily promote the development of local business, increase the expansion of agency business, expand the field of business cooperation with Chinese customers, strengthen business innovation and technological innovation to promote a steady and healthy business development

## **OUTLOOK** *(Continued)*

### **Reinsurance Business – TPre, TPre (China) and TPRB**

- TPre will seize market opportunities and deepen the layout in international market by continuously optimising its business structure; strengthen the underwriting risk management and focus on high-quality business expansion, reduce cost of liabilities, improve profitability and efficiency of capital utilisation
- TPre (China) will actively adjust the business structure of property and casualty insurance and accelerate the expansion of PRC life insurance market. It will seize the opportunities to expand business for small and medium-sized companies and facultative business to improve profitability. Also it will focus on life protection insurance businesses and it will strengthen underwriting and risk management at the same time to achieve both quality and quantity improvement
- TPRB will continue to consolidate and expand reinsurance channels in domestic and overseas by carrying out research for market trends and customers' needs. Also, it will put effort on its professional services to promote its advisory services to achieve quick and steady growth in order to give full play to its strengths

## OUTLOOK (Continued)

### INVESTMENT

- In 2022, the COVID-19 pandemic will still be the main variable affecting the global economy, however, the disturbances to the economic recovery are starting to ease. It is expected that the global economy recovery will slow down in 2022 compared to the rapid post-pandemic recovery in 2021. According to the forecasts of the International Monetary Fund, the World Bank and the Organisation for Economic Cooperation and Development, the average global economic growth rate will slow from 5.7% in 2021 to 4.5% in 2022. Due to higher covid-19 vaccination rate, the economic recovery of advanced economies is expected to be significantly faster than that of emerging markets and developing economies (excluding China). As there are 3 major barriers to China's economic development, which include shrinking demand, supply shock, and weakening expectations, although it is expected that the growth rate of consumption may pick up in 2022, it will be difficult to exceed the growth rate of pre-pandemic period. Also, the investment growth will be difficult to boost, and export growth may decline with resilience
- The slowdown in economic growth will restrict the growth of corporate profits and the outbreak waves of pandemic will also lower the risk appetite of investors. The above two factors will fundamentally put pressure on asset prices. The shift in monetary policy of the United States has promoted the surge of US bond interest rates, however, it is expected that as the economic growth slows down and inflation rate drops from its high level, the upward movement of US bond interest rates will gradually weaken. China's macroeconomic policies in 2022 focuses on stable growth, in order to maintain a reasonable and sufficient market liquidity. It is expected that China's bond interest rates will remain low. Currently, the valuations of PRC A shares are higher than the historical average level, and it is difficult to see a trend as the economic growth slows down and corporate profit growth declines. However, some industries which are strongly supported by policies still have opportunities for rapid growth. Under the support of sufficient liquidity, we are optimistic about the structural trend
- The Group will pay close attention to the development of the COVID-19 pandemic and the progress of recovery in different countries, regions and industries, evaluate potential investment opportunities and take risk prevention measures. On the other hand, the Group will meet the national “Ensure Stability on Six Fronts” requirements, and make full use of the advantage of long-term investment of insurance funds to inject financial vitality into the real economy. In terms of investment strategy, the Group will focus on balancing long-term investment returns and risks, continue to promote investment in high quality long-term equity investment, appropriately lengthen the duration of bond allocation, optimise the structure of assets and liabilities, cope with the downward trend of interest rate, and fully improve the investment return
- Adhered to the philosophy of “Taiping for Your Peaceful Life”, the Group strives to realise the high-quality development of its investment business while complying with the national overall strategy and the principle of supporting the real economy, develop medical, health, elderly care and other industrial layouts around the insurance industry, and to form a virtuous cycle development layout of insurance, investment and ecosystem



## **Embedded Value**

### **BACKGROUND**

The Group consists of three major business segments: the life insurance business, property and casualty insurance business and reinsurance business. The Group also has other companies and operations in the areas of investment holding, asset management, pensions and other businesses. The life insurance segment operated by TPL, a 75.1%-owned subsidiary, is a significant part of the Group in terms of gross premiums written, total assets and profitability. In order to provide investors with additional information to evaluate the profitability and valuation of TPL, the Group discloses the Embedded Value and New Business Value of TPL in its Annual and Interim Results Announcements. The Embedded Value consists of the shareholders' adjusted net worth plus the present value of future expected cash flows to shareholders from the in-force business, less the costs of holding regulatory solvency capital to support the in-force business. The New Business Value represents an actuarially determined estimate of the economic value arising from the new life insurance business issued during the past one year.

The Group's other business segments (including property and casualty insurance, reinsurance and pension and group life insurance) (collectively, "Other Core Operations") continue to develop well. To provide investors with further information on these operations, the Group also discloses the Group Embedded Value. The Group Embedded Value is defined as the Adjusted Net Worth of the Other Core Operations plus the Embedded Value of TPL. The Adjusted Net Worth of the Other Core Operations is determined by Hong Kong Financial Reporting Standards, with marked-to-market and goodwill adjustments. Please note that the Group Embedded Value calculation does not include any valuation for future new business.

### **BASIS OF PREPARATION**

The Group has appointed KPMG Advisory (China) Limited ("KPMG Advisory") to examine whether the methodology and assumptions used by TPL in the preparation of the Embedded Value and the New Business Value as at 31 December 2021 are consistent with standards generally adopted by insurance companies in the PRC. KPMG Advisory has also examined the methodologies used by the Group in preparing the Group Embedded Value.

### **CAUTIONARY STATEMENT**

The calculations of Embedded Value and the New Business Value of TPL are based on certain assumptions with respect to future experience. Thus, the actual results could differ significantly from what is envisioned when these calculations were made. In addition, the Group Embedded Value is also based on certain assumptions, and should not be viewed as the only benchmark for evaluating and valuing the businesses and operations of the Group. From an investor's perspective, the valuation of CTIH is measured by the stock market price of the Company's shares on any particular day. In valuing CTIH's shares, investors should take into account not only the Embedded Value and the New Business Value of TPL and the Group Embedded Value, but also various other considerations. In addition, TPL is 75.1%-owned by the Company. The Embedded Value and the New Business Value of TPL as at 31 December 2021 as disclosed below should therefore not be applied 100% in valuing CTIH. Investors are advised to pay particular attention to this factor, as well as the other assumptions underlying the calculations of the Embedded Value and New Business Value of TPL and the Group Embedded Value, if they believe such calculations are important and material to the valuation of the Company.

## Group Embedded Value

HK\$ million

	At 31 December 2021	At 31 December 2020
Adjusted Net Worth <sup>1</sup>	<b>158,730</b>	135,490
Value of in-force business before cost of capital for TPL	<b>150,108</b>	132,657
Cost of capital for TPL	<b>(22,950)</b>	(19,538)
Group Embedded Value	<b>285,888</b>	248,609
Attributable to:		
Owners of the Company	<b>217,569</b>	190,274
Non-controlling interests	<b>68,319</b>	58,335
Group Embedded Value	<b>285,888</b>	248,609

<sup>1</sup> The adjusted net worth is based on CTIH's audited net asset value, after making the following major adjustments:  
i Goodwill and intangible assets produced during consolidation have been deducted; and  
ii Fair value adjustments to held-to-maturity assets.

Group Embedded Value measured in RMB at 31 December 2021 was RMB233.742 billion (31 December 2020: RMB209.239 billion).

## Embedded Value of TPL

### 1. EMBEDDED VALUE

*HK\$ million*

	At 31 December 2021	At 31 December 2020
Adjusted Net Worth	112,947	88,214
Value of in-force business before cost of capital	150,108	132,657
Cost of capital	(22,950)	(19,538)
Embedded Value	240,105	201,333
Attributable to:		
Owners of the Company	180,319	151,201
Non-controlling interests	59,786	50,132
Embedded Value	240,105	201,333

Embedded Value measured in RMB at 31 December 2020 was RMB196.309 billion (31 December 2020: RMB169.450 billion), among them, the Adjusted Net Worth was RMB92.345 billion (31 December 2020: RMB74.244 billion).

### 2. NEW BUSINESS VALUE

*HK\$ million*

	For the Past 12 Months as of 31 December 2021	For the Past 12 Months as of 31 December 2020
New Business Value before cost of capital	13,835	14,844
Cost of capital	(4,730)	(6,061)
New Business Value after cost of capital	9,104	8,784

*Note: Figures may not match totals due to rounding.*

New Business Value measured in RMB for 2021 was RMB7.444 billion (2020: RMB7.393 billion).

New business margin of TPL for the year 2021 was 24.1% (2020: 24.6%), from which the new business margin for individual business was 32.3% (2020: 42.1%), new business margin for bancassurance business was 9.3% (2020: 4.6%).

## Embedded Value of TPL (Continued)

### 2. NEW BUSINESS VALUE (Continued)

New business value by line of business were as follows:

*HK\$ million*

	For the Past 12 Months as of 31 December 2021	For the Past 12 Months as of 31 December 2020
Individual	7,866	8,357
Bancassurance	869	511
Others <sup>1</sup>	369	(84)
	<b>9,104</b>	<b>8,784</b>

<sup>1</sup> Others mainly consists of channel business such as internet & telemarketing and group insurance.

### 3. MOVEMENT ANALYSIS OF EMBEDDED VALUE

The following analysis shows the movement of the Embedded Value to 31 December 2021.

	<i>notes</i>	<i>HK\$ million</i>
Embedded Value as at 31 December 2020		201,333
Expected return on Embedded Value	<i>a</i>	16,211
New Business Value	<i>b</i>	9,104
Minimum capital dispersion effect	<i>c</i>	3,110
Assumption and model change	<i>d</i>	14
Other experience variance and exchange rate impact	<i>e</i>	16,198
Capital injection or dividend to shareholders	<i>f</i>	(5,865)
Embedded Value as at 31 December 2021		<b>240,105</b>

*notes:*

- (a) Return on value of in-force business plus expected interest on adjusted net assets.
- (b) New business contribution from sales of new business in the year of 2021.
- (c) Minimum capital dispersion effect refers to the difference caused by the different evaluation level of cost of capital under C-ROSS embedded value framework. Cost of capital of new business is evaluated on the policy level while cost of capital of in-force business is evaluated on the company level.
- (d) Assumption and model change.
- (e) Including differences between the actual experience and expected experience for investment return, dividend, mortality, morbidity, lapses, expenses and the effect from reinsurance contracts and assumption changes, as well as exchange rate impact arising from the exchange rate of the RMB.
- (f) Dividend to shareholders in 2021.

## Embedded Value of TPL (Continued)

### 4. KEY ASSUMPTIONS

TPL has adopted the best estimate approach in setting the assumptions used in the calculation of its Embedded Value and New Business Value. The assumptions have been based on the actual experience of TPL and certain benchmarks set by referencing general PRC economic conditions and the experience of other life insurance companies.

#### 4.1 Risk discount rate

The risk discount rate represents the long-term, post-tax cost of capital of the investor for whom the valuation is made, together with an allowance for risk, taking into account of factors such as the political and economic environment in the PRC.

As calculated, the discount rate is equal to the risk-free rate plus a risk premium. The risk free rate is based on the PRC ten-year government bond and the risk premium reflects the risk associated with future cash flows, including all of the risks which have not been considered in the valuation.

The risk discount rate currently applied by TPL is 11.0% (2020:11.0%) for all in force and new business.

#### 4.2 Investment return

The annual investment returns have been assumed to be 4.8% with an increase of 0.05% annually up to 5.0% and thereafter remain unchanged (2020: assumed to be 4.8% with an increase of 0.05% annually up to 5.0% and thereafter remain unchanged).

#### 4.3 Expenses

Expenses have been projected based on benchmark assumptions.

#### 4.4 Tax

The tax rate is assumed to be 25% according to the tax regulations of the PRC.

## **Embedded Value of TPL** *(Continued)*

### **4. KEY ASSUMPTIONS** *(Continued)*

#### **4.5 Mortality**

The experience mortality rates have been based on 70% of the China Life Insurance Mortality Table (2010-2013) for non-annuitants. For annuity products, 70% of the China Life Insurance Mortality Table (2010-2013) for annuitants have been used.

#### **4.6 Morbidity**

The morbidity rate assumptions have been set with reference to actual experience and distinguished between types of insurance.

#### **4.7 Claim ratio**

The claim ratio assumptions for short-term insurance business have been set with reference to actual experience and distinguish between channels and types of insurance.

#### **4.8 Lapses**

The lapse assumptions have been based on TPL's actuarial pricing assumptions and adjusted to reflect the results of its recent experience studies.

#### **4.9 Required capital**

The required capital has been based on 100% of the minimum solvency margin (2020: 100%).

## **Embedded Value of TPL** *(Continued)*

### **5. SENSITIVITY TESTING**

Sensitivity testing in respect of the following key assumptions are summarised below:

*At 31 December 2021, HK\$ million*

<b>Assumptions</b>	<b>Value of in-force business after cost of capital</b>	<b>New business value after cost of capital</b>
<b>Base scenario</b>	<b>127,158</b>	<b>9,104</b>
Investment return and risk discount rate increased by 50bp every year	143,811	10,966
Investment return and risk discount rate decreased by 50bp every year	108,733	7,002
10% increase in mortality rates	126,198	8,989
10% decrease in mortality rates	128,124	9,221
10% increase in morbidity rates	123,530	8,865
10% increase in lapse rates	127,717	8,807
10% decrease in lapse rates	126,505	9,397
10% increase in expense ratio assumption	125,855	8,945

**Consolidated Statement of Profit or Loss**  
for the year ended 31 December 2021  
(Expressed in Hong Kong dollars)

	Notes	Year ended 31 December	
		2021 \$'000	2020 \$'000
<b>Income</b>			
Total premiums written and policy fees	4	262,549,260	233,534,532
Less: Premiums ceded to reinsurers		(10,835,446)	(13,201,539)
Net premiums written and policy fees		251,713,814	220,332,993
Change in unearned premium provisions, net of reinsurance		(1,218,133)	(2,401,260)
Net earned premiums and policy fees		250,495,681	217,931,733
Net investment income	5(a)	43,987,502	36,296,893
Net realised investment gains/(losses)	5(b)	20,022,440	13,946,273
Net unrealised investment gains/(losses) and impairment	5(c)	(5,782,586)	(3,372,262)
Other income	6	7,134,579	5,310,609
Total income		315,857,616	270,113,246
<b>Benefits, losses and expenses</b>			
Net policyholders' benefits	7(a)	(85,908,107)	(65,274,064)
Net commission and handling fee expenses	7(b)	(24,106,866)	(21,145,845)
Administrative and other expenses		(34,418,746)	(34,249,967)
Change in life insurance contract liabilities, net of reinsurance	7(c)	(158,737,955)	(132,417,008)
Total benefits, losses and expenses		(303,171,674)	(253,086,884)
		12,685,942	17,026,362
Share of results of associates and joint ventures		609,426	(1,571,190)
Finance costs	8(a)	(2,381,532)	(2,190,363)
<b>Profit before taxation</b>	8	10,913,836	13,264,809
Income tax credits/(charges)	11(a)	38,537	(2,807,928)
<b>Profit after taxation</b>		10,952,373	10,456,881
<b>Attributable to:</b>			
Owners of the Company		7,513,701	6,548,980
Non-controlling interests		3,438,672	3,907,901
		10,952,373	10,456,881
		<i>dollars</i>	<i>dollars</i>
<b>Earnings per share attributable to the owners of the Company</b>			
	13		
Basic		2.091	1.822
Diluted		2.091	1.822

The accompanying notes form an integral part of these consolidated financial statements.



**Consolidated Statement of Profit or Loss and Other Comprehensive Income**  
for the year ended 31 December 2021  
(Expressed in Hong Kong dollars)

	<b>Year ended 31 December</b>	
	<b>2021</b>	<b>2020</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Profit after taxation</b>	<b>10,952,373</b>	10,456,881
<b>Other comprehensive income:</b>		
<b>Items that will not be reclassified to profit or loss:</b>		
Revaluation gain arising from reclassification of own-use properties to investment properties		
- Revaluation gain arising during the year	74,467	19,500
- Net deferred tax	(10,179)	(4,478)
Exchange differences on translation of the financial statements of subsidiaries, associates and joint ventures which are not foreign operations	2,981,072	5,614,003
<b>Items that may be subsequently reclassified to profit or loss:</b>		
Exchange differences on translation of the financial statements of foreign operations	(15,830)	47,588
Available-for-sale securities		
- Net fair value changes during the year including the impact of impairment and disposal	(18,524,245)	7,109,992
- Net deferred tax	4,369,902	(1,525,729)
Total comprehensive income for the year	<b>(172,440)</b>	<b>21,717,757</b>
<b>Attributable to:</b>		
Owners of the Company	(1,143,013)	15,583,038
Non-controlling interests	970,573	6,134,719
	<b>(172,440)</b>	<b>21,717,757</b>

## Consolidated Statement of Financial Position

as at 31 December 2021

(Expressed in Hong Kong dollars)

	Notes	At 31 December 2021 \$'000	At 31 December 2020 \$'000
<b>Assets</b>			
Statutory deposits	14	5,543,578	6,317,763
Fixed assets			
- Property and equipment	15(a)	32,944,714	23,022,546
- Investment properties	15(b)	22,439,672	18,792,109
- Right-of-use assets	15(c)	8,211,004	8,273,607
		<b>63,595,390</b>	<b>50,088,262</b>
Goodwill	16(a)	723,948	722,365
Intangible assets	16(b)	261,408	261,408
Interests in associates and joint ventures	18	20,679,533	18,527,929
Deferred tax assets	31(a)	5,502,790	2,239,919
Investments in debt and equity securities	19	963,524,800	821,686,758
Securities purchased under resale agreements	36	6,923,758	4,861,664
Amounts due from group companies	20(a)	2,051,643	2,037,290
Insurance debtors	21	20,064,258	17,629,908
Reinsurers' share of insurance contract provisions	22	13,333,198	14,340,059
Policyholder account assets in respect of unit-linked products	46	1,603,338	1,443,637
Finance lease receivables	23	51,294,691	42,466,477
Other assets	24	110,166,726	94,509,136
Pledged and restricted bank deposits	25	1,405,678	1,231,963
Deposits at banks with original maturity more than three months		72,021,332	59,337,038
Cash and cash equivalents	26	39,945,905	31,306,390
		<b>1,378,641,974</b>	<b>1,169,007,966</b>
<b>Liabilities</b>			
Life insurance contract liabilities	27	887,816,852	706,785,380
Unearned premium provisions	28	24,796,028	24,057,651
Provision for outstanding claims	29	30,678,062	25,466,722
Investment contract liabilities	30	86,490,951	77,039,143
Deferred tax liabilities	31(a)	1,818,084	5,532,602
Interest-bearing notes	32	32,797,725	15,336,285
Bank borrowings	38	60,145,506	43,657,525
Lease liabilities		2,230,327	2,276,506
Securities sold under repurchase agreements	36	19,373,099	38,476,942
Amounts due to group companies	20(b)	19,733	20,070
Insurance creditors	33	80,045,507	72,680,319
Other payables and accruals	34	37,313,707	39,587,862
Current taxation		1,471,983	1,307,392
Insurance protection fund	35	188,450	170,508
		<b>1,265,186,014</b>	<b>1,052,394,907</b>
<b>Net assets</b>		<b>113,455,960</b>	<b>116,613,059</b>

**Consolidated Statement of Financial Position (Continued)**

as at 31 December 2021

(Expressed in Hong Kong dollars)

	<i>Notes</i>	<b>At 31 December 2021 \$'000</b>	At 31 December 2020 \$'000
<b>Capital and reserves attributable to the owners of the Company</b>			
Share capital	39	40,771,408	40,771,408
Reserves	40	47,295,424	49,876,044
		<b>88,066,832</b>	90,647,452
<b>Non-controlling interests</b>	40	<b>25,389,128</b>	25,965,607
<b>Total equity</b>		<b>113,455,960</b>	116,613,059

The accompanying notes form an integral part of these consolidated financial statements.

**Consolidated Statement of Changes in Equity**  
for the year ended 31 December 2021  
(Expressed in Hong Kong dollars)

Notes	Share capital \$'000	Capital reserve \$'000	Merger reserve \$'000	Exchange reserve \$'000	Fair value reserve \$'000	Revaluation reserve \$'000	Retained profits \$'000	Attributable to owners of the Company \$'000	Non- controlling interests \$'000	Total \$'000
<b>Balance at 1 January 2021</b>	40,771,408	(5,615,659)	(6,842,218)	(212,624)	10,782,301	1,360,856	50,403,388	90,647,452	25,965,607	116,613,059
Profit for the year	-	-	-	-	-	-	7,513,701	7,513,701	3,438,672	10,952,373
Other comprehensive income for the year, net of deferred tax	-	-	-	2,258,122	(10,970,564)	55,728	-	(8,656,714)	(2,468,099)	(11,124,813)
Total comprehensive income	-	-	-	2,258,122	(10,970,564)	55,728	7,513,701	(1,143,013)	970,573	(172,440)
Dividend declared to shareholders	-	-	-	-	-	-	(1,437,607)	(1,437,607)	-	(1,437,607)
Dividend declared by subsidiaries to non-controlling interests	-	-	-	-	-	-	-	-	(1,553,547)	(1,553,547)
Disposal of a subsidiary	-	-	-	-	-	-	-	-	1,046	1,046
Capital injections made to a subsidiary	-	-	-	-	-	-	-	-	5,449	5,449
<b>Balance at 31 December 2021</b>	40,771,408	(5,615,659)	(6,842,218)	2,045,498	(188,263)	1,416,584	56,479,482	88,066,832	25,389,128	113,455,960

Note: The nature or purpose of reserves are disclosed in Note 40(a).

**Consolidated Statement of Changes in Equity (Continued)**  
for the year ended 31 December 2021  
(Expressed in Hong Kong dollars)

Notes	Share capital \$'000	Capital reserve \$'000	Merger reserve \$'000	Exchange reserve \$'000	Fair value reserve \$'000	Revaluation reserve \$'000	Retained profits \$'000	Attributable to owners of the Company \$'000	Non- controlling interests \$'000	Total \$'000
<b>Balance at 1 January 2020</b>	40,771,408	(6,757,647)	(6,842,218)	(4,578,886)	6,126,973	1,348,388	46,239,586	76,307,604	17,749,360	94,056,964
Profit for the year	-	-	-	-	-	-	6,548,980	6,548,980	3,907,901	10,456,881
Other comprehensive income for the year, net of deferred tax	-	-	-	4,366,262	4,655,328	12,468	-	9,034,058	2,226,818	11,260,876
Total comprehensive income	-	-	-	4,366,262	4,655,328	12,468	6,548,980	15,583,038	6,134,719	21,717,757
Dividend declared to shareholders	-	-	-	-	-	-	(1,078,206)	(1,078,206)	-	(1,078,206)
Dividend declared by subsidiaries to non-controlling interests	-	-	-	-	-	-	-	-	(1,077,602)	(1,077,602)
Transfer of capital reserve due to capitalisation of retained earnings as share capital from a subsidiary	-	1,306,972	-	-	-	-	(1,306,972)	-	-	-
Deemed disposal of partial interest in a subsidiary	-	(131,299)	-	-	-	-	-	(131,299)	3,172,645	3,041,346
Acquisition of additional interest in a subsidiary	-	(33,685)	-	-	-	-	-	(33,685)	(13,515)	(47,200)
<b>Balance at 31 December 2020</b>	40,771,408	(5,615,659)	(6,842,218)	(212,624)	10,782,301	1,360,856	50,403,388	90,647,452	25,965,607	116,613,059

Note: The nature or purpose of reserves are disclosed in Note 40(a).

**Consolidated Statement of Cash Flows**  
for the year ended 31 December 2021  
(Expressed in Hong Kong dollars)

	2021 \$'000	2020 \$'000
<b>Operating activities</b>		
Profit before taxation	<b>10,913,836</b>	13,264,809
Adjustments for:		
- Depreciation of property and equipment	<b>2,346,042</b>	1,857,003
- Depreciation of right-of-use assets	<b>1,110,404</b>	1,225,919
- Deficit on revaluation of investment properties	<b>493,813</b>	396,892
- Finance costs	<b>2,381,532</b>	2,190,363
- Dividend income	<b>(6,445,166)</b>	(5,073,331)
- Interests income	<b>(36,700,408)</b>	(30,495,506)
- Share of results of associates and joint ventures	<b>(609,426)</b>	1,571,190
- Loss on disposal of property and equipment	<b>4,692</b>	3,505
- Gain on disposal of investment properties	<b>(28,419)</b>	(185,676)
- Net realised gains on listed and unlisted investments in debt securities and equity securities classified as held-to-maturity, available-for-sale and loans and receivables	<b>(16,182,318)</b>	(10,545,096)
- Recognition of impairment on investments in debt and equity securities	<b>2,045,122</b>	5,008,734
- Recognition of impairment losses on insurance debtors and other assets	<b>384,086</b>	359,522
- Provision for finance lease receivables	<b>316,225</b>	464,332
- Recognition of impairment losses on interest in associates	<b>248,322</b>	91,750
- Gain on disposal of associates	<b>(753,159)</b>	-
<b>Operating loss before changes in working capital</b>	<b>(40,474,822)</b>	(19,865,590)

**Consolidated Statement of Cash Flows (Continued)**  
for the year ended 31 December 2021  
(Expressed in Hong Kong dollars)

	2021 \$'000	2020 \$'000
Increase in held-for-trading securities	(22,565,399)	(26,810,529)
Decrease in securities designated at fair value through profit or loss	11,115	1,353,918
Increase in insurance debtors and other assets	(2,303,271)	(2,803,020)
Increase/(decrease) in reinsurers' share of insurance contract provisions	1,192,951	(1,518,519)
Increase in policyholder account assets in respect of unit-linked products	(115,457)	(274,145)
(Increase)/decrease in finance lease receivables	(7,900,715)	5,995,475
Increase in loans and advances	(11,200,186)	(9,884,890)
Increase in life insurance contract liabilities	159,191,134	132,386,622
Increase in unearned premium provisions	150,834	2,774,732
Increase in provision for outstanding claims	4,720,037	2,445,096
Increase/(decrease) in bank borrowings for finance lease receivables	7,583,590	(6,118,787)
Increase in investment contract liabilities	7,778,597	17,735,281
Increase in insurance creditors and other payables and accruals	5,063,590	21,872,741
Increase in insurance protection fund	17,942	42,339
<b>Cash generated from operations</b>	<b>101,149,940</b>	<b>117,330,724</b>
<b>Income tax paid</b>	<b>(2,518,852)</b>	<b>(3,130,398)</b>
<b>Net cash from operating activities</b>	<b>98,631,088</b>	<b>114,200,326</b>

**Consolidated Statement of Cash Flows (Continued)**  
for the year ended 31 December 2021  
(Expressed in Hong Kong dollars)

	2021 \$'000	2020 \$'000
<b>Investing activities</b>		
Increase in pledged and restricted bank deposits	(173,715)	(259,300)
Decrease/(increase) in statutory deposits	929,964	(595,695)
Increase in deposits at banks with original maturity more than three months	(10,633,187)	(1,222,635)
Increase in amounts due from group companies	(14,353)	(12,524)
Payment for purchase of securities classified as loans and receivables	(10,833,418)	(26,530,578)
Proceeds from redemption of loans and receivables	25,083,334	20,541,945
Payment for purchase of held-to-maturity debt securities	(130,199,217)	(97,383,221)
Proceeds from redemption of held-to-maturity debt securities	26,501,140	13,857,810
Payment for purchase of available-for-sale securities	(240,113,128)	(313,213,674)
Proceeds from sale of available-for-sale securities	226,612,077	261,187,087
(Increase)/decrease in securities purchased under resale agreements	(2,062,094)	1,163,476
(Decrease)/increase in securities sold under repurchase agreements	(19,103,843)	4,081,646
Interests income received	35,830,100	29,182,155
Dividend income received	6,445,166	5,073,331
Payment for purchase of property and equipment	(4,079,390)	(3,383,740)
Proceeds from sale of property and equipment	110,019	211,348
Payment for purchase of investment properties	(2,794,220)	(32,825)
Proceeds from sale of investment properties	28,419	317,390
Payment for purchase of leasehold land	(76,246)	(488,292)
Payment for purchase of associates and joint ventures	(6,670,404)	(3,636,043)
Dividend received from associates and joint ventures	392,752	288,106
Sale proceeds from disposal of associates and joint ventures	4,997,152	-
Net cash inflow from acquisition of subsidiaries	202,956	-
<b>Net cash used in investing activities</b>	<b>(99,620,136)</b>	<b>(110,854,233)</b>



**Consolidated Statement of Cash Flows (Continued)**  
for the year ended 31 December 2021  
(Expressed in Hong Kong dollars)

	<i>Notes</i>	<b>2021</b> <b>\$'000</b>	2020 \$'000
<b>Financing activities</b>			
(Decrease)/increase in amounts due to group companies		(337)	2,465
Proceeds from interest-bearing notes issued		19,265,215	2,410,299
Redemption of interest-bearing notes		(2,408,681)	-
Proceeds from bank borrowings		2,850,700	4,152,002
Repayment of bank borrowings		(3,503,470)	(4,333,800)
Repayment of the lease liabilities		(1,188,687)	(1,319,213)
Capital injections made to a subsidiary by non-controlling shareholders		5,449	-
Proceeds from disposal of partial interest in a subsidiary	45	-	3,041,346
Payment for acquiring additional interest in a subsidiary	17(c)(i)	-	(47,200)
Dividend paid by subsidiaries to non-controlling interests		(1,553,547)	(1,077,602)
Interest paid		(2,971,150)	(2,695,741)
Dividend paid	12	(1,437,607)	(1,078,206)
<b>Net cash generated from/(used in) financing activities</b>		<b>9,057,885</b>	<b>(945,650)</b>
<b>Effect of changes in exchange rates</b>		<b>570,678</b>	<b>1,088,291</b>
<b>Net increase in cash and cash equivalents</b>		<b>8,639,515</b>	<b>3,488,734</b>
<b>Cash and cash equivalents at 1 January</b>	26	<b>31,306,390</b>	<b>27,817,656</b>
<b>Cash and cash equivalents at 31 December</b>	26	<b>39,945,905</b>	<b>31,306,390</b>

The accompanying notes form an integral part of these consolidated financial statements.

**Notes to the Consolidated Financial Statements**  
(Expressed in Hong Kong dollars)

**1 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES**

**Significant Accounting Policies**

**(a) Statement of compliance**

The Company is a limited liability company incorporated in Hong Kong and its shares are listed on the Stock Exchange of Hong Kong Limited. The address of the registered office of the Company is disclosed in the corporate information section to the announcement.

The principal activities of the Company and its subsidiaries are disclosed in Note 17.

These financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (“HKFRSs”) and requirement of the Hong Kong Companies Ordinance (Cap. 622). The consolidated financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. A summary of the significant accounting policies adopted by the Group is set out below.

The presentation of financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the group’s accounting policies. The areas involving a higher degree of judgement or complexity or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in the Note 50.

**(b) Basis of preparation of the financial statements**

The consolidated financial statements comprise the Company and its subsidiaries (together referred to as the “Group”).

The functional currency of the majority number of operating subsidiaries in the Group is RMB, the currency of the primary economic environment in which the respective entities in the Group operate. For the convenience of the consolidated financial statements users, the consolidated financial statements are presented in Hong Kong dollars.

The measurement basis used in the preparation of the financial statements is the historical cost basis except that the following assets and liabilities are stated at their fair value or measured primarily based on actuarial methods as explained in the accounting policies are disclosed below:

## 1 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

### Significant Accounting Policies (Continued)

#### (b) Basis of preparation of the financial statements (Continued)

##### *Stated at fair value*

- (i) investment properties;
- (ii) investments in debt and equity securities classified as available-for-sale, other than those carried at cost less impairment;
- (iii) investments in debt and equity securities classified as held-for-trading and designated at fair value through profit or loss;
- (iv) policyholder account assets in respect of unit-linked products; and
- (v) investment contract liabilities in respect of unit-linked products.

##### *Measured primarily based on actuarial methods*

- (i) life insurance contract liabilities;
- (ii) unearned premium provisions; and
- (iii) provision for outstanding claims.

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, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for leasing transactions that are within the scope of HKFRS 16, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 or value in use in HKAS 36.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

## 1 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

### Significant Accounting Policies (Continued)

#### (b) Basis of preparation of the financial statements (Continued)

The preparation of financial statements in conformity with HKFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of HKFRSs that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the following year are discussed in Note 50.

#### (c) Classification of contracts

##### (i) Insurance contracts

Contracts under which the Group accepts significant insurance risk from another party (“the policyholder”) by agreeing to compensate the policyholder or other beneficiary if a specified uncertain future event (“the insured event”) adversely affects the policyholder or other beneficiary are classified as insurance contracts. Insurance risk is risk other than financial risk that is transferred from the holder of a contract to the issuer. Financial risk is the risk of a possible future change in one or more of a specified interest rate, security price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index or other variable, provided in the case of a non-financial variable that the variable is not specific to a party of the contract.

Insurance risk is significant if, and only if, an insured event could cause the Group to pay significant additional benefits. Once a contract is classified as an insurance contract it remains classified as an insurance contract until all rights and obligations are extinguished or have expired.

Some contracts of the Group have both the insurance and investment components. These contracts are unbundled into the respective components as disclosed in Note 1(d)(ix).

##### (ii) Investment contracts

Insurance policies that are not considered insurance contracts under HKFRS 4 are classified as investment contracts, which are accounted for under HKAS 39.

## 1 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

### Significant Accounting Policies (Continued)

#### (d) Recognition and measurement of contracts

##### (i) Recognition of gross premiums written

Gross premiums written in respect of life insurance contracts are recognised as revenue when due from the policyholders. Gross premiums written from short-term accident and health insurance contracts are recognised when written.

Gross premiums written in respect of property and casualty insurance contracts are recognised as revenue when the amount is determined, which is generally when the risk commences.

Gross premiums written in respect of reinsurance contracts reflect business written during the Year, and exclude any taxes or duties based on premiums. Premiums written include estimates for “pipeline” premiums and adjustments to estimates of premiums written in previous years.

Gross premiums written in respect of investment contracts and the investment component of unbundled contracts are accounted for as deposits and booked directly to a liability account.

##### (ii) Life insurance contract liabilities

Life insurance contract liabilities, other than universal life and unit-linked insurance contracts, are determined using a gross premium approach plus a residual margin. Under the gross premium approach, the assumptions used in the actuarial valuation of life insurance contract liabilities reflect the management’s assessment of the expected best estimate of future policy cash flows subject to allowance for risk. The residual margin is estimated so that, after considering the effects of acquisition costs related to the acquisition of new business, including but not limited to commissions, underwriting, marketing and policy issue expenses, no gain will be recognised on the initial recognition of the life insurance contract. Day-One loss should be recognised in profit or loss at inception when it occurred. Profits are expected to emerge over the life of the insurance contracts as the residual margins are released over the life of the contracts in proportion to insurance policies in force and as the allowance for risk is released.

##### (iii) Unearned premium provisions

The unearned premium provisions comprise the proportion of gross premiums written which is estimated to be earned in the following or subsequent financial years, computed on a time-apportioned basis, adjusted if necessary to reflect any variation in the incidence of risk during the period covered by the contract.

## 1 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

### Significant Accounting Policies (Continued)

#### (d) Recognition and measurement of contracts (Continued)

##### (iv) Provision for outstanding claims

Provision for outstanding claims comprises provision for the Group's estimate of the ultimate cost of settling all claims incurred but unpaid at the end of the reporting period, whether reported or not, and related internal and external claims handling expenses and an appropriate prudential margin. Provision for outstanding claims is assessed by reviewing individual claims and making allowance for claims incurred but not yet reported, the effect of both internal and external foreseeable events, such as changes in claims handling procedures, inflation, judicial trends, legislative changes and past experience and trends. Adjustments to claims provisions established in prior years are reflected in the consolidated financial statements for the year in which the adjustments are made and disclosed separately if material. The methods used, and the estimates made, are reviewed regularly.

##### (v) Liability adequacy test

At the end of each reporting period, liability adequacy tests are performed to determine if the life insurance contract liabilities are adequate. Current best estimates of all future contractual cash flows and related expenses, such as claims handling expenses are used in performing these tests. Any deficiency is recognised in the consolidated statement of profit or loss for the current year.

Provision is made for unexpired risks arising from property and casualty insurance contracts and reinsurance contracts where the expected value of claims and expenses attributable to the unexpired periods of policies in force at the end of the reporting period exceeds the unearned premium provisions in relation to such policies. The unexpired risk provision, which is included in provision for outstanding claims at the reporting date, is calculated by reference to classes of business which are managed together, after taking into account the future investment return on investments held to back the unearned premium provisions and the unexpired risk provision.

##### (vi) Investment contracts liabilities

Investment contract liabilities of the Group include liabilities arising from investment contracts that carry no significant insurance risk and also investment components of universal life contracts and unit-linked contracts that carry no significant insurance risk.

The liability of the investment component of an unbundled universal life contract is measured at amortised cost using effective interest rate while the liability arising from unit-linked contract is measured at fair value. The liability for the insurance component is calculated as the excess, if positive, of a gross premium liability over the account value.

## 1 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

### Significant Accounting Policies (Continued)

#### (d) Recognition and measurement of contracts (Continued)

##### (vi) Investment contracts liabilities (Continued)

Assets related to unit-linked contracts are presented as “policyholder account assets in respect of unit-linked products” and are presented separately from the rest of the Group’s assets. The liability for such contracts is adjusted for all changes in their fair value of the underlying assets.

##### (vii) Policyholders’ benefits

Policyholders’ benefits include maturities, annuities, surrenders, claims and claims handling expenses, and policyholder dividend allocated in anticipation of a dividend declaration. Maturity and annuity claims are recognised as an expense when due for payment. Surrender claims are recognised when due for payments. Claims are recognised when notified but not settled and an estimate is made for claims incurred but not reported at the reporting date. Policyholder dividends are recognised when declared.

##### (viii) Embedded derivatives in insurance contracts

The Group has taken advantage of the exemptions available in HKFRS 4, Insurance Contracts, not to separate and fair value a policyholder’s option to surrender an insurance contract for a fixed amount (or for an amount based on a fixed amount and an interest rate) even if the exercise price differs from the carrying amount of the host insurance liability.

##### (ix) Unbundling

The Group unbundles the investment component of insurance contracts when the Group can measure separately the investment component. Receipts and payments such as premiums, policy benefit and claims relating to the investment component, except for the policy fee income which is recognised in accordance with HKAS 18, are not recognised in the consolidated statement of profit or loss but as financial assets and financial liabilities. The financial assets or financial liabilities arising from the investment component are accounted for under HKAS 39.

##### (x) Reinsurance

The Group cedes insurance/reinsurance in the normal course of business for the purpose of limiting its net loss potential through the diversification of its risks. Assets, liabilities, income and expense arising from ceded insurance/reinsurance contracts are presented separately from the assets, liabilities, income and expense arising from the related insurance contracts because the reinsurance arrangements do not relieve the Group from its direct obligations to its policyholders.

## 1 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

### Significant Accounting Policies (Continued)

#### (d) Recognition and measurement of contracts (Continued)

##### (x) Reinsurance (Continued)

Only contracts that give rise to a significant transfer of insurance risk are accounted for as reinsurance contracts. Rights under contracts that do not transfer significant insurance risk are accounted for as financial instruments.

The benefits to which the Group is entitled under its reinsurance contracts held are recognised as reinsurance assets. These assets consist of balances due from reinsurers, as well as other receivables (classified as reinsurance assets) that are dependent on the expected claims and benefits arising under related reinsured insurance contracts. Amounts recoverable from or due to reinsurers are measured consistently with the amounts associated with the reinsured insurance contracts and in accordance with the terms of each reinsurance contract. Reinsurance liabilities are primarily premiums payable for reinsurance contracts, which are recognised as an expense when due.

Amounts due/recoverable under reinsurance and the reinsurers' share of insurance contract provisions are assessed for impairment at end of each reporting period. Such assets are deemed impaired if there is objective evidence, as a result of an event that occurred after its initial recognition, that the Group may not recover all amounts due and that the event has a reliably measurable impact on the amounts that the Group will receive from the reinsurers. The impairment loss is calculated following the same method used for financial assets held at amortised cost and the carrying amount is reduced through the use of an allowance account similar to insurance receivables.

##### (xi) Commission

Commission include both amounts paid or payable to agents and brokers and amounts received or receivable from reinsurers. Commission expense is accounted for when paid or payable and therefore varies in line with insurance premiums written.

#### (e) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.



## 1 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

### Significant Accounting Policies (Continued)

#### (e) *Basis of consolidation (Continued)*

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year, except those acquired under common control combinations for which merger accounting method is used, are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each item of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interest having a deficit balance.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated on consolidation.

#### Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interests in existing subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and the liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable HKFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under HKAS 39, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

In the Company's statement of financial position, an investment in a subsidiary is stated at cost less impairment losses (Note 1(o)). The results of subsidiaries are accounted for by the Company on the basis of dividends received or receivable.

## 1 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

### Significant Accounting Policies (Continued)

#### (f) Associates and joint ventures

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decision about the relevant activities require unanimous consent of the parties sharing control.

The results and assets and liabilities of associates or joint venture are incorporated in these consolidated financial statements using the equity method of accounting, except when the investment, or a portion thereof, is classified as held for sale, in which case it is accounted for in accordance with HKFRS 5. Under the equity method, an investment in an associate or a joint venture is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate or joint venture. When the Group's share of losses of an associate or a joint venture exceeds the Group's investment in that associate or joint venture, including any other unsecured receivables, the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

An investment in an associate or a joint venture is accounted for using the equity method from the date on which the investee becomes an associate or a joint venture. On acquisition of the investment in an associate or a joint venture, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The requirements of HKAS 39 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an associate or a joint venture. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with HKAS 36 *Impairment of Assets* as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with HKAS 36 to the extent that the recoverable amount of the investment subsequently increases.

## 1 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

### Significant Accounting Policies (Continued)

#### (f) Associates and joint ventures (Continued)

The Group discontinues the use of the equity method from the date when the investment ceases to be an associate or a joint venture, or when the investment (or a portion thereof) is classified as held for sale. When the Group retains an interest in a former associate or joint venture and the retained interest is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition in accordance with HKAS 39. The difference between the carrying amount of the associate or joint venture at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of a part interest in the associate or joint venture is included in the determination of the gain or loss on disposal of the associate or joint venture. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate or joint venture on the same basis as would be required if that associate had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate or joint venture would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when the equity method is discontinued.

The Group continues to use the equity method when an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate. There is no remeasurement to fair value upon such changes in ownership interests.

When the Group reduces its ownership interest in an associate or a joint venture but the Group continues to use the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

When a group entity transacts with its associate or joint venture of the Group (such as a sale or contribution of assets), profits and losses resulting from the transactions with the associates or joint venture are recognised in the Group's consolidated financial statements only to the extent of interests in the associate or joint venture that are not related to the Group.

In the Company's statement of financial position, its investments in associates are stated at cost less impairment losses (Note 1(o)). The results of associates are accounted for by the Company on the basis of dividends received or receivable.

## 1 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

### Significant Accounting Policies (Continued)

#### (g) Business combinations and goodwill

##### (i) Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value at the acquisition date, except that:

- deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with HKAS 12 *Income Taxes* and HKAS 19 *Employee Benefits* respectively;
- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with HKFRS 2 *Share-based Payment* at the acquisition date; and
- assets (or disposal groups) that are classified as held for sale in accordance with HKFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that Standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after assessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at their fair value.

## 1 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

### Significant Accounting Policies (Continued)

#### (g) Business combinations and goodwill (Continued)

##### (ii) Acquisition of additional interests in subsidiaries

On acquisition of additional interests in subsidiaries, the difference between the cost of additional interest acquired and the decrease in the carrying amount of the non-controlling interest is recorded in capital reserve.

##### (iii) Merger accounting for business combination involving entities under common control

The consolidated financial statements incorporate the financial statements items of the combining entities or businesses in which the common control combinations occurs as if they had been combined from the date when the combining entities or businesses first came under the control of the controlling party.

The net assets of the combining entities or businesses are consolidated using the existing book values from the controlling party's perspective. No amount is recognised in respect of goodwill or excess of acquirer's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost at the time of common control combination, to the extent of the continuation of the controlling party's interest.

The consolidated statement of profit or loss and other comprehensive income includes the results of each of the combining entities or businesses from the earliest date presented or since the date when the combining entities or businesses first came under the common control, where this is a shorter period, regardless of the date of the common control combination.

The comparative amounts in the consolidated financial statements are presented as if the entities or businesses had been combined at the end of the previous reporting period or when they first came under common control, whichever is shorter.

##### (iv) Goodwill

Goodwill arising on an acquisition of a business is carried at cost less accumulated impairment losses, if any, and is presented separately in the consolidated statement of financial position.

For the purposes of impairment testing, goodwill is allocated to each of the relevant cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the acquisition.

## 1 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

### Significant Accounting Policies (Continued)

#### (g) Business combinations and goodwill (Continued)

##### (iv) Goodwill (Continued)

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, and whenever there is an indication that the unit may be impaired. For goodwill arising on an acquisition in a financial year, the cash-generating unit to which goodwill has been allocated is tested for impairment before the end of that reporting period. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated to reduce the carrying amount of any goodwill allocated to the unit first, and then to the other assets of the unit pro rata on the basis of the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss in the consolidated statement of profit or loss. An impairment loss for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill capitalised is included in the determination of the amount of profit or loss on disposal.

##### (v) Intangible assets acquired in a business combination

Intangible assets acquired in a business combination are identified and recognised separately from goodwill where they satisfy the definition of an intangible asset and their fair values can be measured reliably. The cost of such intangible assets is their fair value at the acquisition date.

Subsequent to initial recognition, intangible assets with indefinite useful lives are carried at cost less any subsequent accumulated impairment losses (Note 1(o)).

#### (h) Investments in debt and equity securities

Investments in debt and equity securities are initially measured at fair value, which is their transaction price unless fair value can be more reliably estimated using valuation techniques whose variables include only data from observable markets. Attributable transaction costs are included in the fair value, except financial assets carried at fair value through profit or loss. These investments are subsequently accounted for as follows, depending on their classification:

##### (i) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss has two subcategories, including financial assets held-for-trading and those designated at fair value through profit or loss on initial recognition.

## 1 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

### Significant Accounting Policies (Continued)

#### (h) Investments in debt and equity securities (Continued)

##### (i) Financial assets at fair value through profit or loss (Continued)

A financial asset is classified as held-for-trading if:

- (1) it has been acquired principally for the purpose of selling in the near future; or
- (2) it is a part of an identified portfolio of financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- (3) it is a derivative that is not designated and effective as a hedging instrument.

A financial asset other than a financial asset held-for-trading may be designated at fair value through profit or loss upon initial recognition if:

- (1) such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- (2) the financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- (3) it forms part of a contract containing one or more embedded derivatives, and HKAS 39 permits the entire combined contract (asset or liability) to be designated at fair value through profit or loss.

At the end of each reporting period subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value, with changes in fair value recognised directly in profit or loss in the period in which they arise. The net gain or loss recognised in profit or loss excludes any dividend or interest earned on the financial assets and is included in the net unrealised investment gains/(losses) in the consolidated statement of profit or loss.

##### (ii) Held-to-maturity securities

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity dates that the Group's management has the positive intention and ability to hold to maturity. Subsequent to initial recognition, held-to-maturity securities are stated in the consolidated statement of financial position at amortised cost using effective interest method less impairment losses (Note 1(o)).

## 1 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

### Significant Accounting Policies (Continued)

#### (h) Investments in debt and equity securities (Continued)

##### (iii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. At end of each reporting period subsequent to initial recognition, loans and receivables are carried at amortised cost using the effective interest method, less any identified impairment losses (Note 1(o)).

##### (iv) Available-for-sale securities

Investments in securities which do not fall into any of the above categories are classified as available-for-sale securities. Equity and debt securities held by the Group that are classified as available-for-sale are measured at fair value at the end of each reporting period. Changes in the carrying amount of available-for-sale monetary financial assets relating to interest income calculated using the effective interest method and dividends on available-for-sale equity investments are recognised in consolidated statement of profit or loss. Other changes in the carrying amount of available-for-sale financial assets are recognised in other comprehensive income and accumulated under the heading of fair value reserve. When the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously accumulated in the fair value reserve is reclassified to profit or loss (Note 1(o)).

Investments in equity securities that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are recognised in the consolidated statement of financial position at cost less impairment losses (Note 1(o)).

All regular way purchases or sales of investments in debt and equity securities are recognised and derecognised on a trade date basis.

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or, where appropriate, a shorter period to the net carrying amount of the financial asset on initial recognition.



## 1 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

### Significant Accounting Policies (Continued)

#### (i) *Securities purchased under resale agreements/securities sold under repurchase agreements*

Securities sold under repurchase agreements represent short-term financing arrangements secured by the securities sold. The securities remain on the consolidated statement of financial position and a liability is recorded in respect of the consideration received. Interest is calculated based upon the effective interest method. The “securities sold under repurchase agreements” liabilities are carried in the consolidated statement of financial position at amortised cost. Conversely, securities purchased under resale agreements represent short-term lending arrangements secured by the securities purchased. The securities purchased are not recognised as financial assets on the consolidated statement of financial position and the consideration paid is recorded as “securities purchased under resale agreements” and carried in the consolidated statement of financial position at amortised cost. Interest is calculated using the effective interest method.

#### (j) *Investment properties*

Investment properties are land and/or buildings which are owned or held under a leasehold interest to earn rental income and/or for capital appreciation. These include land held for a currently undetermined future use.

Investment properties are stated in the consolidated statement of financial position at fair value. Any gain or loss arising from a change in fair value or from the retirement or disposal of an investment property is recognised in the consolidated statement of profit or loss. Rental income from investment properties is accounted for as described in Note 1(v)(iv).

When the Group holds a property interest under an operating lease to earn rental income and/or for capital appreciation, the interest is classified and accounted for as an investment property on a property-by-property basis. Any such property interest which has been classified as an investment property is accounted for as if it was held under a finance lease, and the same accounting policies are applied to that interest as are applied to other investment properties leased under finance leases.

#### (k) *Property and equipment*

Property and equipment including buildings and leasehold land (classified as finance leases) held for use in supply of services, or for administrative purposes are stated at cost less subsequent accumulated depreciation and impairment losses (Note 1(o)).

Gains or losses arising from the retirement or disposal of an item of property and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the item and are recognised in the consolidated statement of profit or loss on the date of retirement or disposal.

## 1 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

### Significant Accounting Policies (Continued)

#### *(k) Property and equipment (Continued)*

Depreciation is recognised to write off the cost of items of property and equipment for administrative purpose, less their estimated residual value, if any, using the straight-line method over their estimated useful lives as follows:

- Land and buildings are depreciated over the shorter of the unexpired term of lease and their estimated useful lives, being no more than 50 years after the date of completion.
- Other fixed assets                                      3 - 10 years

Depreciation is recognised to write off the cost of items of operating lease assets, less their estimated residual value, if any, using the straight-line method over their estimated useful lives as follows:

- Aircraft equipment                                      25 years
- Vessel equipment                                        20 years
- Mining structure                                        15 years
- Machinery and equipment                            7 - 10 years

Where parts of an item of property and equipment have different useful lives, the cost or valuation of the item is allocated on a reasonable basis between the parts and each part is depreciated separately. Both the useful life of an asset and its residual value, if any, are reviewed annually.

If an item of property and equipment becomes an investment property because its use has changed as evidenced by end of owner-occupation, any difference between the carrying amount and the fair value of that item at the date of transfer is recognised in other comprehensive income and accumulated in property revaluation reserve. On the subsequent sale or retirement of the asset, the relevant revaluation reserve will be transferred directly to retained profits.

#### *(l) Prepaid lease payments and buildings under construction*

When a lease includes both land and building elements, the Group assesses the classification of each element as a finance or an operating lease separately based on the assessment as to whether substantially all the risks and rewards incidental to ownership of each element have been transferred to the Group, unless it is clear that both elements are operating leases in which case the entire lease is classified as an operating lease. Specifically, the minimum lease payments (including any lump-sum upfront payments) are allocated between the land and the building elements in proportion to the relative fair values of the leasehold interests in the land element and building element of the lease at the inception of the lease.

## 1 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

### Significant Accounting Policies (Continued)

#### (l) *Prepaid lease payments and buildings under construction (Continued)*

To the extent the allocation of the lease payments can be made reliably, interest in leasehold land that is accounted for as an operating lease is presented as “prepaid lease payments” in the consolidated statement of financial position and is amortised over the lease term on a straight-line basis except for those that are classified and accounted for as investment properties under the fair value model. When the lease payments cannot be allocated reliably between the land and building elements, the entire lease is generally classified as a finance lease and accounted for as property and equipment.

Properties in the course of construction for administrative purposes are carried at cost, less any recognised impairment loss. Costs include professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Group’s accounting policy. Such properties are classified to the appropriate categories of property and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

#### (m) *Insurance debtors, other debtors and amounts due from group companies*

Insurance debtors, other debtors and amounts due from group companies are initially recognised at fair value and thereafter stated at amortised cost using effective interest method less allowance for impairment (Note 1(o)), except the effect of discounting would be immaterial. In such cases, the receivables are stated at cost less allowance for impairment.

#### (n) *Insurance creditors and amounts due to group companies*

Insurance creditors and amounts due to group companies are initially recognised at fair value and thereafter stated at amortised cost using effective interest method unless the effect of discounting would be immaterial, in which case they are stated at cost.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liabilities, or, where appropriate, a shorter period to the net carrying amount of the liability on initial recognition.

## 1 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

### Significant Accounting Policies (Continued)

#### (o) Impairment of assets

##### (i) Impairment of financial assets other than those at fair value through profit or loss

Financial assets other than those at fair value through profit or loss, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been affected.

For all other financial assets, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as a default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation; or
- disappearance of an active market for that financial asset because of financial difficulties.

For available-for-sale equity investments, a significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment.

For unquoted equity securities carried at cost, the impairment loss is measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows, discounted at the current market rate of return for a similar financial asset where the effect of discounting is material. Impairment losses for equity securities are not reversed in subsequent periods.

For insurance and other debtors and other financial assets carried at amortised cost, the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate, where the effect of discounting is material.

If in a subsequent period the amount of an impairment loss decreases and the decrease can be linked objectively to an event occurring after the impairment loss was recognised, the previously recognised impairment loss is reversed through the consolidated statement of profit or loss to the extent that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

## 1 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

### Significant Accounting Policies (Continued)

#### (o) Impairment of assets (Continued)

##### (i) Impairment of financial assets other than those at fair value through profit or loss (Continued)

For available-for-sale securities, the cumulative loss that has been recognised directly in other comprehensive income and accumulated in fair value reserve is removed from fair value reserve and is recognised in the consolidated statement of profit or loss when the available-for-sale securities are disposed of or are determined to be impaired. The amount of the cumulative loss that is recognised in the consolidated statement of profit or loss is the excess of the acquisition cost (net of any principal repayment and amortisation) over the current fair value, less any impairment loss on that asset previously recognised in the consolidated statement of profit or loss.

Impairment losses recognised in the consolidated statement of profit or loss in respect of available-for-sale equity securities are not reversed through the consolidated statement of profit or loss. Any subsequent increase in the fair value of such assets is recognised directly in other comprehensive income and accumulated in fair value reserve.

Impairment losses in respect of available-for-sale debt securities are reversed if the subsequent increase in fair value can be objectively related to an event occurring after the impairment loss was recognised. Reversals of impairment losses in such circumstances are recognised in the consolidated statement of profit or loss.

For financial assets carried at amortised cost, such as insurance and other debtors, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period and observable changes in national or local economic conditions that correlate with default on receivables.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of insurance and other debtors, where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognised in consolidated statement of profit or loss. When an insurance or other debtor is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to consolidated statement of profit or loss.

## 1 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

### Significant Accounting Policies (Continued)

#### (o) Impairment of assets (Continued)

##### (ii) Impairment of other assets

Internal and external sources of information are reviewed at the end of each reporting period to identify indications that the following assets may be impaired:

- property and equipment;
- reinsurers' share of insurance contract provisions;
- investments in subsidiaries, associates and joint ventures;
- intangible asset; and
- goodwill.

If any such indication exists, the asset's recoverable amount is estimated. In addition, for intangible asset and goodwill, the recoverable amount is estimated annually whether or not there is any indication of impairment.

##### (i) Calculation of recoverable amount

The recoverable amount of an asset is the greater of its fair value less cost to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of time value of money and the risks specific to the asset. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. a cash-generating unit).

##### (ii) Recognition of impairment losses

An impairment loss is recognised in the consolidated statement of profit or loss whenever the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (or group of units) and then, to reduce the carrying amount of the other assets in the unit (or group of units) on a pro rata basis, except that the carrying value of an asset will not be reduced below its individual fair value less costs to sell, or value in use, if determinable.

## 1 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

### Significant Accounting Policies *(Continued)*

#### *(o) Impairment of assets (Continued)*

##### *(ii) Impairment of other assets (Continued)*

##### *(iii) Reversals of impairment losses*

In respect of assets other than goodwill, an impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount. An impairment loss in respect of goodwill is not reversed.

A reversal of an impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years. Reversals of impairment losses are credited to the consolidated statement of profit or loss in the year in which the reversals are recognised.

#### *(p) Cash and cash equivalents*

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are also included as a component of cash and cash equivalents for the purpose of the consolidated statement of cash flows.

#### *(q) Interest-bearing borrowings*

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between the amount initially recognised and redemption value being recognised in the consolidated statement of profit or loss over the period of the borrowings using the effective interest method.

## 1 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

### Significant Accounting Policies (Continued)

#### (s) Income tax

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the consolidated statement of profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax base used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary differences arise from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interest in joint arrangements, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of the reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.



## 1 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

### Significant Accounting Policies (Continued)

#### (s) *Income tax (Continued)*

For the purposes of measuring deferred tax liabilities or deferred tax assets for investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered entirely through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale. If the presumption is rebutted, deferred tax liabilities and deferred tax assets of such investment properties are measured in accordance with the above general principles set out in HKAS 12 (i.e. based on the expected manner as to how the properties will be recovered).

Current and deferred tax is recognised in profit or loss, except when it relates to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax is also recognised in other comprehensive income or directly in equity respectively. When current tax or deferred tax arises from initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

#### (t) *Provisions and contingent liabilities*

Provisions are recognised when the Group has a present obligation as a result of a past event, and it is probable that the Group will be required to settle that obligation, and a reliable estimate can be made of the amount of the obligation. Provisions are measured at the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, a separate asset is recognised for any expected reimbursement that would be virtually certain. The amount recognised for the reimbursement is limited to the carrying amount of the provision.

#### (u) *Equity instruments*

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

## 1 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

### Significant Accounting Policies (Continued)

#### (v) Revenue recognition

##### (i) Gross premiums written from insurance contracts

The accounting policies for the recognition of revenue from insurance contracts are disclosed in Note 1(d).

##### (ii) Policy fee income

Fees from investment contracts or investment components of insurance contracts are recognised based on the actual service provided to the end of the reporting period as a proportion of the total service to be provided.

##### (iii) Commission income

Commission income is recognised as revenue when received or receivable from reinsurers.

##### (iv) Rental income from operating leases

Rental income receivable under operating leases is recognised in the consolidated statement of profit or loss in equal instalments over the periods covered by the lease term. Lease incentives granted are recognised in the consolidated statement of profit or loss as an integral part of the aggregate net lease payments receivable. Contingent rentals are recognised as income in the accounting period in which they are earned.

##### (v) Income from asset management, advisory, insurance intermediary and pension businesses

Income from asset management, advisory, insurance intermediary and pension businesses are recognised based on the actual service provided to the end of the reporting period as a proportion of the total service to be provided.

##### (vi) Dividends

Dividend income from investments is recognised when the shareholder's right to receive payment is established.

##### (vii) Interest income

Interest income is recognised as it accrues using the effective interest method.

##### (viii) Interest from finance lease receivable

Interest from finance lease receivable is recognised over the lease periods based on the effective interest method.

## 1 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

### Significant Accounting Policies (Continued)

#### (w) Translation of foreign currencies

Foreign currency transactions during the year are translated into the functional currencies of respective entities in the Group at the exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated into the functional currencies of respective entities in the Group at the exchange rates ruling at the end of the reporting period. Exchange gains and losses are recognised in the consolidated statement of profit or loss.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated into the functional currencies of respective entities in the Group using the foreign exchange rates ruling at the transaction dates. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated into the functional currency of respective entities in the Group using the foreign exchange rates ruling at the dates the fair value was determined. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for exchange differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in other comprehensive income, in which cases, the exchange differences are also recognised directly in other comprehensive income.

The results of operations outside Hong Kong are translated into the Group's presentation currency (i.e. Hong Kong dollars) at approximately the average exchange rates for the year. Statement of financial position items are translated into Hong Kong dollars at the foreign exchange rates ruling at the end of the reporting period. The resulting exchange differences are recognised directly in a separate component of equity.

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, or a disposal involving loss of significant influence over an associate that includes a foreign operation, or a disposal involving loss of joint ventures that includes a foreign operation), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss. In addition, in relation to a partial disposal that does not result in the Group losing control over a subsidiary that includes a foreign operation, the proportionate share of accumulated exchange differences are reattributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (i.e. partial disposals of associates or joint arrangements that do not result in the Group losing significant influence or joint control), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

## 1 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

### Significant Accounting Policies (Continued)

#### (x) *Borrowing costs*

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

#### (y) *Finance lease receivables and unearned finance income*

A finance lease is a lease that transfers substantially all the risks and rewards incidental to ownership of the leased assets to the lessee. At the commencement of the lease term, the Group recognises the minimum lease payments receivable by the Group as a finance lease receivable and records the unguaranteed residual value at the same time. The difference between (a) the aggregate of the minimum lease payments and the unguaranteed residual value and (b) their present value is recognised as unearned finance income. Financial lease receivable net of unearned finance income is recorded in the consolidated statement of financial position.

Unearned finance income is amortised during the lease term using effective interest method.

#### (z) *Leasing*

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

For contracts entered into or modified or arising from business combinations on or after the date of initial application, the Group assesses whether a contract is or contains a lease based on the definition under HKFRS 16 at inception, modification date or acquisition date, as appropriate. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

#### *Short-term leases and leases of low-value assets*

The Group applies the short-term lease recognition exemption to leases of equipment and small items of office furniture that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. It also applies the recognition exemption for lease of low-value assets. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis or another systematic basis over the lease term.

## 1 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

### Significant Accounting Policies (Continued)

#### (z) *Leasing (Continued)*

##### *Lease liabilities*

At the commencement date of a lease, the Group recognises and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

The lease payments include:

- fixed payments (including in-substance fixed payments) less any lease incentives receivable;
- variable lease payments that depend on an index or a rate;
- amounts expected to be paid under residual value guarantees;
- the exercise price of a purchase option reasonably certain to be exercised by the Group; and
- payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate.

Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

#### (aa) *Right-of-use assets*

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liabilities;
- any lease payments made at or before the commencement date, less any lease incentive received;
- any initial direct costs; and
- any restoration costs.

Right-of-use assets in which the Group is reasonably certain to obtain ownership of the underlying leased assets at the end of the lease term are depreciated from commencement date to the end of the useful life. Otherwise, right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

#### (ab) *Perpetual subordinated capital securities*

Perpetual subordinated capital securities with no contractual obligation to repay its principal nor to pay any distribution are classified as part of equity. Respective distributions if and when declared are treated as equity movement.

## 1 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

### A. New accounting standards and amendments adopted by the Group for the first time for the financial year beginning on 1 January 2021

In the current year, the Group has applied the following new and revised Hong Kong Financial Reporting Standards (“new and revised HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”).

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Amendment to HKFRS 16	Covid-19-Related Rent Concessions
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform – Phase 2

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The application of the new and revised HKFRSs in the current year has had no material impact on the Group’s financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

### B. New accounting standards that are effective but temporary exemption is applied by the Group

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HKFRS 9	Financial Instruments <sup>1</sup>
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Note:

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2018.

In the current Year, the Group continues to apply the temporary exemption from HKFRS 9 under paragraph 20A of HKFRS 4, which permits, but does not require, the insurer to apply HKAS 39 for annual periods beginning before 1 January 2023. An insurer may apply the temporary exemption from HKFRS 9 if, and only if, (a) it has not previously applied any version of HKFRS 9, other than only the requirements for the presentation of gains and losses on financial liabilities designated at fair value through profit or loss, and (b) its activities are predominantly connected with insurance at its annual reporting date that immediately precedes 1 April 2016, or at a subsequent annual reporting date as specified in HKFRS 4. The carrying amount of the Group’s liabilities connected with insurance (including life insurance contract liabilities, unearned premium provisions, provision for outstanding claims, investment contract liabilities, insurance and other creditors) relative to the total carrying amount of all its liabilities as at 31 December 2015 was higher than 80%. For the purpose of paragraph 20D of HKFRS 4, the Group’s activities continue to be predominantly connected with insurance, based on the sources of income and expenses, the Group’s industry classification, and other factors.

**1 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**B. New accounting standards that are effective but temporary exemption is applied by the Group (Continued)**

The additional disclosures required as a result of applying temporary exemption from HKFRS 9 are as follows:

(a) Fair value of financial assets

The table below presents the fair value of the following groups of financial assets (including investments in debt and equity securities and investments in held-for-trading securities held for policyholders of unit-linked products) under HKFRS 9 as at 31 December 2021 and 2020:

	Fair value as at 31 December 2021 \$'000	Fair value as at 31 December 2020 \$'000
Held-for-trading financial assets (A)	83,843,184	59,870,677
Financial assets that are managed and whose performance is evaluated on a fair value basis (B)	189,925	205,834
Financial assets that are neither A nor B		
- Financial assets with contractual terms that give rise on specified dates to cash flow that are solely payments of principal and interest on the principal amount outstanding ("SPPI") (C)	628,585,234	493,584,921
- Financial assets with contractual terms that do not meet SPPI terms (D)	284,656,652	276,966,542
<b>Total</b>	<b>997,274,995</b>	<b>830,627,974</b>

**1 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**B. New accounting standards that are effective but temporary exemption is applied by the Group (Continued)**

The additional disclosures required as a result of applying temporary exemption from HKFRS 9 are as follows: (Continued)

(a) Fair value of financial assets (Continued)

The table below presents the fair value changes of the following groups of financial assets (including investments in debt and equity securities and investments in held-for-trading securities held for policyholders of unit-linked products) under HKFRS 9 for the year ended 31 December 2021 and 2020:

	<b>Fair value changes for the year ended 31 December</b>	
	<b>2021</b>	<b>2020</b>
	<b>\$'000</b>	<b>\$'000</b>
Held-for-trading financial assets (A)	<b>(3,377,469)</b>	2,280,149
Financial assets that are managed and whose performance is evaluated on a fair value basis (B)	<b>133,818</b>	(246,785)
Financial assets that are neither A nor B		
- Financial assets with contractual terms that give rise on specified dates to cash flow that are solely payments of principal and interest on the principal amount outstanding ("SPPI") (C)	<b>10,866,839</b>	2,059,476
- Financial assets with contractual terms that do not meet SPPI terms (D)	<b>(8,871,823)</b>	9,741,622
<b>Total</b>	<b>(1,248,635)</b>	<b>13,834,462</b>

Other financial assets including securities purchased under resale agreement and amounts due from group companies are financial assets which meet the SPPI conditions. The carrying amounts to these assets approximate their fair values.



**1 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**B. New accounting standards that are effective but temporary exemption is applied by the Group (Continued)**

The additional disclosures required as a result of applying temporary exemption from HKFRS 9 are as follows: (Continued)

(b) Credit risk exposure

For the financial assets that meet SPPI criterion classified as C and are issued by issuers in the PRC, the credit rating of financial assets is assessed by external rating agencies in the PRC. The credit risk exposure is listed below:

	<b>Carrying amount as at 31 December 2021 \$'000</b>	<b>Carrying amount as at 31 December 2020 \$'000</b>
AAA	493,331,166	419,514,892
AA+	978,474	1,245,474
A- and others	4,613,772	3,925,144
<b>Total</b>	<b>498,923,412</b>	<b>424,685,510</b>
	<b>Fair value as at 31 December 2021 \$'000</b>	<b>Fair value as at 31 December 2020 \$'000</b>
AAA	521,926,865	430,032,895
AA+	1,010,936	1,285,967
A- and others	4,687,783	3,963,792
<b>Total</b>	<b>527,625,584</b>	<b>435,282,654</b>

**1 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**B. New accounting standards that are effective but temporary exemption is applied by the Group (Continued)**

The additional disclosures required as a result of applying temporary exemption from HKFRS 9 are as follows: (Continued)

(b) Credit risk exposure (Continued)

For the overseas bonds that meet SPPI criterion classified as C, the credit rating of financial assets is assessed by overseas external rating agencies. The credit risk exposure is listed below:

	<b>Carrying amount as at 31 December 2021 \$'000</b>	<b>Carrying amount as at 31 December 2020 \$'000</b>
A+ and above	20,466,158	5,470,639
A	7,827,807	3,832,755
A- and others	69,540,405	44,755,956
<b>Total</b>	<b>97,834,370</b>	<b>54,059,350</b>
	<b>Fair value as at 31 December 2021 \$'000</b>	<b>Fair value as at 31 December 2020 \$'000</b>
A+ and above	20,921,026	5,984,432
A	8,177,392	4,142,467
A- and others	71,861,232	48,175,368
<b>Total</b>	<b>100,959,650</b>	<b>58,302,267</b>

## 2 INSURANCE, FINANCIAL AND CAPITAL RISK MANAGEMENT

### (a) Risk management objectives, policies and processes for mitigating insurance risk

The Group is principally engaged in the underwriting of life insurance business in the PRC, Hong Kong, Macau and Singapore, property and casualty insurance business in the PRC, Hong Kong, Macau, UK, Singapore and Indonesia and reinsurance business around the world. The Group's management of insurance and financial risk is a critical aspect of the business. Insurance risks are managed through the application of various policies and procedures relating to underwriting, pricing, claims and reinsurance as well as experience monitoring.

The Group uses several methods to assess and monitor insurance risk exposures both for individual types of risks insured and overall risks. These methods include internal risk measurement models, sensitivity analyses and scenario analyses.

The theory of probability is applied to the pricing and provisioning for a portfolio of insurance contracts. The principal risk is that the frequency and severity of claims is greater than expected. Insurance events are, by their nature, random, and the actual number and size of events during any year may vary from those estimated using established statistical techniques.

### (b) Underwriting strategy

#### *Life insurance business*

The Group operates its life insurance business in the PRC, Hong Kong, Macau and Singapore's life insurance market, offering a wide range of insurance products covering different types of individual and group life insurance, health insurance, accident insurance and annuity. With regard to the control of quality of the insurance policies underwritten, the Group has formulated strict operational procedures on underwriting and claims settlement to control risks on insurance underwriting.

#### *Property and casualty insurance business*

The Group is engaged in the underwriting of property and casualty insurance business in the PRC, Hong Kong, Macau, UK, Singapore and Indonesia. The Group focuses its property and casualty insurance business by offering a wide range of insurance products covering different types of property insurance (including compulsory motor insurance), liability insurance, credit insurance, guarantee insurance business and short-term accident and health insurance and the related reinsurance business. The Group has formulated strict operational procedures on underwriting and claims settlement to control risks on insurance underwriting.

#### *Reinsurance business*

The Group's reinsurance portfolio is made up of a mix of business spreading across different geographic regions with emphasis towards Asian countries, covering property damage, life, marine cargo and hull and miscellaneous non-marine classes. Whilst diversifying its underwriting portfolio, the Group does not actively seek acceptance of any liability reinsurance business from customers operating outside of the Asia Pacific region. In the Asia Pacific region, where these are core-markets of the Group, liability reinsurance businesses are written on a limited scale in order to provide customers in the region with comprehensive reinsurance services.

## 2 INSURANCE, FINANCIAL AND CAPITAL RISK MANAGEMENT (Continued)

### (b) Underwriting strategy (Continued)

#### *Reinsurance business (Continued)*

For life reinsurance business strategy, current portfolio of life business is mainly made up of saving business with emphasis on Hong Kong market. Besides maintaining current business scale, in order to diversify and balance the underwriting portfolio, the Group starts to emphasise on the development of protection business and financial reinsurance business. The Group's strategy is to develop business with prudent attitude, gain more sophisticated market experience instead of seeking fast business expansion.

### (c) Reinsurance strategy

The Group purchases reinsurance protection from other reinsurers in the normal course of business in order to limit the potential for losses arising from unexpected and concentrated exposures. In assessing the credit worthiness of reinsurers, the Group takes into account, among other factors, ratings and evaluation performed by recognised credit rating agencies, their claims-paying and underwriting track record, as well as the Group's past experience with them.

### (d) Asset and liability matching

The objective of the Group's asset and liability management is to match the Group's assets with liabilities on the basis of duration. The Group actively manages its assets using an approach that balances quality, diversification, asset and liability matching, liquidity and investment return. The goal of the investment process is to maximise investment returns at a tolerable risk level, whilst ensuring that the assets and liabilities are managed on a cash flow and duration basis.

However, in respect of life insurance business, under the current regulatory and market environment in the PRC, the Group is unable to invest in assets with a duration of sufficient length to match the duration of its life insurance liabilities. When the regulatory and market environment permits, the Group intends to gradually lengthen the duration of its assets. The Group monitors the duration gap between the assets and liabilities closely and prepares cash flow projections from assets and liabilities on a regular basis. Currently, the Group reduces the level of the asset-liability mismatch by:

- actively seeking to acquire longer dated fixed rate debt investments with an acceptable level of yield;
- upon the maturity dates of fixed rate debt investments, rolling over the proceeds to longer dated fixed rate debt investments;
- disposing of some of the shorter dated fixed rate debt investments, particularly those with lower yields, and rolling over the proceeds to longer dated fixed rate debt investments; and
- investing in equities for the long-term and in property holding company.

## 2 INSURANCE, FINANCIAL AND CAPITAL RISK MANAGEMENT (Continued)

### (e) Insurance risk

#### (i) Life insurance business

##### *Concentration of insurance risks*

Concentration risk is the risk of incurring a major loss as a result of having a significant mortality or other insurance coverage on a particular person or a group of persons due to the same event. The Group manages the concentration of insurance risks by way of reinsurance arrangements with a maximum retention risk of RMB500,000 per person in life and personal accident policies and RMB200,000 on critical illness insurance. In addition, the Group purchases catastrophe protection for losses arising from claims involving multiple lives from the same event. The maximum retention risk is RMB1 million for each and every loss occurrence, and the total coverage is RMB100 million for each and every loss occurrence. The Group purchases surplus treaties and proportional treaties to cover life, accident and long term health risks. In addition, an excess of loss reinsurance contract is applied for any insurance contract with significant sum insured.

The distribution of sum insured per policy is summarised as follows:

<i>RMB '000</i>	<b>Before reinsurance</b>		<b>After reinsurance</b>	
	<b>Year ended 31 December</b>		<b>Year ended 31 December</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
0-200	<b>88.54%</b>	88.94%	<b>96.43%</b>	96.64%
201-500	<b>10.72%</b>	10.58%	<b>3.52%</b>	3.32%
>500	<b>0.74%</b>	0.48%	<b>0.05%</b>	0.04%
	<b>100.00%</b>	100.00%	<b>100.00%</b>	100.00%

##### *Management of risks*

The key risk associated with life insurance contracts is the risk of potential loss arising with respect to a particular insurance product as a result of actual market conditions and loss experience being different from the assumed market conditions and loss experience used when designing and pricing the product.

The Group manages the risks by centralising the product design function at the head office level, headed by the chief appointed actuary and senior management in other key functional departments. Standards and guidelines are established to ensure that the risks associated with particular products are within the acceptable level. The pricing method, the solvency requirement, the profit margin, the loss experience are key considerations in designing a product.

In addition, the underwriting and claim processing departments strictly follow the established standards and procedures.

## 2 INSURANCE, FINANCIAL AND CAPITAL RISK MANAGEMENT (Continued)

### (e) Insurance risk (Continued)

#### (ii) Property and casualty insurance business

##### Concentration of insurance risks

Within the insurance process, concentration of risk may arise where a particular event or series of events could impact heavily upon the Group's liabilities. Such concentrations may arise from a single insurance contract or through a small number of related contracts, and relate to circumstances where significant liabilities could arise.

The concentration of insurance risk before and after reinsurance by classes of business is summarised below, with reference to premiums written in the years ended 31 December 2021 and 2020.

#### TPI

	Year ended 31 December 2021				
	Gross written premiums \$'000	Inward reinsurance premiums \$'000	Premiums ceded to reinsurers \$'000	Net written premiums \$'000	Ceding ratio %
Motor	21,063,668	-	783,889	20,279,779	3.7%
Marine	748,109	17,730	167,715	598,124	21.9%
Non-marine	11,332,543	524,978	1,968,885	9,888,636	16.6%
<b>Total</b>	<b>33,144,320</b>	<b>542,708</b>	<b>2,920,489</b>	<b>30,766,539</b>	<b>8.7%</b>

#### TPI

	Year ended 31 December 2020				
	Gross written premiums \$'000	Inward reinsurance premiums \$'000	Premiums ceded to reinsurers \$'000	Net written premiums \$'000	Ceding ratio %
Motor	21,951,352	-	1,618,907	20,332,445	7.4%
Marine	679,560	10,421	136,110	553,871	19.7%
Non-marine	8,928,133	380,295	3,223,205	6,085,223	34.6%
<b>Total</b>	<b>31,559,045</b>	<b>390,716</b>	<b>4,978,222</b>	<b>26,971,539</b>	<b>15.6%</b>

## 2 INSURANCE, FINANCIAL AND CAPITAL RISK MANAGEMENT (Continued)

### (e) Insurance risk (Continued)

#### (ii) Property and casualty insurance business (Continued)

##### Concentration of insurance risks (Continued)

##### CTPI (HK)

	Year ended 31 December 2021				
	Gross written premiums \$'000	Inward reinsurance premiums \$'000	Premiums ceded to reinsurers \$'000	Net written premiums \$'000	Ceding ratio %
Motor	529,386	(318)	39,094	489,974	7.4%
Marine	310,839	59,548	202,077	168,310	54.6%
Non-marine	1,378,315	1,273,617	709,406	1,942,526	26.8%
<b>Total</b>	<b>2,218,540</b>	<b>1,332,847</b>	<b>950,577</b>	<b>2,600,810</b>	<b>26.8%</b>

##### CTPI (HK)

	Year ended 31 December 2020				
	Gross written premiums \$'000	Inward reinsurance premiums \$'000	Premiums ceded to reinsurers \$'000	Net written premiums \$'000	Ceding ratio %
Motor	491,841	1,010,548	34,509	1,467,880	2.3%
Marine	276,019	87,561	215,549	148,031	59.3%
Non-marine	1,308,699	1,289,841	751,817	1,846,723	28.9%
<b>Total</b>	<b>2,076,559</b>	<b>2,387,950</b>	<b>1,001,875</b>	<b>3,462,634</b>	<b>22.4%</b>

## 2 INSURANCE, FINANCIAL AND CAPITAL RISK MANAGEMENT *(Continued)*

### (e) Insurance risk *(Continued)*

#### (ii) Property and casualty insurance business *(Continued)*

##### *Management of risks*

The Group delegates underwriting authority to experienced underwriters. Each underwriting department has an underwriting manual for each class of business. The underwriting manual is approved by the Business Management Committee and specifies the authority of underwriters at each level. Each underwriting manual clearly states the insurable risk, risks that can be insured on a limited scale and uninsurable risk as well as the probable maximum loss which underwriters at each level can underwrite. Risks that exceed the underwriting authority of the head of the underwriting department have to be reviewed and approved by the Business Management Committee. For claims handling, there is a procedures manual that lays down the operational procedures and controls required to mitigate the insurance risk.

The Group also arranges both treaty reinsurance and facultative reinsurance in accordance with international practice. Treaty reinsurance provides automatic reinsurance cover under specific reinsurance contract terms and conditions. Facultative reinsurance is reinsurance of individual risk. Each contract is arranged separately. The choice of reinsurance contract depends on market conditions, market practice and the nature of business. Facultative reinsurance is arranged when an individual risk is not covered by treaty reinsurance or exceeds treaty reinsurance capacity and exceeds its own underwriting capacity.



## 2 INSURANCE, FINANCIAL AND CAPITAL RISK MANAGEMENT (Continued)

### (e) Insurance risk (Continued)

#### (i) Reinsurance business

##### *Concentration of insurance risks*

Concentration of risk arises from the accumulation of risks within a particular business line. The Group's key methods in managing these risks are diversification of the business line and areas where the gross premiums are written. The tables below indicate the gross premiums written by business line for the year ended 31 December 2021 and 2020.

By business line:

	% to total gross premiums written	
	2021	2020
General business	42.9%	63.2%
Life business	57.1%	36.8%
	100.0%	100.0%

##### *Management of risks*

The key risks associated with reinsurance contracts are those relating to underwriting.

The Group maintains underwriting teams who are responsible for the underwriting and sales of the Group's reinsurance products. The team promoting a certain product to a customer has the requisite expertise to determine whether the Group can meet the specific requirement of the customer within the Group's risk appetite. All inward business is screened and analysed by the underwriting staff. The decision to underwrite and the level of risk exposure accepted are determined by reference to the underwriting guideline setting out the types of business desired, and the maximum capacity per risk. Such criteria are determined by considering factors including the risk exposure, the pricing, the profit potential, the class of business, the marketing strategy, the retrocession facilities available and the market trends.

The Group arranges prorata and excess of loss retrocessions for its different lines of reinsurance business, in order to enhance its underwriting capacity as well as to harmonise its net retained exposures. Proportional retrocessions have been arranged in respect of its non-marine reinsurance business from the Asia-Pacific territories. In addition, a series of excess of loss retrocession covers are also arranged to protect the Group against major catastrophic events.

The life retrocession arrangements are normally decided collectively with the Group's management board before the confirmation of any new retrocession arrangements. All life retrocession arrangement follows the fundamental retrocession guideline of the group and regulatory requirement. Retrocession arrangements used to manage the volatility of mortality risk.

## 2 INSURANCE, FINANCIAL AND CAPITAL RISK MANAGEMENT (Continued)

### (f) Financial risk

The carrying amounts of financial assets at the reporting date were as follows:

	At 31 December 2021 \$'000	At 31 December 2020 \$'000
Financial assets		
- held-to-maturity investments	480,972,964	367,829,336
- available-for-sale investments	276,328,789	259,560,733
- held-for-trading investments	82,561,989	58,565,926
- designated at fair value through profit or loss	189,925	205,834
- loans and receivables		
- investment funds	4,574,922	5,357,173
- debt products	118,896,211	130,167,756
- statutory deposits	5,543,578	6,317,763
- securities purchased under resale agreements	6,923,758	4,861,664
- amounts due from group companies	2,051,643	2,037,290
- other assets	106,376,846	91,668,275
- finance lease receivables	51,294,691	42,466,477
- pledged and restricted bank deposits	1,405,678	1,231,963
- deposits at banks with original maturity more than three months	72,021,332	59,337,038
- cash and cash equivalents	39,945,905	31,306,390
	<b>1,249,088,231</b>	<b>1,060,913,618</b>
Policyholder account assets in respect of unit-linked products (Note 46)	<b>1,603,338</b>	<b>1,443,637</b>
	<b>1,250,691,569</b>	<b>1,062,357,255</b>

## 2 INSURANCE, FINANCIAL AND CAPITAL RISK MANAGEMENT (Continued)

### (f) Financial risk (Continued)

The carrying amounts of financial liabilities at the reporting date were as follows:

	At 31 December 2021 \$'000	At 31 December 2020 \$'000
Financial liabilities at fair value through profit or loss		
- investment contract liabilities	<b>1,603,338</b>	1,443,637
Financial liabilities measured at amortised cost		
- investment contract liabilities	<b>84,887,613</b>	75,595,506
- interest-bearing notes	<b>32,797,725</b>	15,336,285
- bank borrowings	<b>60,145,506</b>	43,657,525
- lease liabilities	<b>2,230,327</b>	2,276,506
- securities sold under repurchase agreements	<b>19,373,099</b>	38,476,942
- amounts due to group companies	<b>19,733</b>	20,070
	<b>199,454,003</b>	175,362,834
	<b>201,057,341</b>	176,806,471

Transactions in financial instruments and insurance assets/liabilities may result in the Group assuming financial risks. These include market risk, credit risk and liquidity risk. Each of these financial risks is described below, together with a summary of the ways in which the Group manages these risks.

There is no significant change in the Group's exposures to risk and how they arise, nor the Group's objectives, policies and processes for managing each of these risks.

#### (i) Market risk

Market risk can be described as the risk of change in fair value of a financial instrument due to changes in interest rates, equity prices or foreign currency exchange rates.

##### (a) Interest rate risk

Interest rate risk is risk to the earnings or market value of a fixed-rate financial instrument due to uncertain future market interest rates.

## 2 INSURANCE, FINANCIAL AND CAPITAL RISK MANAGEMENT *(Continued)*

### (f) Financial risk *(Continued)*

#### (i) Market risk *(Continued)*

##### (a) Interest rate risk *(Continued)*

The Group monitors this exposure through periodic reviews of its financial instruments. Estimates of cash flows, as well as the impact of interest rate fluctuations relating to the investment portfolio are modelled and reviewed periodically.

The Group is exposed to fair value interest rate risk in relation to the debt investments classified as available-for-sale, held-for-trading and designated at fair value through profit or loss of \$98,742.97 million, \$44,250.19 million and \$83.35 million respectively (2020: \$90,314.06 million, \$35,080.38 million and \$84.72 million respectively). A decrease of 50 basis points in interest rates of the debt investments classified as available-for-sale, held-for-trading and designated at fair value through profit or loss, with all other variables held constant, has no significant effect on the Group's profit before tax and increase the Group's total equity by approximately 0.2% of the total investments held by the Group as at 31 December 2021 (2020: no significant effect on the Group's profit before tax and increase the Group's total equity by approximately 0.2% of the total investments held by the Group).

The sensitivity analysis above has been determined assuming that the change in interest rates had occurred at the end of the reporting period and had been applied to the exposure to interest rate risk for both derivative and non-derivative financial instruments in existence at that date. The analysis is performed on the same basis for 2020.

## 2 INSURANCE, FINANCIAL AND CAPITAL RISK MANAGEMENT *(Continued)*

### **(f) Financial risk** *(Continued)*

#### *(i) Market risk (Continued)*

##### *(b) Equity price risk*

The Group has a portfolio of marketable equity securities, which is carried at fair value and is exposed to price risk. As the financial risks of unit-linked contracts are fully undertaken by the policyholders, the assets related to unit-linked products are not included in the analysis of equity price risk below. This risk is defined as the potential loss in market value resulting from an adverse change in prices.

The Group manages the equity price risk by investing in a diverse portfolio of high quality and liquid securities.

The Group's investment in equity securities and investment funds was carried at a fair value of \$216,003.65 million (2020: \$192,852.78 million), representing approximately 18% (2020: approximately 19%) of the total investments held by the Group.

A 10% increase/decrease in market value of the equity securities and investment funds classified as available-for-sale and held-for-trading held by the Group as at 31 December 2021, with all other variables held constant, would increase/decrease the Group's profit before tax by \$3,841.84 million and fair value reserve by \$17,758.53 million (2020: increase/decrease the Group's profit before tax by \$2,360.67 million and fair value reserve by \$16,924.61 million).

## 2 INSURANCE, FINANCIAL AND CAPITAL RISK MANAGEMENT (Continued)

### (f) Financial risk (Continued)

#### (i) Market risk (Continued)

#### (c) Foreign exchange risk

In respect of the life insurance and property and casualty insurance business in the PRC, premiums are received in RMB and the insurance regulation in the PRC requires insurers to hold RMB assets. Therefore, the foreign exchange risk in respect of RMB for the Group's PRC operations is not significant in the consolidated statement of profit or loss.

In respect of the property and casualty insurance business in Hong Kong, the majority of the premiums are received in HKD and USD. The exchange rate between HKD and USD is currently pegged. The currency position of assets and liabilities is monitored by the Group periodically.

In respect of the property and casualty insurance business in Macau, UK, Singapore and Indonesia and reinsurance business, the foreign exchange risks in such various operations are not significant in the consolidated statement of profit or loss.

The following table presents the financial and insurance assets and liabilities, denominated in a currency other than the functional currency of the respective business units of the Group:

	At 31 December 2021				Total \$'000
	RMB \$'000	USD \$'000	HKD \$'000	Other foreign currencies \$'000	
<b>Financial and insurance assets:</b>					
Statutory deposits	15,729	101,938	122,107	83,135	322,909
Investments in debt and equity securities	4,126,242	120,668,512	3,215,197	223,565	128,233,516
- debt securities and debt products	931,617	117,015,977	100,000	57,537	118,105,131
- equity securities / investment funds	3,194,625	3,652,535	3,115,197	166,028	10,128,385
Amounts due from group companies	14,689	-	-	-	14,689
Other assets	83,859	1,563,355	1,608,509	8,338	3,264,061
Insurance debtors	2,849,660	1,156,761	47,515	889,749	4,943,685
Reinsurers' share of insurance contract provisions	250,957	1,595,202	54,509	613,862	2,514,530
Pledged and restricted banks deposits	-	340,130	-	-	340,130
Deposits at banks with original maturity more than three months	208,697	168,369	106,054	-	483,120
Cash and cash equivalents	3,548,876	4,058,518	1,510,663	387,912	9,505,969
	<b>11,098,709</b>	<b>129,652,785</b>	<b>6,664,554</b>	<b>2,206,561</b>	<b>149,622,609</b>

## 2 INSURANCE, FINANCIAL AND CAPITAL RISK MANAGEMENT (Continued)

### (f) Financial risk (Continued)

#### (i) Market risk (Continued)

#### (c) Foreign exchange risk (Continued)

	At 31 December 2021				Total \$'000
	RMB \$'000	USD \$'000	HKD \$'000	Other foreign currencies \$'000	
<b>Financial and insurance liabilities:</b>					
Investment contract liabilities	2,519,741	6,149,877	-	-	8,669,618
Interest-bearing notes	-	4,635,923	-	-	4,635,923
Life insurance contract liabilities	845,395	24,056,046	3,778,461	-	28,679,902
Unearned premium provisions	537,394	677,334	69,325	536,266	1,820,319
Provision for outstanding claims	2,182,505	2,696,539	5,775	2,906,695	7,791,514
Insurance creditors	285,025	12,971,015	4,564,019	103,358	17,923,417
Amounts due to group companies	19,715	-	-	-	19,715
	<b>6,389,775</b>	<b>51,186,734</b>	<b>8,417,580</b>	<b>3,546,319</b>	<b>69,540,408</b>
Net assets/(liabilities)	<b>4,708,934</b>	<b>78,466,051</b>	<b>(1,753,026)</b>	<b>(1,339,758)</b>	<b>80,082,201</b>

## 2 INSURANCE, FINANCIAL AND CAPITAL RISK MANAGEMENT (Continued)

### (f) Financial risk (Continued)

#### (i) Market risk (Continued)

#### (c) Foreign exchange risk (Continued)

	At 31 December 2020				
	RMB	USD	HKD	Other foreign currencies	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Financial and insurance assets:</b>					
Statutory deposits	-	-	92,684	62,637	155,321
Investments in debt and equity securities	3,346,744	93,498,097	1,935,710	176,942	98,957,493
- debt securities and debt products	360,185	91,364,571	100,009	137,143	91,961,908
- equity securities / investment funds	2,986,559	2,133,526	1,835,701	39,799	6,995,585
Amounts due from group companies	12,880	-	-	-	12,880
Other assets	71,778	1,483,619	298,245	154,249	2,007,891
Insurance debtors	2,843,711	950,255	38,856	798,548	4,631,370
Reinsurers' share of insurance contract provisions	198,040	1,578,075	52,951	661,231	2,490,297
Pledged and restricted banks deposits	-	338,147	-	-	338,147
Deposits at banks with original maturity more than three months	119,794	164,334	165,845	-	449,973
Cash and cash equivalents	1,303,505	4,015,917	353,836	429,238	6,102,496
	<u>7,896,452</u>	<u>102,028,444</u>	<u>2,938,127</u>	<u>2,282,845</u>	<u>115,145,868</u>
<b>Financial and insurance liabilities:</b>					
Investment contract liabilities	2,379,790	6,025,717	-	-	8,405,507
Interest-bearing notes	-	4,608,891	-	-	4,608,891
Life insurance contract liabilities	743,367	18,903,524	1,993,600	-	21,640,491
Unearned premium provisions	677,044	692,775	7,339	516,109	1,893,267
Provision for outstanding claims	1,799,268	2,454,145	11,781	2,390,148	6,655,342
Insurance creditors	357,629	13,191,715	788,021	90,862	14,428,227
Amounts due to group companies	20,052	-	-	-	20,052
	<u>5,977,150</u>	<u>45,876,767</u>	<u>2,800,741</u>	<u>2,997,119</u>	<u>57,651,777</u>
Net assets/(liabilities)	<u>1,919,302</u>	<u>56,151,677</u>	<u>137,386</u>	<u>(714,274)</u>	<u>57,494,091</u>



## 2 INSURANCE, FINANCIAL AND CAPITAL RISK MANAGEMENT (Continued)

### (f) Financial risk (Continued)

#### (ii) Credit risk

Credit risk is the risk of economic loss resulting from the failure of one of the obligors to make full payment of principal or interest when due.

The Group is exposed to credit risks primarily associated with bank deposits, money market funds, insurance debtors, investments in debt securities and debt products, reinsurance arrangements with reinsurers, finance lease receivables and other assets.

The maximum exposure to credit risk in the event of the counterparties' failure to perform their obligations as at the end of the reporting period is the carrying amount of the assets as shown in the table below:

	At 31 December 2021		At 31 December 2020	
	\$'000	% of Total	\$'000	% of Total
Statutory deposits and deposits with banks	117,510,815	11.1%	96,961,191	10.9%
Investments in debt securities and debt products	742,945,684	70.2%	623,476,259	69.9%
Reinsurers' share of insurance contract provisions	13,333,198	1.3%	14,340,059	1.6%
Insurance debtors	20,064,258	1.9%	17,629,908	2.0%
Finance lease receivables	51,294,691	4.8%	42,466,477	4.8%
Securities purchased under resale agreements	6,923,758	0.7%	4,861,664	0.5%
Other assets	106,376,846	10.0%	91,668,275	10.3%
	<b>1,058,449,250</b>	<b>100.0%</b>	<b>891,403,833</b>	<b>100.0%</b>

The distribution of investments in debt securities by class for 31 December 2021 and 2020 are disclosed in Note 3(b) and 3(d) respectively.

## 2 INSURANCE, FINANCIAL AND CAPITAL RISK MANAGEMENT (Continued)

### (f) Financial risk (Continued)

#### (ii) Credit risk (Continued)

To reduce the credit risk associated with the investments in debt securities and debt products and finance lease receivables, the Group has established detailed credit control policy. In addition, the risk level of the various investment sectors is continuously monitored with the investment mix adjusted accordingly. In respect of the debt securities and debt products invested by life insurance and property and casualty insurance business in the PRC, the investment procedures manual, which is managed by an investment committee, includes the minimum acceptable credit rating of the issuers as required by the CBIRC. Any non-compliance or violation of the manual will be followed up and rectification action will be taken immediately. In respect of the debt securities invested by property and casualty insurance business in Hong Kong, about 99% of the bonds are with ratings of investment grade or above. In respect of the debt securities invested by reinsurance business, about 91% of the debt securities are with ratings of investment grade.

As at 31 December 2021, debt securities held by the Group mainly comprised of PRC bonds. Majority of investment graded of the PRC securities were investment grade bonds with BBB ratings or higher.

The Group does not have any significant concentration of counterparty credit risk arising from the investments in debt securities since the investment portfolio is well diversified.

Management manages credit risks on bank balances by using banks with good credit qualities.

In assessing the need for impairment allowances, management considers factors such as credit quality, portfolio size, concentrations, and economic factors.

The credit risk associated with insurance debtors and other debtors will not cause a material impact on the Group's consolidated financial statements taking into consideration of their collateral held and/or maturity term of no more than one year as at 31 December 2021. The Directors of the Company consider the Group's exposure of the credit risk in respect of insurance and other debtors are insignificant.

The credit risk associated with reinsurance companies is managed by regular evaluation of the credit quality of the relevant reinsurers. The Group's policy is to generally use reinsurers with investment grade (i.e. BBB or higher) credit ratings. In addition, majority of the reinsurers' share of insurance contract provisions are held under a net settlement arrangement against the corresponding insurance creditor balances with the same reinsurer.

## 2 INSURANCE, FINANCIAL AND CAPITAL RISK MANAGEMENT *(Continued)*

### (f) Financial risk *(Continued)*

#### *(iii) Liquidity risk*

The Group has to meet daily calls on its cash resources, notably from claims arising from its life insurance contracts, property and casualty insurance contracts and reinsurance contracts. There is, therefore, a risk that cash will not be available to settle liabilities when due.

The Group manages this risk by formulating policies and general strategies of liquidity management to ensure that the Group can meet its financial obligations in normal circumstances and that an adequate stock of high-quality liquid assets is maintained in order to contain the possibility of a liquidity crisis.

Apart from liquidity management and regulatory compliance, the Group always strives to maintain a comfortable liquidity cushion as a safety net for coping with unexpected large funding requirements and to maintain a contingency plan to be enacted should there be a company specific crisis.

The following table details the remaining contractual obligations for its non-derivative financial and insurance liabilities based on the agreed repayment terms, except for investment contract liabilities which are based on expected maturity dates since the exercise of all surrender and transfer options would result in all investment contracts being presented as falling due with one year or less. It has been drawn up based on the undiscounted cash flows of financial liabilities by reference to the earliest date on which the Group can be required to pay and includes both interest and principal cash flows. The table excludes life insurance contract liabilities since the exercise of all surrender and transfer options would result in all life insurance contracts being presented as falling due within one year or less. The majority of the expected outflow from in force insurance contracts are expected to take place after 5 years.

## 2 INSURANCE, FINANCIAL AND CAPITAL RISK MANAGEMENT (Continued)

### (f) Financial risk (Continued)

#### (iii) Liquidity risk (Continued)

	At 31 December 2021				Carrying value \$'000
	Less than 1 year \$'000	1 year to 5 years \$'000	More than 5 years \$'000	Total undiscounted cash flows \$'000	
	Financial and insurance liabilities:				
Interest-bearing notes	10,789,536	8,165,854	21,817,145	40,772,535	32,797,725
Bank borrowings	49,258,095	10,226,020	2,245,170	61,729,285	60,145,506
Lease liabilities	988,184	1,244,353	43,914	2,276,451	2,230,327
Investment contract liabilities	55,452,737	2,785,800	81,178,434	139,416,971	86,490,951
Securities sold under repurchase agreements	19,376,564	-	-	19,376,564	19,373,099
Amounts due to group companies	19,733	-	-	19,733	19,733
Provision for outstanding claims	17,330,679	11,439,073	1,908,310	30,678,062	30,678,062
Insurance creditors	27,740,467	112,977	-	27,853,444	27,853,444
	<b>180,955,995</b>	<b>33,974,077</b>	<b>107,192,973</b>	<b>322,123,045</b>	<b>259,588,847</b>

	At 31 December 2020				Carrying value \$'000
	Less than 1 year \$'000	1 year to 5 years \$'000	More than 5 years \$'000	Total undiscounted cash flows \$'000	
	Financial and insurance liabilities:				
Interest-bearing notes	2,938,706	8,418,538	6,997,175	18,354,419	15,336,285
Bank borrowings	30,243,657	13,995,592	733,658	44,972,907	43,657,525
Lease liabilities	1,095,923	1,382,707	67,650	2,546,280	2,276,506
Investment contract liabilities	6,705,861	26,516,969	128,851,450	162,074,280	77,039,143
Securities sold under repurchase agreements	38,494,287	-	-	38,494,287	38,476,942
Amounts due to group companies	20,070	-	-	20,070	20,070
Provision for outstanding claims	14,439,977	9,784,796	1,241,949	25,466,722	25,466,722
Insurance creditors	26,033,303	115,481	-	26,148,784	26,148,784
	<b>119,971,784</b>	<b>60,214,083</b>	<b>137,891,882</b>	<b>318,077,749</b>	<b>228,421,977</b>

## 2 INSURANCE, FINANCIAL AND CAPITAL RISK MANAGEMENT (Continued)

### (g) Capital management

The Group's key business operations are its life insurance business, the property and casualty insurance business and the reinsurance business, which are conducted through its subsidiaries. The Group manages its capital to ensure that the entities conducting the life insurance business, the property and casualty insurance business and reinsurance business will be able to meet statutory solvency requirements in the jurisdictions in which they operate. The statutory solvency requirements for each regulated insurance subsidiary are set out in the solvency rules at each jurisdiction. The Group's capital management initiatives also strive to maintain a surplus for future business expansion opportunities. The Group's overall capital management strategy remains unchanged from the prior year. The Group's capital includes the components of total equity of \$113.46 billion (2020: \$116.61 billion), interest-bearing notes of \$32.80 billion (2020: \$15.34 billion) and bank borrowings of \$60.15 billion (2020: \$43.66 billion). The Group complied with the various solvency requirements throughout the Year.

### (h) Claims development

Claims development information for the property and casualty insurance business and reinsurance business is disclosed below in order to illustrate the insurance risk inherent in the Group. The tables provide a review of current estimates of the cumulative claims and demonstrate how the estimated claims have changed at subsequent reporting or underwriting year-ends. The estimates increased or decreased as losses are paid and more information becomes known about the frequency and severity of unpaid claims.

## 2 INSURANCE, FINANCIAL AND CAPITAL RISK MANAGEMENT (Continued)

### (h) Claims development (Continued)

The key assumption underlying the estimates of provision for outstanding claims is the ultimate claims expenses. A respective percentage change in the ultimate claims expenses alone results in a similar percentage change in provision for outstanding claims.

#### *Analysis of claims development – gross of reinsurance for TPI*

*For the year ended 31 December 2021*

	Accident year					Total
	2017	2018	2019	2020	2021	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<i>Estimate of cumulative claims</i>						
At the end of accident year	12,306,833	14,445,900	13,840,929	16,751,106	22,462,501	
One year later	11,217,358	14,029,188	14,384,248	16,910,608	-	
Two years later	10,969,960	15,124,399	14,997,157	-	-	
Three years later	11,964,520	15,820,836	-	-	-	
Four years later	12,336,652	-	-	-	-	
Estimate of cumulative claims	12,336,652	15,820,836	14,997,157	16,910,608	22,462,501	82,527,754
Cumulative payments to date	(12,221,393)	(15,483,882)	(14,400,435)	(14,897,431)	(14,631,933)	(71,635,074)
Liabilities recognised in the consolidated statement of financial position	115,259	336,954	596,722	2,013,177	7,830,568	10,892,680
Liabilities in respect of accident years 2016 and earlier						888,041
Total liabilities included in the consolidated statement of financial position						<u>11,780,721</u>

*For the year ended 31 December 2020*

	Accident year					Total
	2016	2017	2018	2019	2020	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<i>Estimate of cumulative claims</i>						
At the end of accident year	9,942,424	12,306,833	14,445,900	13,840,929	16,751,106	
One year later	10,248,349	11,217,358	14,029,188	14,384,248	-	
Two years later	9,598,465	10,969,960	15,124,399	-	-	
Three years later	9,408,437	11,964,520	-	-	-	
Four years later	10,035,945	-	-	-	-	
Estimate of cumulative claims	10,035,945	11,964,520	15,124,399	14,384,248	16,751,106	68,260,218
Cumulative payments to date	(9,963,387)	(11,734,408)	(14,453,149)	(12,841,579)	(10,432,043)	(59,424,566)
Liabilities recognised in the consolidated statement of financial position	72,558	230,112	671,250	1,542,669	6,319,063	8,835,652
Liabilities in respect of accident years 2015 and earlier						740,349
Total liabilities included in the consolidated statement of financial position						<u>9,576,001</u>

## 2 INSURANCE, FINANCIAL AND CAPITAL RISK MANAGEMENT (Continued)

### (h) Claims development (Continued)

#### *Analysis of claims development – net of reinsurance for TPI*

*For the year ended 31 December 2021*

	Accident year					Total
	2017	2018	2019	2020	2021	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<i>Estimate of cumulative claims</i>						
At the end of accident year	10,674,561	12,267,135	12,014,214	14,429,907	21,422,187	
One year later	9,790,049	11,915,878	12,563,167	15,108,821	-	
Two years later	9,558,636	12,827,492	13,178,036	-	-	
Three years later	10,462,692	13,430,056	-	-	-	
Four years later	10,798,635	-	-	-	-	
Estimate of cumulative claims	10,798,635	13,430,056	13,178,036	15,108,821	21,422,187	73,937,735
Cumulative payments to date	(10,706,143)	(13,151,488)	(12,702,573)	(13,450,487)	(14,448,548)	(64,459,239)
Liabilities recognised in the consolidated statement of financial position	92,492	278,568	475,463	1,658,334	6,973,639	9,478,496
Liabilities in respect of accident years 2016 and earlier						714,772
Total liabilities included in the consolidated statement of financial position						<u>10,193,268</u>

*For the year ended 31 December 2020*

	Accident year					Total
	2016	2017	2018	2019	2020	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<i>Estimate of cumulative claims</i>						
At the end of accident year	8,766,325	10,674,561	12,267,135	12,014,214	14,429,907	
One year later	9,075,149	9,790,049	11,915,878	12,563,167	-	
Two years later	8,503,323	9,558,636	12,827,492	-	-	
Three years later	8,348,150	10,462,692	-	-	-	
Four years later	8,905,569	-	-	-	-	
Estimate of cumulative claims	8,905,569	10,462,692	12,827,492	12,563,167	14,429,907	59,188,827
Cumulative payments to date	(8,854,196)	(10,280,949)	(12,264,493)	(11,324,735)	(9,350,905)	(52,075,278)
Liabilities recognised in the consolidated statement of financial position	51,373	181,743	562,999	1,238,432	5,079,002	7,113,549
Liabilities in respect of accident years 2015 and earlier						573,202
Total liabilities included in the consolidated statement of financial position						<u>7,686,751</u>

## 2 INSURANCE, FINANCIAL AND CAPITAL RISK MANAGEMENT (Continued)

### (h) Claims development (Continued)

#### *Analysis of claims development – gross of reinsurance for CTPI (HK)*

*For the year ended 31 December 2021*

	Accident year					Total
	2017	2018	2019	2020	2021	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<i>Estimate of cumulative claims</i>						
At the end of accident year	1,860,528	2,335,527	2,161,739	2,827,517	1,977,656	
One year later	1,827,844	2,250,962	2,024,358	2,255,299	-	
Two years later	1,791,725	2,186,594	1,935,649	-	-	
Three years later	1,738,845	2,119,210	-	-	-	
Four years later	1,690,990	-	-	-	-	
Estimate of cumulative claims	1,690,990	2,119,210	1,935,649	2,255,299	1,977,656	9,978,804
Cumulative payments to date	(1,581,841)	(1,806,107)	(1,297,179)	(1,068,510)	(474,497)	(6,228,134)
Liabilities recognised in the consolidated statement of financial position	109,149	313,103	638,470	1,186,789	1,503,159	3,750,670
Liabilities in respect of accident years 2016 and earlier						321,074
Total liabilities included in the consolidated statement of financial position						<u>4,071,744</u>

*For the year ended 31 December 2020*

	Accident year					Total
	2016	2017	2018	2019	2020	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<i>Estimate of cumulative claims</i>						
At the end of accident year	1,418,568	1,860,528	2,335,527	2,161,739	2,827,517	
One year later	1,306,749	1,827,844	2,250,962	2,024,358	-	
Two years later	1,209,753	1,791,725	2,186,594	-	-	
Three years later	1,169,543	1,738,845	-	-	-	
Four years later	1,133,670	-	-	-	-	
Estimate of cumulative claims	1,133,670	1,738,845	2,186,594	2,024,358	2,827,517	9,910,984
Cumulative payments to date	(1,031,347)	(1,507,870)	(1,584,649)	(1,080,456)	(718,933)	(5,923,255)
Liabilities recognised in the consolidated statement of financial position	102,323	230,975	601,945	943,902	2,108,584	3,987,729
Liabilities in respect of accident years 2015 and earlier						183,969
Total liabilities included in the consolidated statement of financial position						<u>4,171,698</u>



## 2 INSURANCE, FINANCIAL AND CAPITAL RISK MANAGEMENT (Continued)

### (h) Claims development (Continued)

#### *Analysis of claims development – net of reinsurance for CTPI (HK)*

*For the year ended 31 December 2021*

	Accident year					Total
	2017	2018	2019	2020	2021	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<i>Estimate of cumulative claims</i>						
At the end of accident year	1,276,874	1,332,987	1,425,108	1,619,386	1,379,796	
One year later	1,229,325	1,266,623	1,314,996	1,478,119	-	
Two years later	1,231,889	1,227,102	1,243,668	-	-	
Three years later	1,207,041	1,184,967	-	-	-	
Four years later	1,155,380	-	-	-	-	
Estimate of cumulative claims	1,155,380	1,184,967	1,243,668	1,478,119	1,379,796	6,441,930
Cumulative payments to date	(1,083,632)	(1,016,706)	(946,592)	(956,453)	(454,437)	(4,457,820)
Liabilities recognised in the consolidated statement of financial position	71,748	168,261	297,076	521,666	925,359	1,984,110
Liabilities in respect of accident years 2016 and earlier						239,577
Total liabilities included in the consolidated statement of financial position						<u>2,223,687</u>

*For the year ended 31 December 2020*

	Accident year					Total
	2016	2017	2018	2019	2020	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<i>Estimate of cumulative claims</i>						
At the end of accident year	1,098,676	1,276,874	1,332,987	1,425,108	1,619,386	
One year later	1,019,136	1,229,325	1,266,623	1,314,996	-	
Two years later	966,797	1,231,889	1,227,102	-	-	
Three years later	936,196	1,207,041	-	-	-	
Four years later	912,071	-	-	-	-	
Estimate of cumulative claims	912,071	1,207,041	1,227,102	1,314,996	1,619,386	6,280,596
Cumulative payments to date	(832,365)	(1,034,781)	(923,714)	(797,575)	(692,863)	(4,281,298)
Liabilities recognised in the consolidated statement of financial position	79,706	172,260	303,388	517,421	926,523	1,999,298
Liabilities in respect of accident years 2015 and earlier						108,929
Total liabilities included in the consolidated statement of financial position						<u>2,108,227</u>

## 2 INSURANCE, FINANCIAL AND CAPITAL RISK MANAGEMENT (Continued)

### (h) Claims development (Continued)

#### *Analysis of claims development – gross of reinsurance for TPR*

*For the year ended 31 December 2021*

	Underwriting year					Total \$'000
	2017 \$'000	2018 \$'000	2019 \$'000	2020 \$'000	2021 \$'000	
<i>Estimate of cumulative claims</i>						
At the end of underwriting year	3,195,134	3,000,706	3,098,357	3,085,021	3,733,197	
One year later	5,479,160	5,998,606	6,654,205	6,309,820	-	
Two years later	5,637,361	6,383,784	7,072,800	-	-	
Three years later	5,821,498	6,566,691	-	-	-	
Four years later	5,944,105	-	-	-	-	
Estimate of cumulative claims	5,944,105	6,566,691	7,072,800	6,309,820	3,733,197	29,626,613
Cumulative payments to date	(5,447,702)	(5,589,606)	(4,928,597)	(3,062,320)	(539,838)	(19,568,063)
Liabilities recognised in the consolidated statement of financial position	496,403	977,085	2,144,203	3,247,500	3,193,359	10,058,550
Liabilities in respect of underwriting years 2016 and earlier						962,611
Total liabilities included in the consolidated statement of financial position						<u>11,021,161</u>

*Note:* The above balances exclude the claims liabilities for the life reinsurance business.

*For the year ended 31 December 2020*

	Underwriting year					Total \$'000
	2016 \$'000	2017 \$'000	2018 \$'000	2019 \$'000	2020 \$'000	
<i>Estimate of cumulative claims</i>						
At the end of underwriting year	1,989,866	3,195,134	3,000,706	3,098,357	3,085,021	
One year later	3,238,792	5,479,160	5,998,606	6,654,205	-	
Two years later	3,325,499	5,637,361	6,383,784	-	-	
Three years later	3,353,561	5,821,498	-	-	-	
Four years later	3,305,527	-	-	-	-	
Estimate of cumulative claims	3,305,527	5,821,498	6,383,784	6,654,205	3,085,021	25,250,035
Cumulative payments to date	(3,006,370)	(5,161,387)	(5,013,000)	(3,518,797)	(406,600)	(17,106,154)
Liabilities recognised in the consolidated statement of financial position	299,157	660,111	1,370,784	3,135,408	2,678,421	8,143,881
Liabilities in respect of underwriting years 2015 and earlier						772,093
Total liabilities included in the consolidated statement of financial position						<u>8,915,974</u>

*Note:* The above balances exclude the claims liabilities for the life reinsurance business.

## 2 INSURANCE, FINANCIAL AND CAPITAL RISK MANAGEMENT (Continued)

### (h) Claims development (Continued)

#### *Analysis of claims development – net of reinsurance for TPRe*

*For the year ended 31 December 2021*

	Underwriting year					Total \$'000
	2017 \$'000	2018 \$'000	2019 \$'000	2020 \$'000	2021 \$'000	
<i>Estimate of cumulative claims</i>						
At the end of underwriting year	2,397,915	2,496,571	2,641,710	2,761,383	3,273,561	
One year later	4,246,307	4,862,406	5,575,753	5,518,968	-	
Two years later	4,339,595	5,129,708	5,936,863	-	-	
Three years later	4,491,098	5,299,290	-	-	-	
Four years later	4,627,171	-	-	-	-	
Estimate of cumulative claims	4,627,171	5,299,290	5,936,863	5,518,968	3,273,561	24,655,853
Cumulative payments to date	(4,266,331)	(4,596,978)	(4,308,965)	(2,798,377)	(471,529)	(16,442,180)
Liabilities recognised in the consolidated statement of financial position	360,840	702,312	1,627,898	2,720,591	2,802,032	8,213,673
Liabilities in respect of underwriting years 2016 and earlier						860,359
Total liabilities included in the consolidated statement of financial position						<u>9,074,032</u>

*Note:* The above balances exclude the claims liabilities for the life reinsurance business.

*For the year ended 31 December 2020*

	Underwriting year					Total \$'000
	2016 \$'000	2017 \$'000	2018 \$'000	2019 \$'000	2020 \$'000	
<i>Estimate of cumulative claims</i>						
At the end of underwriting year	1,712,021	2,397,915	2,496,571	2,641,710	2,761,383	
One year later	2,755,642	4,246,307	4,862,406	5,575,753	-	
Two years later	2,843,977	4,339,595	5,129,708	-	-	
Three years later	2,885,812	4,491,098	-	-	-	
Four years later	2,848,543	-	-	-	-	
Estimate of cumulative claims	2,848,543	4,491,098	5,129,708	5,575,753	2,761,383	20,806,485
Cumulative payments to date	(2,612,724)	(4,057,753)	(4,164,701)	(3,196,197)	(415,985)	(14,447,360)
Liabilities recognised in the consolidated statement of financial position	235,819	433,345	965,007	2,379,556	2,345,398	6,359,125
Liabilities in respect of underwriting years 2015 and earlier						711,487
Total liabilities included in the consolidated statement of financial position						<u>7,070,612</u>

*Note:* The above balances exclude the claims liabilities for the life reinsurance business.

### **3 SEGMENT INFORMATION**

The Group is organised primarily based on different types of businesses. The information reported to the Board, being the chief operating decision maker, for the purpose of resources allocation and performance assessment, are prepared and reported on such basis. Accordingly, the Group's operating segments are detailed as follows:

- Life insurance business;
- PRC property and casualty insurance business;
- Overseas property and casualty insurance business;
- Reinsurance business;
- Pension and group life insurance business; and
- Other businesses which comprised the asset management business, insurance intermediary business, financial leasing, property investment business, securities dealing and broking business.

Information regarding the above segments is reported below.

Management monitors the operating results of the Group's business units separately for the purpose of performance assessment.

### 3 SEGMENT INFORMATION (Continued)

#### a. Segmental statement of profit or loss for 2021

	Year ended 31 December 2021							Total \$'000
	Life insurance \$'000	PRC property and casualty insurance \$'000	Overseas property and casualty insurance \$'000	Reinsurance \$'000	Pension and group life insurance \$'000	Other businesses \$'000	Inter- segment elimination and adjustment \$'000	
<b>Income</b>								
Total premiums written and policy fees	197,607,122	33,687,028	6,471,973	18,650,150	8,082,216	-	(1,949,229)	262,549,260
Less: Premiums ceded to reinsurers	(4,199,064)	(2,920,490)	(2,513,222)	(2,246,496)	(663,054)	-	1,706,880	(10,835,446)
Net premiums written and policy fees	193,408,058	30,766,538	3,958,751	16,403,654	7,419,162	-	(242,349)	251,713,814
Change in unearned premium provisions, net of reinsurance	(598,796)	(248,032)	(137,572)	(203,226)	(38,673)	-	8,166	(1,218,133)
Net earned premiums and policy fees	192,809,262	30,518,506	3,821,179	16,200,428	7,380,489	-	(234,183)	250,495,681
Net investment income (note (i))	38,631,501	1,192,034	381,990	1,693,071	649,386	1,265,155	174,365	43,987,502
Net realised investment gains/(losses) (note (ii))	15,835,046	613,598	19,444	(11,837)	204,135	496,210	2,865,844	20,022,440
Net unrealised investment gains/(losses) and impairment (note (iii))	(2,869,333)	(3,334)	(233,288)	(281,334)	(27,463)	(318,467)	(2,049,367)	(5,782,586)
Other income	2,572,722	100,563	79,669	200,994	1,837,642	7,852,640	(5,509,651)	7,134,579
Segment income	246,979,198	32,421,367	4,068,994	17,801,322	10,044,189	9,295,538	(4,752,992)	315,857,616
<b>Benefits, losses and expenses</b>								
Net policyholders' benefits	(47,515,375)	(21,652,415)	(2,329,059)	(10,281,312)	(4,217,168)	-	87,222	(85,908,107)
Net commission and handling fee expenses	(17,233,978)	(4,065,928)	(852,238)	(3,091,045)	(466,509)	(502)	1,603,334	(24,106,866)
Administrative and other expenses	(20,000,941)	(7,061,698)	(749,338)	(462,594)	(2,969,753)	(6,429,260)	3,254,838	(34,418,746)
Change in life insurance contract liabilities, net of reinsurance	(152,942,585)	-	-	(3,895,227)	(1,901,544)	-	1,401	(158,737,955)
Total benefits, losses and expenses	(237,692,879)	(32,780,041)	(3,930,635)	(17,730,178)	(9,554,974)	(6,429,762)	4,946,795	(303,171,674)
Share of results of associates and joint ventures	9,286,319	(358,674)	138,359	71,144	489,215	2,865,776	193,803	12,685,942
Finance costs	1,296,818	(2,301)	-	-	26,930	5,796	(717,817)	609,426
	(182,491)	(176,027)	(8,972)	(4,623)	(63,087)	(2,225,365)	279,033	(2,381,532)
<b>Profit before taxation</b>	10,400,646	(537,002)	129,387	66,521	453,058	646,207	(244,981)	10,913,836
Income tax credits/(charges)	714,947	155,043	(111,405)	(56,894)	(75,762)	(589,718)	2,326	38,537
<b>Profit after taxation</b>	11,115,593	(381,959)	17,982	9,627	377,296	56,489	(242,655)	10,952,373
Non-controlling interests								(3,438,672)
<b>Profit attributable to owners of the Company</b>								<b>7,513,701</b>

Segment revenue (including total premiums written and policy fees) and segment profit/(loss) represent the revenue and profit/(loss) earned by each segment which is the measure reported to the Board for the purpose of resource allocation and assessment of segment performance.

### 3 SEGMENT INFORMATION (Continued)

#### a. Segmental statement of profit or loss for 2021 (Continued)

	Year ended 31 December 2021							Total \$'000
	Life insurance \$'000	PRC property and casualty insurance \$'000	Overseas property and casualty insurance \$'000	Reinsurance \$'000	Pension and group life insurance \$'000	Other businesses \$'000	Inter- segment elimination and adjustment \$'000	
<b>Note (i): Net investment income</b>								
Interests income from debt securities								
- Held-to-maturity	16,790,550	189,621	93,006	1,188,941	-	44,750	(2,007)	18,304,861
- Available-for-sale	2,713,186	83,466	32,361	175,476	217,733	5,973	22	3,228,217
- Held-for-trading	82,483	505	60,995	3,303	3	90,585	853,588	1,091,462
- Designated at fair value through profit or loss	-	-	3,180	-	-	-	-	3,180
Interests income from debt products								
- Loans and receivables	5,703,411	417,103	6,558	71,500	272,511	69,021	372,919	6,913,023
Dividend income from equity securities								
- Available-for-sale	4,756,755	124,489	15,260	59,365	20,184	59,214	4,962	5,040,229
- Held-for-trading	8,288	-	2,692	-	-	9,711	199,391	220,082
Dividend income from investment funds								
- Available-for-sale	813,624	32,955	1,353	8,007	11,245	2,623	(82,651)	787,156
- Held-for-trading	588,507	19,193	218	9,229	5,410	16,687	(334,327)	304,917
- Designated at fair value through profit or loss	196,909	-	-	-	-	40,393	(144,520)	92,782
Interests income from investment funds								
- Loans and receivables	67,140	-	33,896	32,626	-	41,743	-	175,405
Bank deposits and other interests income	6,809,971	311,487	28,182	139,527	130,495	97,915	(227,234)	7,290,343
Net rental income receivable from investment properties	219,297	25,445	104,289	6,758	12,339	816,063	(342,263)	841,928
Net interest income/(expenses) on securities sold/purchased under repurchase/resale agreements	(118,620)	(12,230)	-	(1,661)	(20,534)	(29,523)	(123,515)	(306,083)
	<b>38,631,501</b>	<b>1,192,034</b>	<b>381,990</b>	<b>1,693,071</b>	<b>649,386</b>	<b>1,265,155</b>	<b>174,365</b>	<b>43,987,502</b>

### 3 SEGMENT INFORMATION (Continued)

#### a. Segmental statement of profit or loss for 2021 (Continued)

	Year ended 31 December 2021							Total \$'000
	Life insurance \$'000	PRC property and casualty insurance \$'000	Overseas property and casualty insurance \$'000	Reinsurance \$'000	Pension and group life insurance \$'000	Other businesses \$'000	Inter- segment elimination and adjustment \$'000	
<b>Note (ii): Net realised investment gains/(losses)</b>								
Debt securities								
- Held-to-maturity	182,462	-	4,293	59,111	-	(388)	-	245,478
- Available-for-sale	500,841	2,756	20,255	119,282	33	1,085	(10)	644,242
- Held-for-trading	115,233	7,683	(9,329)	7,145	94	(2,247)	205,838	324,417
Equity securities								
- Available-for-sale	13,430,405	559,724	4,390	(211,207)	198,712	426,812	427	14,409,263
- Held-for-trading	17,162	-	5,603	-	-	2	2,599,063	2,621,830
Investment funds								
- Available-for-sale	825,314	43,435	(5,144)	13,832	5,296	1,750	(1,148)	883,335
- Held-for-trading	7,762	-	(624)	-	-	40,777	64,382	112,297
- Designated at fair value through profit or loss	2,708	-	-	-	-	-	(2,708)	-
Gain on disposal of associates	753,159	-	-	-	-	-	-	753,159
Gains on disposal of investment properties	-	-	-	-	-	28,419	-	28,419
	<b>15,835,046</b>	<b>613,598</b>	<b>19,444</b>	<b>(11,837)</b>	<b>204,135</b>	<b>496,210</b>	<b>2,865,844</b>	<b>20,022,440</b>
<b>Note (iii): Net unrealised investment gains/(losses) and impairment</b>								
Debt securities								
- Held-for-trading	13,885	10,790	(43,028)	6,686	473	33,525	281,439	303,770
- Designated at fair value through profit or loss	-	-	(1,622)	-	-	-	-	(1,622)
Equity securities								
- Held-for-trading	(68,807)	(1,305)	593	-	-	3,132	(2,654,813)	(2,721,200)
Investment funds								
- Held-for-trading	(479,135)	-	(4,484)	-	754	(34,041)	(443,133)	(960,039)
- Designated at fair value through profit or loss	221,347	-	-	-	-	(14,130)	(71,777)	135,440
Deficit on revaluation of investment properties	(83,279)	(8,852)	545	(540)	(15,090)	(478,669)	92,072	(493,813)
Impairment loss recognised:								
- Available-for-sale debt securities, equity securities and investment funds	(1,264,304)	(6,674)	(12,147)	(39,474)	-	341,558	746,856	(234,185)
- Loans and receivables debt products and investment funds	(978,071)	2,707	(173,145)	(248,006)	(13,600)	(169,842)	(11)	(1,579,968)
- Held-to-maturity debt securities	(230,969)	-	-	-	-	-	-	(230,969)
	<b>(2,869,333)</b>	<b>(3,334)</b>	<b>(233,288)</b>	<b>(281,334)</b>	<b>(27,463)</b>	<b>(318,467)</b>	<b>(2,049,367)</b>	<b>(5,782,586)</b>

### 3 SEGMENT INFORMATION (Continued)

#### b. Segmental statement of financial position for 2021

	At 31 December 2021							Total \$'000
	Life insurance \$'000	PRC property and casualty insurance \$'000	Overseas property and casualty insurance \$'000	Reinsurance \$'000	Pension and group life insurance \$'000	Other businesses \$'000	Inter- segment elimination and adjustment \$'000	
Statutory deposits	2,507,143	1,528,865	318,242	450,063	733,855	5,410	-	5,543,578
Fixed assets								
- Property and equipment	5,147,679	1,168,701	505,531	26,576	486,133	19,854,192	5,755,902	32,944,714
- Investment properties	5,039,873	611,485	3,149,593	233,700	288,699	20,455,502	(7,339,180)	22,439,672
- Right-of-use assets	2,268,238	581,468	26,407	140,246	265,057	5,950,287	(1,020,699)	8,211,004
Investments in debt and equity securities								
- Debt securities (note (i))	528,213,444	7,534,628	5,035,300	35,440,581	7,630,850	3,801,562	36,393,108	624,049,473
- Equity securities (note (ii))	135,905,326	4,705,522	754,600	2,691,001	1,165,433	3,970,053	23,456,848	172,648,783
- Investment funds (note (iii))	72,151,189	2,669,652	1,528,134	2,888,162	222,639	2,381,755	(33,911,198)	47,930,333
- Debt products (note (iv))	103,049,526	6,971,728	100,000	1,310,594	4,515,477	1,848,103	1,100,783	118,896,211
Cash and bank deposits	80,417,304	6,483,287	1,823,852	5,141,116	4,086,035	9,743,188	5,678,133	113,372,915
Goodwill	-	-	-	-	-	55,431	668,517	723,948
Intangible assets	-	-	-	-	-	-	261,408	261,408
Interests in associates and joint ventures	37,669,297	2,988,756	-	-	1,182,675	2,979,386	(24,140,581)	20,679,533
Reinsurers' share of insurance contract provisions	3,369,253	3,051,350	4,055,225	3,692,046	428,945	-	(1,263,621)	13,333,198
Policyholder account assets in respect of unit-linked products	1,603,338	-	-	-	-	-	-	1,603,338
Finance lease receivables	-	-	-	-	-	51,294,691	-	51,294,691
Other segment assets	121,274,358	5,687,465	1,889,611	10,803,480	3,108,565	6,642,171	(4,696,475)	144,709,175
<b>Segment assets</b>	<b>1,098,615,968</b>	<b>43,982,907</b>	<b>19,186,495</b>	<b>62,817,565</b>	<b>24,114,363</b>	<b>128,981,731</b>	<b>942,945</b>	<b>1,378,641,974</b>
Life insurance contract liabilities	859,916,296	-	-	21,042,431	7,365,964	-	(507,839)	887,816,852
Unearned premium provisions	4,387,435	13,224,686	2,231,674	3,127,506	2,010,680	-	(185,953)	24,796,028
Provision for outstanding claims	1,409,666	10,523,889	6,663,760	11,270,116	1,380,480	-	(569,849)	30,678,062
Investment contract liabilities	77,981,743	-	132,012	6,602,465	1,774,731	-	-	86,490,951
Interest-bearing notes	14,707,790	3,669,276	-	-	-	14,463,578	(42,919)	32,797,725
Bank borrowings	-	-	100,000	-	-	61,641,641	(1,596,135)	60,145,506
Lease liabilities	2,092,312	537,503	26,829	144,927	273,472	261,825	(1,106,541)	2,230,327
Securities sold under repurchase agreements	6,863,136	489,114	-	234,053	358,293	340,050	11,088,453	19,373,099
Other segment liabilities	78,695,635	7,494,967	2,250,748	8,670,941	6,789,476	17,451,513	(495,816)	120,857,464
<b>Segment liabilities</b>	<b>1,046,054,013</b>	<b>35,939,435</b>	<b>11,405,023</b>	<b>51,092,439</b>	<b>19,953,096</b>	<b>94,158,607</b>	<b>6,583,401</b>	<b>1,265,186,014</b>
<b>Non-controlling interests</b>								<b>(25,389,128)</b>
<b>Net assets attributable to the owners of the Company</b>								<b>88,066,832</b>

Segment assets and segment liabilities represent the assets/liabilities recorded by each segment which is the measure reported to the Board for the purpose of resource allocation and assessment of segment performance.



### 3 SEGMENT INFORMATION (Continued)

#### b. Segmental statement of financial position for 2021 (Continued)

	At 31 December 2021							Total \$'000
	Life insurance \$'000	PRC property and casualty insurance \$'000	Overseas property and casualty insurance \$'000	Reinsurance \$'000	Pension and group life insurance \$'000	Other businesses \$'000	Inter- segment elimination and adjustment \$'000	
<b>Note (i): Debt securities</b>								
By category:								
- Held-to-maturity	445,062,818	4,866,668	2,037,105	27,784,117	-	1,265,175	(42,919)	480,972,964
- Available-for-sale	79,653,084	2,439,864	1,341,824	7,510,605	7,622,110	175,487	-	98,742,974
- Held-for-trading	3,497,542	228,096	1,573,021	145,859	8,740	2,360,900	36,436,027	44,250,185
- Designated at fair value through profit or loss	-	-	83,350	-	-	-	-	83,350
	<b>528,213,444</b>	<b>7,534,628</b>	<b>5,035,300</b>	<b>35,440,581</b>	<b>7,630,850</b>	<b>3,801,562</b>	<b>36,393,108</b>	<b>624,049,473</b>
<b>Note (ii): Equity securities</b>								
By category:								
- Available-for-sale	135,438,358	4,705,522	640,948	2,691,001	1,165,433	3,847,207	(1,025,835)	147,462,634
- Held-for-trading	466,968	-	113,652	-	-	122,846	24,482,683	25,186,149
	<b>135,905,326</b>	<b>4,705,522</b>	<b>754,600</b>	<b>2,691,001</b>	<b>1,165,433</b>	<b>3,970,053</b>	<b>23,456,848</b>	<b>172,648,783</b>
<b>Note (iii): Investment funds</b>								
By category:								
- Available-for-sale	27,843,028	1,722,699	92,851	1,017,722	197,412	491,044	(1,241,575)	30,123,181
- Held-for-trading	21,666,716	946,953	50,770	454,074	25,227	1,022,884	(11,040,969)	13,125,655
- Designated at fair value through profit or loss	21,628,654	-	-	-	-	106,575	(21,628,654)	106,575
- Loans and receivables	1,012,791	-	1,384,513	1,416,366	-	761,252	-	4,574,922
	<b>72,151,189</b>	<b>2,669,652</b>	<b>1,528,134</b>	<b>2,888,162</b>	<b>222,639</b>	<b>2,381,755</b>	<b>(33,911,198)</b>	<b>47,930,333</b>
<b>Note (iv): Debt products</b>								
By category:								
- Loans and receivables	103,049,526	6,971,728	100,000	1,310,594	4,515,477	1,848,103	1,100,783	118,896,211

### 3 SEGMENT INFORMATION (Continued)

#### c. Segmental statement of profit or loss for 2020

	Year ended 31 December 2020							Total \$'000
	Life insurance \$'000	PRC property and casualty insurance \$'000	Overseas property and casualty insurance \$'000	Reinsurance \$'000	Pension and group life insurance \$'000	Other businesses \$'000	Inter- segment elimination and adjustment \$'000	
<b>Income</b>								
Total premiums written and policy fees	173,963,310	31,949,761	7,209,039	16,268,245	6,636,650	-	(2,492,473)	233,534,532
Less: Premiums ceded to reinsurers	(4,952,768)	(4,978,222)	(2,379,238)	(2,583,998)	(613,803)	-	2,306,490	(13,201,539)
Net premiums written and policy fees	169,010,542	26,971,539	4,829,801	13,684,247	6,022,847	-	(185,983)	220,332,993
Change in unearned premium provisions, net of reinsurance	(477,531)	(1,263,070)	18,107	(191,768)	(477,143)	-	(9,855)	(2,401,260)
Net earned premiums and policy fees	168,533,011	25,708,469	4,847,908	13,492,479	5,545,704	-	(195,838)	217,931,733
Net investment income (note (i))	31,083,281	1,094,805	494,799	1,684,475	528,676	1,139,762	271,095	36,296,893
Net realised investment gains/(losses) (note (ii))	9,999,121	294,365	11,482	152,299	185,575	233,410	3,070,021	13,946,273
Net unrealised investment gains/(losses) and impairment (note (iii))	(1,488,466)	(217,059)	(622,190)	(709,559)	(99,595)	(1,710,726)	1,475,333	(3,372,262)
Other income	2,830,992	95,800	69,471	77,843	1,459,563	6,439,357	(5,662,417)	5,310,609
<b>Segment income</b>	<b>210,957,939</b>	<b>26,976,380</b>	<b>4,801,470</b>	<b>14,697,537</b>	<b>7,619,923</b>	<b>6,101,803</b>	<b>(1,041,806)</b>	<b>270,113,246</b>
<b>Benefits, losses and expenses</b>								
Net policyholders' benefits	(35,417,411)	(14,182,087)	(2,972,877)	(9,873,792)	(2,893,076)	-	65,179	(65,274,064)
Net commission and handling fee expenses	(14,909,555)	(3,818,954)	(1,224,078)	(2,745,792)	(417,278)	-	1,969,812	(21,145,845)
Administrative and other expenses	(19,514,793)	(8,838,600)	(696,832)	(426,028)	(2,264,385)	(5,339,801)	2,830,472	(34,249,967)
Change in life insurance contract liabilities, net of reinsurance	(128,997,565)	-	-	(1,836,294)	(1,582,821)	-	(328)	(132,417,008)
<b>Total benefits, losses and expenses</b>	<b>(198,839,324)</b>	<b>(26,839,641)</b>	<b>(4,893,787)</b>	<b>(14,881,906)</b>	<b>(7,157,560)</b>	<b>(5,339,801)</b>	<b>4,865,135</b>	<b>(253,086,884)</b>
Share of results of associates and joint ventures	12,118,615	136,739	(92,317)	(184,369)	462,363	762,002	3,823,329	17,026,362
Finance costs	4,571,818	19,657	-	-	48,637	(2,191,952)	(4,019,350)	(1,571,190)
Profit before taxation	(162,187)	(164,438)	(36,486)	(5,126)	(72,633)	(2,008,977)	259,484	(2,190,363)
Income tax charges	16,528,246	(8,042)	(128,803)	(189,495)	438,367	(3,438,927)	63,463	13,264,809
Profit after taxation	(2,317,468)	10,804	19,838	19,858	(97,556)	(419,484)	(23,920)	(2,807,928)
Non-controlling interests	14,210,778	2,762	(108,965)	(169,637)	340,811	(3,858,411)	39,543	10,456,881
Profit attributable to owners of the Company								(3,907,901)
								<u>6,548,980</u>

Segment revenue (including total premiums written and policy fees) and segment profit/(loss) represent the revenue and profit/(loss) earned by each segment which is the measure reported to the Board for the purpose of resource allocation and assessment of segment performance.

### 3 SEGMENT INFORMATION (Continued)

#### c. Segmental statement of profit or loss for 2020 (Continued)

	Year ended 31 December 2020							Total \$'000
	Life insurance \$'000	PRC property and casualty insurance \$'000	Overseas property and casualty insurance \$'000	Reinsurance \$'000	Pension and group life insurance \$'000	Other businesses \$'000	Inter- segment elimination and adjustment \$'000	
<i>Note (i): Net investment income</i>								
Interests income from debt securities								
- Held-to-maturity	12,037,914	157,159	96,508	1,142,499	-	26,320	(1,273)	13,459,127
- Available-for-sale	2,802,929	90,483	27,784	125,004	106,175	19,818	43	3,172,236
- Held-for-trading	55,683	302	73,309	2,808	-	77,048	436,427	645,577
- Designated at fair value through profit or loss	-	-	3,300	-	-	-	-	3,300
Interests income from debt products								
- Loans and receivables	5,532,198	394,625	8,766	70,546	273,899	188,715	497,393	6,966,142
Dividend income from equity securities								
- Available-for-sale	3,761,776	99,441	9,591	9,569	18,703	51,713	(77,843)	3,872,950
- Held-for-trading	3,923	-	2,374	-	-	10,525	160,263	177,085
- Designated at fair value through profit or loss	151,476	-	-	-	-	-	-	151,476
Dividend income from investment funds								
- Available-for-sale	783,923	42,759	4,796	48,852	18,403	5,539	(173,360)	730,912
- Held-for-trading	258,463	3,275	3,158	712	478	5,296	(142,525)	128,857
- Designated at fair value through profit or loss	-	-	-	-	-	12,051	-	12,051
Interests income from investment funds								
- Loans and receivables	111,567	-	129,456	140,990	-	71,641	-	453,654
Bank deposits and other interests income	5,834,635	282,682	39,996	138,353	103,830	61,432	(188,652)	6,272,276
Net rental income receivable from investment properties	239,433	21,788	95,761	5,179	13,234	618,572	(265,911)	728,056
Net interest income/(expenses) on securities sold/purchased under repurchase/resale agreements	(490,639)	2,291	-	(37)	(6,046)	(8,908)	26,533	(476,806)
	<u>31,083,281</u>	<u>1,094,805</u>	<u>494,799</u>	<u>1,684,475</u>	<u>528,676</u>	<u>1,139,762</u>	<u>271,095</u>	<u>36,296,893</u>

### 3 SEGMENT INFORMATION (Continued)

#### c. Segmental statement of profit or loss for 2020 (Continued)

	Year ended 31 December 2020							Total \$'000
	Life insurance \$'000	PRC property and casualty insurance \$'000	Overseas property and casualty insurance \$'000	Reinsurance \$'000	Pension and group life insurance \$'000	Other businesses \$'000	Inter- segment elimination and adjustment \$'000	
<i>Note (ii): Net realised investment gains/(losses)</i>								
Debt securities								
- Held-to-maturity	(55,650)	-	16,383	-	-	393	-	(38,874)
- Available-for-sale	1,173,651	425	10,119	54,546	(603)	631	-	1,238,769
- Held-for-trading	68,288	16,340	(16,614)	5,047	990	56,139	(39,086)	91,104
Equity securities								
- Available-for-sale	8,151,778	239,080	(5,065)	86,724	172,705	-	(239)	8,644,983
- Held-for-trading	(7,269)	-	10,446	-	-	(3,358)	3,089,774	3,089,593
Investment funds								
- Available-for-sale	668,323	38,520	(1,406)	5,982	12,483	(21,945)	(1,739)	700,218
- Held-for-trading	-	-	(2,381)	-	-	15,874	21,311	34,804
Gains on disposal of investment properties								
	-	-	-	-	-	185,676	-	185,676
	<u>9,999,121</u>	<u>294,365</u>	<u>11,482</u>	<u>152,299</u>	<u>185,575</u>	<u>233,410</u>	<u>3,070,021</u>	<u>13,946,273</u>

*Note (iii): Net unrealised investment gains/(losses) and impairment*

Debt securities								
- Held-for-trading	35,416	(18,612)	(10,405)	(697)	(953)	(21,505)	(1,937)	(18,693)
- Designated at fair value through profit or loss	-	-	854	-	-	-	-	854
Equity securities								
- Held-for-trading	36,694	-	(364)	-	-	(68,339)	2,300,055	2,268,046
- Designated at fair value through profit or loss	(146,347)	-	-	-	-	-	-	(146,347)
Investment funds								
- Held-for-trading	836,404	-	(20,338)	-	-	10,085	(795,355)	30,796
- Designated at fair value through profit or loss	221,994	-	-	-	-	(101,288)	(221,998)	(101,292)
Deficit on revaluation of investment properties								
	(125,106)	(25,152)	(4,186)	(3,240)	(31,706)	(402,070)	194,568	(396,892)
Impairment loss recognised:								
- Available-for-sale debt securities, equity securities and investment funds	(953,838)	(46,933)	(5,402)	(180,703)	-	(330,946)	-	(1,517,822)
- Loans and receivables debt products and investment funds	(1,393,683)	(126,362)	(582,349)	(487,281)	(66,936)	(796,663)	-	(3,453,274)
- Held-to-maturity debt securities	-	-	-	(37,638)	-	-	-	(37,638)
	<u>(1,488,466)</u>	<u>(217,059)</u>	<u>(622,190)</u>	<u>(709,559)</u>	<u>(99,595)</u>	<u>(1,710,726)</u>	<u>1,475,333</u>	<u>(3,372,262)</u>

### 3 SEGMENT INFORMATION (Continued)

#### d. Segmental statement of financial position for 2020

	At 31 December 2020							Total \$'000
	Life insurance \$'000	PRC property and casualty insurance \$'000	Overseas property and casualty insurance \$'000	Reinsurance \$'000	Pension and group life insurance \$'000	Other businesses \$'000	Inter- segment elimination and adjustment \$'000	
Statutory deposits	3,596,511	1,485,195	97,424	419,084	712,894	6,655	-	6,317,763
Fixed assets								
- Property and equipment	4,952,551	1,081,753	460,873	31,670	437,312	10,219,861	5,838,526	23,022,546
- Investment properties	5,008,876	602,752	3,202,632	234,240	301,899	16,707,308	(7,265,598)	18,792,109
- Right-of-use assets	2,279,202	545,831	9,996	99,137	301,668	6,007,073	(969,300)	8,273,607
Investments in debt and equity securities								
- Debt securities (note (i))	414,414,378	6,820,692	4,940,909	31,331,381	3,793,517	3,289,272	28,718,354	493,308,503
- Equity securities (note (ii))	131,760,857	3,986,144	509,704	1,062,859	1,315,390	4,216,735	18,345,533	161,197,222
- Investment funds (note (iii))	54,952,659	1,739,422	1,681,643	2,710,378	455,922	2,195,889	(26,722,636)	37,013,277
- Debt products (note (iv))	109,934,826	8,091,969	123,759	1,324,121	5,098,084	2,042,410	3,552,587	130,167,756
Cash and bank deposits	64,429,527	7,628,329	1,772,697	4,737,314	2,391,176	7,126,134	3,790,214	91,875,391
Goodwill	-	-	-	-	-	53,848	668,517	722,365
Intangible assets	-	-	-	-	-	-	261,408	261,408
Interests in associates and joint ventures	31,465,429	2,194,304	-	-	751,877	4,146,102	(20,029,783)	18,527,929
Reinsurers' share of insurance contract provisions	3,681,264	3,290,710	4,312,124	3,697,634	421,198	-	(1,062,871)	14,340,059
Policyholder account assets in respect of unit-linked products	1,443,637	-	-	-	-	-	-	1,443,637
Finance lease receivables	-	-	-	-	-	42,466,477	-	42,466,477
Other segment assets	101,424,010	5,968,219	2,124,023	10,030,380	2,913,667	4,525,548	(5,707,930)	121,277,917
<b>Segment assets</b>	<b>929,343,727</b>	<b>43,435,320</b>	<b>19,235,784</b>	<b>55,678,198</b>	<b>18,894,604</b>	<b>103,003,312</b>	<b>(582,979)</b>	<b>1,169,007,966</b>
Life insurance contract liabilities	684,316,482	-	-	17,192,047	5,276,851	-	-	706,785,380
Unearned premium provisions	4,730,434	12,582,981	2,197,462	2,931,579	1,912,039	-	(296,844)	24,057,651
Provision for outstanding claims	1,366,724	8,034,191	6,792,807	9,069,053	969,972	-	(766,025)	25,466,722
Investment contract liabilities	68,594,595	-	124,287	6,671,299	1,648,962	-	-	77,039,143
Interest-bearing notes	2,410,299	3,564,469	-	-	-	9,404,186	(42,669)	15,336,285
Bank borrowings	-	-	391,300	-	-	43,753,369	(487,144)	43,657,525
Lease liabilities	2,096,712	488,404	10,397	103,324	317,404	301,989	(1,041,724)	2,276,506
Securities sold under repurchase agreements	29,889,794	1,841,451	-	-	718,830	745,043	5,281,824	38,476,942
Other segment liabilities	75,111,433	8,450,384	1,897,816	7,668,014	4,502,986	20,540,877	1,127,243	119,298,753
<b>Segment liabilities</b>	<b>868,516,473</b>	<b>34,961,880</b>	<b>11,414,069</b>	<b>43,635,316</b>	<b>15,347,044</b>	<b>74,745,464</b>	<b>3,774,661</b>	<b>1,052,394,907</b>
Non-controlling interests								(25,965,607)
Net assets attributable to the owners of the Company								90,647,452

Segment assets and segment liabilities represent the assets/liabilities recorded by each segment which is the measure reported to the Board for the purpose of resource allocation and assessment of segment performance.

### 3 SEGMENT INFORMATION (Continued)

#### d. Segmental statement of financial position for 2020 (Continued)

At 31 December 2020

	Life insurance \$'000	PRC property and casualty insurance \$'000	Overseas property and casualty insurance \$'000	Reinsurance \$'000	Pension and group life insurance \$'000	Other businesses \$'000	Inter- segment elimination and adjustment \$'000	Total \$'000
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*Note (i): Debt securities*

By category:								
- Held-to-maturity	336,891,255	4,542,879	1,921,498	23,777,078	-	739,295	(42,669)	367,829,336
- Available-for-sale	75,304,259	2,232,399	1,088,156	7,404,330	3,793,517	491,403	-	90,314,064
- Held-for-trading	2,218,864	45,414	1,846,533	149,973	-	2,058,574	28,761,023	35,080,381
- Designated at fair value through profit or loss	-	-	84,722	-	-	-	-	84,722
	<u>414,414,378</u>	<u>6,820,692</u>	<u>4,940,909</u>	<u>31,331,381</u>	<u>3,793,517</u>	<u>3,289,272</u>	<u>28,718,354</u>	<u>493,308,503</u>

*Note (ii): Equity securities*

By category:								
- Available-for-sale	131,443,423	3,986,144	409,746	1,062,859	1,315,390	4,084,333	28,517	142,330,412
- Held-for-trading	317,434	-	99,958	-	-	132,402	18,317,016	18,866,810
	<u>131,760,857</u>	<u>3,986,144</u>	<u>509,704</u>	<u>1,062,859</u>	<u>1,315,390</u>	<u>4,216,735</u>	<u>18,345,533</u>	<u>161,197,222</u>

*Note (iii): Investment funds*

By category:								
- Available-for-sale	26,734,733	1,559,334	56,561	923,465	455,922	972,362	(3,786,120)	26,916,257
- Held-for-trading	17,647,523	180,088	67,422	121,808	-	392,223	(13,790,329)	4,618,735
- Designated at fair value through profit or loss	9,146,187	-	-	-	-	121,112	(9,146,187)	121,112
- Loans and receivables	1,424,216	-	1,557,660	1,665,105	-	710,192	-	5,357,173
	<u>54,952,659</u>	<u>1,739,422</u>	<u>1,681,643</u>	<u>2,710,378</u>	<u>455,922</u>	<u>2,195,889</u>	<u>(26,722,636)</u>	<u>37,013,277</u>

*Note (iv): Debt products*

By category:								
- Loans and receivables	109,934,826	8,091,969	123,759	1,324,121	5,098,084	2,042,410	3,552,587	130,167,756

### 3 SEGMENT INFORMATION (Continued)

#### Geographical distribution:

Approximately 89% (2020: 91%) of the Group's total income is derived from its operations in the PRC (other than Hong Kong and Macau).

The Group's information about its non-current assets by geographical location of the assets are detailed below:

	At 31 December 2021			Total \$'000
	PRC			
	(other than			
	Hong Kong and Macau \$'000	Hong Kong and Macau) \$'000	Rest of the world \$'000	
Non-current assets (other than financial instruments, deferred tax assets, rights arising under insurance and joint ventures)	13,296,822	50,589,662	694,262	64,580,746

	At 31 December 2020			Total \$'000
	PRC			
	(other than			
	Hong Kong and Macau \$'000	Hong Kong and Macau) \$'000	Rest of the world \$'000	
Non-current assets (other than financial instruments, deferred tax assets, rights arising under insurance and joint ventures)	4,326,360	46,049,617	696,058	51,072,035

#### Information about major customers:

There were no customers for the year ended 31 December 2021 and 2020 contributing over 10% of the total premiums written and policy fees of the Group.

#### 4 TOTAL PREMIUMS WRITTEN AND POLICY FEES

##### Principal activities

The principal activity of the Company is investment holding. The principal activities of the Company's subsidiaries are the underwriting of direct life insurance business, property and casualty insurance business, all classes of reinsurance business and pension and group life business. Apart from these, the Group also carries on operations in asset management, property investment, financial leasing, insurance intermediaries and securities dealing and broking.

	Year ended 31 December 2021					Total \$'000
	Life insurance contracts \$'000	PRC property and casualty insurance contracts \$'000	Overseas property and casualty insurance contracts \$'000	Reinsurance contracts \$'000	Pension and group life insurance contracts \$'000	
Total premiums written	197,434,344	33,624,711	6,036,026	16,972,202	7,898,309	261,965,592
Policy fees	171,103	-	-	412,565	-	583,668
	<u>197,605,447</u>	<u>33,624,711</u>	<u>6,036,026</u>	<u>17,384,767</u>	<u>7,898,309</u>	<u>262,549,260</u>

	Year ended 31 December 2020					Total \$'000
	Life insurance contracts \$'000	PRC property and casualty insurance contracts \$'000	Overseas property and casualty insurance contracts \$'000	Reinsurance contracts \$'000	Pension and group life insurance contracts \$'000	
Total premiums written	173,687,648	31,905,939	5,679,528	15,508,763	6,476,504	233,258,382
Policy fees	274,645	-	-	1,505	-	276,150
	<u>173,962,293</u>	<u>31,905,939</u>	<u>5,679,528</u>	<u>15,510,268</u>	<u>6,476,504</u>	<u>233,534,532</u>

In respect of life insurance contracts, the detailed breakdowns are as follows:

	Year ended 31 December 2021				Total \$'000
	Individual \$'000	Bancassurance \$'000	Group \$'000	Reinsurance and other channels \$'000	
Single Premium	1,173,397	386,967	-	635,082	2,195,446
Regular Premium					
– First Year	24,535,868	14,021,386	-	3,660,672	42,217,926
– Renewal Year	108,037,112	40,687,123	-	3,580,380	152,304,615
Group Insurance	-	-	716,357	-	716,357
	<u>133,746,377</u>	<u>55,095,476</u>	<u>716,357</u>	<u>7,876,134</u>	<u>197,434,344</u>



#### 4 TOTAL PREMIUMS WRITTEN AND POLICY FEES (Continued)

##### Principal activities (Continued)

In respect of life insurance contracts, the detailed breakdowns are as follows: (Continued)

	Year ended 31 December 2020				Total \$'000
	Individual \$'000	Bancassurance \$'000	Group \$'000	Reinsurance and other channels \$'000	
Single Premium	1,265,395	319,281	-	1,342,122	2,926,798
Regular Premium					
– First Year	19,086,513	13,610,475	-	1,424,131	34,121,119
– Renewal Year	104,437,407	28,586,254	-	2,781,106	135,804,767
Group Insurance	-	-	834,964	-	834,964
	<u>124,789,315</u>	<u>42,516,010</u>	<u>834,964</u>	<u>5,547,359</u>	<u>173,687,648</u>

For life insurance contracts, the individual first year regular premium by payment term and feature are as follows:

##### For the year ended 31 December

##### By Payment Term

	2021 \$'000	% of Total	2020 \$'000	% of Total
1 - 9 years	16,482,840	67.20%	9,805,676	51.40%
10 - 19 years	1,851,771	7.50%	1,715,729	9.00%
20 - 29 years	5,980,562	24.40%	6,877,471	36.00%
30 years+	220,695	0.90%	687,637	3.60%
	<u>24,535,868</u>	<u>100.00%</u>	<u>19,086,513</u>	<u>100.00%</u>

##### By Feature

	2021 \$'000	% of Total	2020 \$'000	% of Total
Short term savings	7,404,930	30.20%	6,588,585	34.50%
Long term savings	1,783,911	7.30%	1,671,343	8.80%
Long term protection	8,258,513	33.70%	7,856,976	41.20%
Others	7,088,514	28.80%	2,969,609	15.50%
	<u>24,535,868</u>	<u>100.00%</u>	<u>19,086,513</u>	<u>100.00%</u>

#### 4 TOTAL PREMIUMS WRITTEN AND POLICY FEES (Continued)

##### Principal activities (Continued)

For life insurance contracts, the bancassurance first year regular premium by payment term were as follows:

##### By Payment Term

	2021 \$'000	% of Total	2020 \$'000	% of Total
1 - 9 years	12,234,398	87.30%	12,573,926	92.40%
10 - 14 years	1,494,624	10.70%	668,707	4.90%
Others	292,364	2.00%	367,842	2.70%
	<b>14,021,386</b>	<b>100.00%</b>	<b>13,610,475</b>	<b>100.00%</b>

#### 5 INVESTMENT INCOME

	Year ended 31 December	
	2021 \$'000	2020 \$'000
Net investment income (note (a))	43,987,502	36,296,893
Net realised investment gains/(losses) (note (b))	20,022,440	13,946,273
Net unrealised investment gains/(losses) and impairment (note (c))	(5,782,586)	(3,372,262)
	<b>58,227,356</b>	<b>46,870,904</b>

**5 INVESTMENT INCOME (Continued)**

	<b>Year ended 31 December</b>	
	<b>2021</b>	<b>2020</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>(a) Net investment income</b>		
Interests income from debt securities <i>(note (i))</i> :		
- Held-to-maturity	<b>18,304,861</b>	13,459,127
- Available-for-sale	<b>3,228,217</b>	3,172,236
- Held-for-trading	<b>1,091,462</b>	645,577
- Designated at fair value through profit or loss	<b>3,180</b>	3,300
	<b>22,627,720</b>	17,280,240
Interests income from debt products <i>(note (i))</i> :		
- Loans and receivables	<b>6,913,023</b>	6,966,142
Dividend income from equity securities <i>(note (ii))</i> :		
- Available-for-sale	<b>5,040,229</b>	3,872,950
- Held-for-trading	<b>220,082</b>	177,085
- Designated at fair value through profit or loss	<b>-</b>	151,476
	<b>5,260,311</b>	4,201,511
Dividend income from investment funds <i>(note (iii))</i> :		
- Available-for-sale	<b>787,156</b>	730,912
- Held-for-trading	<b>304,917</b>	128,857
- Designated at fair value through profit or loss	<b>92,782</b>	12,051
	<b>1,184,855</b>	871,820
Interests income from investment funds <i>(note (iii))</i> :		
- Loans and receivables	<b>175,405</b>	453,654
Bank deposits and other interests income	<b>7,290,343</b>	6,272,276
Gross rental income receivable from investment properties	<b>857,662</b>	741,990
Less: direct outgoings	<b>(15,734)</b>	(13,934)
Net rental income receivable from investment properties	<b>841,928</b>	728,056
Net interest expenses on securities sold/purchased under repurchase/resale agreements	<b>(306,083)</b>	(476,806)
	<b>43,987,502</b>	36,296,893

**5 INVESTMENT INCOME (Continued)**

	<b>Year ended 31 December</b>	
	<b>2021</b>	<b>2020</b>
	<b>\$'000</b>	<b>\$'000</b>
<hr/>		
<b>(a) Net investment income (Continued)</b>		
<i>Notes:</i>		
(i) Interests income from debt securities and debt products:		
Listed	7,436,366	6,113,119
Unlisted	22,104,377	18,133,263
	<b>29,540,743</b>	24,246,382
(ii) Dividend income from equity securities:		
Listed	4,091,443	3,322,431
Unlisted	1,168,868	879,080
	<b>5,260,311</b>	4,201,511
(iii) Interests income and dividend income from investment funds:		
Listed	44,611	13,050
Unlisted	1,315,649	1,312,424
	<b>1,360,260</b>	1,325,474

**5 INVESTMENT INCOME (Continued)**

	Year ended 31 December	
	2021 \$'000	2020 \$'000
<b>(b) Net realised investment gains/(losses)</b>		
Debt securities <i>(note (i))</i> :		
- Held-to-maturity	245,478	(38,874)
- Available-for-sale	644,242	1,238,769
- Held-for-trading	324,417	91,104
	1,214,137	1,290,999
Equity securities <i>(note (ii))</i> :		
- Available-for-sale	14,409,263	8,644,983
- Held-for-trading	2,621,830	3,089,593
	17,031,093	11,734,576
Investment funds <i>(note (iii))</i> :		
- Available-for-sale	883,335	700,218
- Held-for-trading	112,297	34,804
	995,632	735,022
Gains on disposal of investment properties	28,419	185,676
Gains on disposal of interest in associates	753,159	-
	20,022,440	13,946,273

**5 INVESTMENT INCOME (Continued)**

	<b>Year ended 31 December</b>	
	<b>2021</b>	<b>2020</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>(b) Net realised investment gains/(losses) (Continued)</b>		
<i>Notes:</i>		
(i) Net realised investment gains on debt securities and debt products:		
Listed	<b>1,020,828</b>	1,106,649
Unlisted	<b>193,309</b>	184,350
	<b>1,214,137</b>	1,290,999
(ii) Net realised investment gains on equity securities:		
Listed	<b>17,009,599</b>	11,704,973
Unlisted	<b>21,494</b>	29,603
	<b>17,031,093</b>	11,734,576
(iii) Net realised investment gains/(losses) on investment funds:		
Listed	<b>(718)</b>	(467)
Unlisted	<b>996,350</b>	735,489
	<b>995,632</b>	735,022

**5 INVESTMENT INCOME (Continued)**

	<b>Year ended 31 December</b>	
	<b>2021</b>	<b>2020</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>(c) Net unrealised investment gains/(losses) and impairment</b>		
Debt securities <i>(note (i))</i> :		
- Held-for-trading	<b>303,770</b>	(18,693)
- Designated at fair value through profit or loss	<b>(1,622)</b>	854
	<b>302,148</b>	(17,839)
Equity securities <i>(note (ii))</i> :		
- Held-for-trading	<b>(2,721,200)</b>	2,268,046
- Designated at fair value through profit or loss	<b>-</b>	(146,347)
	<b>(2,721,200)</b>	2,121,699
Investment funds <i>(note (iii))</i> :		
- Held-for-trading	<b>(960,039)</b>	30,796
- Designated at fair value through profit or loss	<b>135,440</b>	(101,292)
	<b>(824,599)</b>	(70,496)
Deficit on revaluation of investment properties	<b>(493,813)</b>	(396,892)
Impairment loss recognised:		
- Available-for-sale debt securities, equity securities and investment funds	<b>(234,185)</b>	(1,517,822)
- Loans and receivables debt products and investment funds	<b>(1,579,968)</b>	(3,453,274)
- Held-to-maturity debt securities	<b>(230,969)</b>	(37,638)
	<b>(5,782,586)</b>	(3,372,262)

**5 INVESTMENT INCOME (Continued)**

	<b>Year ended 31 December</b>	
	<b>2021</b>	<b>2020</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>(c) Net unrealised investment gains/(losses) and impairment (Continued)</b>		
<i>Notes:</i>		
(i) Net unrealised investment gains/(losses) on debt securities:		
Listed	<b>251,503</b>	28,585
Unlisted	<b>50,645</b>	(46,424)
	<b>302,148</b>	(17,839)
(ii) Net unrealised investment gains/(losses) on equity securities:		
Listed	<b>(2,721,200)</b>	2,268,046
Unlisted	<b>-</b>	(146,347)
	<b>(2,721,200)</b>	2,121,699
(iii) Net unrealised investment losses on investment funds:		
Listed	<b>(1,233)</b>	-
Unlisted	<b>(823,366)</b>	(70,496)
	<b>(824,599)</b>	(70,496)



## 6 OTHER INCOME

	Year ended 31 December	
	2021	2020
	\$'000	\$'000
Interests from finance lease receivables	2,517,729	2,193,191
Income from provision of pension administration services	1,756,948	1,370,873
Income from provision of asset management and securities broking services	702,086	440,513
Income from operating lease	950,109	799,984
Income from provision of advisory services	329,168	371,429
Income from provision of property management services	138,003	107,822
Income from provision of agency and insurance intermediary services	200,026	177,014
Income from sales of inventories	209,641	24,944
Government subsidies	173,567	199,968
Net losses on disposal of property and equipment	(4,692)	(3,505)
Net exchange gains	583,225	74,084
Provision for finance lease receivables	(316,225)	(464,332)
Recognition of impairment losses on insurance debtors and other assets	(384,086)	(359,522)
Recognition of impairment loss on interest in an associate	(248,322)	(91,750)
Others	527,402	469,896
	<b>7,134,579</b>	<b>5,310,609</b>

## 7 NET POLICYHOLDERS' BENEFITS AND NET COMMISSION AND HANDLING FEE EXPENSES

### (a) Net policyholders' benefits

	Year ended 31 December 2021					
	Life insurance contracts \$'000	PRC property and casualty insurance contracts \$'000	Overseas property and casualty insurance contracts \$'000	Reinsurance contracts \$'000	Pension and group life insurance contracts \$'000	Total \$'000
Claims and claim adjustment expenses	13,313,037	22,913,578	2,334,943	11,117,686	4,607,232	54,286,476
Surrenders	18,762,108	-	-	143,931	74,885	18,980,924
Annuity, dividends and maturity payments	14,581,145	-	-	-	40,475	14,621,620
Interest allocated to investment and reinsurance contracts	4,428,240	-	-	246,090	684	4,675,014
	<b>51,084,530</b>	<b>22,913,578</b>	<b>2,334,943</b>	<b>11,507,707</b>	<b>4,723,276</b>	<b>92,564,034</b>
Less: Reinsurers' and retrocessionaires' share	<b>(3,564,706)</b>	<b>(882,761)</b>	<b>(524,632)</b>	<b>(1,236,663)</b>	<b>(447,165)</b>	<b>(6,655,927)</b>
	<b>47,519,824</b>	<b>22,030,817</b>	<b>1,810,311</b>	<b>10,271,044</b>	<b>4,276,111</b>	<b>85,908,107</b>

	Year ended 31 December 2020					
	Life insurance contracts \$'000	PRC property and casualty insurance contracts \$'000	Overseas property and casualty insurance contracts \$'000	Reinsurance contracts \$'000	Pension and group life insurance contracts \$'000	Total \$'000
Claims and claim adjustment expenses	10,507,694	16,214,522	3,517,511	10,672,255	3,097,141	44,009,123
Surrenders	13,401,532	-	-	849,818	151,861	14,403,211
Annuity, dividends and maturity payments	11,558,283	-	-	-	32,384	11,590,667
Interest allocated to investment and reinsurance contracts	3,169,966	-	-	288,367	496	3,458,829
	<b>38,637,475</b>	<b>16,214,522</b>	<b>3,517,511</b>	<b>11,810,440</b>	<b>3,281,882</b>	<b>73,461,830</b>
Less: Reinsurers' and retrocessionaires' share	<b>(3,224,249)</b>	<b>(1,499,555)</b>	<b>(1,377,488)</b>	<b>(1,757,609)</b>	<b>(328,865)</b>	<b>(8,187,766)</b>
	<b>35,413,226</b>	<b>14,714,967</b>	<b>2,140,023</b>	<b>10,052,831</b>	<b>2,953,017</b>	<b>65,274,064</b>

**7 NET POLICYHOLDERS' BENEFITS AND NET COMMISSION AND HANDLING FEE EXPENSES (Continued)**

**(b) Net commission and handling fee expenses**

	Year ended 31 December 2021					Total \$'000
	Life insurance contracts \$'000	PRC property and casualty insurance contracts \$'000	Overseas property and casualty insurance contracts \$'000	Reinsurance contracts \$'000	Pension and group life insurance contracts \$'000	
Gross commission and handling fee expenses	17,506,423	3,824,362	1,370,970	3,218,791	228,508	26,149,054
Reinsurance commission and handling fee income	(474,241)	(675,863)	(424,325)	(372,497)	(95,262)	(2,042,188)
Net commission and handling fee expenses	17,032,182	3,148,499	946,645	2,846,294	133,246	24,106,866

	Year ended 31 December 2020					Total \$'000
	Life insurance contracts \$'000	PRC property and casualty insurance contracts \$'000	Overseas property and casualty insurance contracts \$'000	Reinsurance contracts \$'000	Pension and group life insurance contracts \$'000	
Gross commission and handling fee expenses	15,191,204	4,796,718	1,227,389	2,987,548	196,020	24,398,879
Reinsurance commission and handling fee income	(544,063)	(1,688,101)	(452,974)	(477,573)	(90,323)	(3,253,034)
Net commission and handling fee expenses	14,647,141	3,108,617	774,415	2,509,975	105,697	21,145,845

**(c) Change in life insurance contract liabilities, net of reinsurance**

	Year ended 31 December 2021					Total \$'000
	Life insurance contracts \$'000	PRC property and casualty insurance contracts \$'000	Overseas property and casualty insurance contracts \$'000	Reinsurance contracts \$'000	Pension and group life insurance contracts \$'000	
Change in life insurance contract liabilities	153,950,004	-	-	3,336,614	1,904,308	159,190,926
Less: Reinsurers' share	(499,581)	-	-	49,374	(2,764)	(452,971)
	153,450,423	-	-	3,385,988	1,901,544	158,737,955

**7 NET POLICYHOLDERS' BENEFITS AND NET COMMISSION AND HANDLING FEE EXPENSES (Continued)**

**(c) Change in life insurance contract liabilities, net of reinsurance (Continued)**

	Year ended 31 December 2020					Total \$'000
	Life insurance contracts \$'000	PRC property and casualty insurance contracts \$'000	Overseas property and casualty insurance contracts \$'000	Reinsurance contracts \$'000	Pension and group life insurance contracts \$'000	
Change in life insurance contract liabilities	129,699,442	-	-	1,097,142	1,588,852	132,385,436
Less: Reinsurers' share	(433,495)	-	-	471,098	(6,031)	31,572
	<u>129,265,947</u>	<u>-</u>	<u>-</u>	<u>1,568,240</u>	<u>1,582,821</u>	<u>132,417,008</u>

**8 PROFIT BEFORE TAXATION**

Profit before taxation is arrived at after charging:

	Year ended 31 December	
	2021 \$'000	2020 \$'000
<b>(a) Finance costs:</b>		
Interests on bank borrowings	1,821,503	1,653,733
Interests on interest-bearing notes	458,728	426,743
Interests on lease liabilities	101,301	109,887
	<u>2,381,532</u>	<u>2,190,363</u>
<b>(b) Staff costs (including directors' remuneration):</b>		
Salaries, wages, bonuses and other benefits	18,000,157	16,987,665
Contributions to defined contribution retirement plans	1,924,868	1,004,830
	<u>19,925,025</u>	<u>17,992,495</u>
<b>(c) Other items:</b>		
Auditor's remuneration		
- Audit and assurance services	21,270	18,608
- Non-audit services	5,694	3,471
Depreciation of property and equipment	2,346,042	1,857,003
Depreciation of right-of-use assets	1,110,404	1,225,919

9 This note will be disclosed in the annual report.

10 This note will be disclosed in the annual report.

11 **INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS**

(a) Taxation in the consolidated statement of profit or loss represents:

	Year ended 31 December	
	2021	2020
	\$'000	\$'000
<b>Current tax</b>		
Provision for the year	2,054,528	3,413,122
Under/(over) provision in respect of prior years	590,070	(228,100)
	2,644,598	3,185,022
<b>Deferred tax (note)</b>		
Origination and reversal of temporary differences	(2,683,135)	(377,094)
Income tax (credits)/charges	(38,537)	2,807,928

*Note: Details of deferred tax assets and liabilities recognised are disclosed in Note 31(a).*

The provision for Hong Kong Profits Tax represents the Group's estimated Hong Kong Profits Tax liability calculated at the standard tax rate of 16.5% (2020: 16.5%) on its assessable profits from direct life insurance, property and casualty insurance, reinsurance, asset management, property investment, insurance intermediary, securities dealing and broking businesses, except for its assessable profits from the business of reinsurance of offshore risks, which is calculated at 8.25% (2020: 8.25%), one-half of the standard tax rate.

Taxation outside Hong Kong for subsidiaries outside Hong Kong is calculated at the rates prevailing in the relevant jurisdictions. Under the Enterprise Income Tax Law of the PRC, the enterprise income tax rate for domestic companies in the PRC is 25% (2020: 25%).

## 11 INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS (Continued)

### (b) Reconciliation between tax (credits)/charges and accounting profit at applicable tax rates:

	Year ended 31 December	
	2021	2020
	\$'000	\$'000
Profit before taxation	<b>10,913,836</b>	13,264,809
Notional tax on profit before taxation	2,493,620	3,350,260
Tax effect of non-deductible expenses	245,966	854,167
Tax effect of non-taxable income	(2,942,929)	(1,140,355)
Tax effect of temporary differences not recognised	(844,182)	13,957
Effect of tax concession granted to the businesses of reinsurance with offshore risks	(39,152)	(36,314)
Tax effect of tax losses not recognised	506,121	14,546
Utilisation of tax losses not previously recognised	(49,382)	(21,280)
Tax effect of different tax rates of group entities operating in other jurisdictions	1,331	1,047
Under/(over) provision in prior years	590,070	(228,100)
Income tax (credits)/charges	<b>(38,537)</b>	2,807,928

## 12 DIVIDENDS

The final dividend of ordinary shareholders of the Company in respect of the year ended 31 December 2020 recognised as distribution of \$0.40 per ordinary share, in an aggregate amount of \$1,437,607,000 during the Year.

Subsequent to the end of reporting period, a final dividend in respect of the year ended 31 December 2021 of \$0.46 (2020: \$0.40) per ordinary share has been proposed by the Directors of the Company and is subject to approval by the shareholders in the forthcoming general meeting.

### 13 EARNINGS PER SHARE

The calculation of basic earnings per share is based on the profit attributable to owners of the Company and the number of ordinary shares in issue during the Year.

	Year ended 31 December	
	2021	2020
	<i>\$'000</i>	<i>\$'000</i>
Profit attributable to owners of the Company	<b>7,513,701</b>	6,548,980
Weighted average number of ordinary shares	<b>3,594,018,538</b>	3,594,018,538
Basic earnings per share ( <i>HK\$ per share</i> )	<b>2.091</b>	1.822

No diluted earnings per share has been presented for the years 2021 and 2020 as the Group had no potential dilutive ordinary shares in issue during the years.

### 14 STATUTORY DEPOSITS

- (a) Certain subsidiaries of the Group have placed \$5,138,013,000 (2020: \$6,144,468,000) with banks as capital guarantee funds, pursuant to the relevant insurance rules and regulations. The funds can only be used with the prior approval of the relevant authorities in the event that the subsidiaries cannot meet the statutory solvency requirements or go into liquidation.
- (b) A subsidiary of the Group has pledged a deposit of \$83,135,000 (2020: \$62,637,000) registered in favour of the Monetary Authority of Singapore pursuant to section 34D of the Singapore Insurance Act.
- (c) A subsidiary of the Group has pledged a deposit of \$3,578,000 (2020: \$3,553,000) with banks as guarantee fund, pursuant to Regulation of the Minister of Finance of the Republic of Indonesia.
- (d) A subsidiary of the Group has deposited a sum of \$1,698,000 (2020: \$1,696,000) in the name of Director of Accounting Service with a bank pursuant to section 77(2e) of the Hong Kong Trustee Ordinance. The effective interest rate of the deposit as at 31 December 2021 is 0.08% (2020: 0.08%).
- (e) A subsidiary of the Group has deposited a sum of \$3,713,000 (2020: \$4,958,000) with The Stock Exchange of Hong Kong Limited, Hong Kong Securities Clearing Company Limited and the Securities and Futures Commission.
- (f) Certain subsidiaries of the Group have deposited a sum of \$313,441,000 (2020: \$100,451,000) registered in favour of Autoridade Monetária de Macau (“AMCM”) to guarantee the technical reserves in accordance with the Macau Insurance Ordinance.

## 15 FIXED ASSETS

### (a) Property and equipment

	Land and buildings \$'000	Construction in progress \$'000	Furniture and fixtures \$'000	Computer equipment \$'000	Motor vehicles \$'000	Operating lease assets \$'000	Total \$'000
<b>Cost or valuation:</b>							
At 1 January 2020	13,414,217	174,293	2,546,244	3,108,725	354,920	5,659,099	25,257,498
Exchange adjustments	732,553	11,212	156,608	192,830	26,244	364,032	1,483,479
Additions	7,518	599,313	615,116	916,911	58,449	876,867	3,074,174
Disposals	-	-	(84,074)	(201,596)	(50,693)	(44,958)	(381,321)
Transfer from land and buildings to completed investment properties (Note 15(b))	(119,712)	-	-	-	-	-	(119,712)
Transfer from completed investment properties to land and buildings (Note 15(b))	821,740	-	-	-	-	-	821,740
Capitalisation of leasehold land depreciation (Note 15 (c))	-	116,059	-	-	-	-	116,059
<b>At 31 December 2020</b>	<b>14,856,316</b>	<b>900,877</b>	<b>3,233,894</b>	<b>4,016,870</b>	<b>388,920</b>	<b>6,855,040</b>	<b>30,251,917</b>
Exchange adjustments	253,532	23,805	81,979	110,679	11,725	201,560	683,280
Additions	718,185	427,264	414,047	828,009	27,055	2,295,601	4,710,161
Disposals	-	-	(92,633)	(165,311)	(32,222)	-	(290,166)
Transfer from land and buildings to completed investment properties (Note 15(b))	(58,430)	-	-	-	-	-	(58,430)
Transfer from construction in progress to land and building	453,630	(453,630)	-	-	-	-	-
Transfer from completed investment properties to land and buildings (Note 15(b))	7,017,463	-	-	-	-	-	7,017,463
Capitalisation of leasehold land depreciation (Note 15 (c))	-	262,198	-	-	-	-	262,198
Transfer from land and buildings to other assets (Note 24)	(30,241)	-	-	-	-	-	(30,241)
<b>At 31 December 2021</b>	<b>23,210,455</b>	<b>1,160,514</b>	<b>3,637,287</b>	<b>4,790,247</b>	<b>395,478</b>	<b>9,352,201</b>	<b>42,546,182</b>



## 15 FIXED ASSETS (Continued)

### (a) Property and equipment (Continued)

	Land and buildings \$'000	Construction in progress \$'000	Furniture and fixtures \$'000	Computer equipment \$'000	Motor vehicles \$'000	Operating lease assets \$'000	Total \$'000
<b>Accumulated depreciation and impairment:</b>							
At 1 January 2020	1,406,786	-	1,264,644	1,822,750	187,691	449,953	5,131,824
Exchange adjustments	88,375	-	117,704	147,082	18,712	55,858	427,731
Charge for the year	338,412	-	506,551	504,390	48,726	458,924	1,857,003
Written back on disposal	-	-	(38,044)	(104,311)	(18,389)	(4,794)	(165,538)
Transfer from land and buildings to completed investment properties (Note 15(b))	(21,649)	-	-	-	-	-	(21,649)
<b>At 31 December 2020</b>	<b>1,811,924</b>	<b>-</b>	<b>1,850,855</b>	<b>2,369,911</b>	<b>236,740</b>	<b>959,941</b>	<b>7,229,371</b>
Exchange adjustments	41,177	-	59,867	71,662	8,245	36,673	217,624
Charge for the year	540,643	-	579,533	632,664	50,593	542,609	2,346,042
Written back on disposal	-	-	(67,159)	(81,061)	(27,235)	-	(175,455)
Transfer from land and buildings to completed investment properties (Note 15(b))	(13,553)	-	-	-	-	-	(13,553)
Transfer from land and buildings to other assets (Note 24)	(2,561)	-	-	-	-	-	(2,561)
<b>At 31 December 2021</b>	<b>2,377,630</b>	<b>-</b>	<b>2,423,096</b>	<b>2,993,176</b>	<b>268,343</b>	<b>1,539,223</b>	<b>9,601,468</b>
<b>Net book value:</b>							
At 31 December 2021	<u>20,832,825</u>	<u>1,160,514</u>	<u>1,214,191</u>	<u>1,797,071</u>	<u>127,135</u>	<u>7,812,978</u>	<u>32,944,714</u>
At 31 December 2020	<u>13,044,392</u>	<u>900,877</u>	<u>1,383,039</u>	<u>1,646,959</u>	<u>152,180</u>	<u>5,895,099</u>	<u>23,022,546</u>

As at 31 December 2021, land and buildings of \$8,684,000 (2020: \$37,974,000) located in Macau have been pledged in favour of AMCM to guarantee the technical reserves in accordance with the Macau Insurance Ordinance.

As at 31 December 2021, operating lease assets of \$2,443,714,000 (2020: \$2,269,256,000) have been pledged to financial institutions as collateral in connection with banking facilities arrangements.

## 15 FIXED ASSETS (Continued)

### (b) Investment properties

	Completed investment properties \$'000	Investment properties under construction \$'000	Total \$'000
<b>Valuation:</b>			
At 1 January 2020	19,018,156	-	19,018,156
Exchange adjustments	1,003,710	-	1,003,710
Additions	32,825	-	32,825
Write-off	(133,853)	-	(133,853)
Deficit on revaluation	(396,892)	-	(396,892)
Surplus on revaluation upon transfer from land and buildings to completed investment properties	21,639	-	21,639
Transfer from land and buildings to completed investment properties (Note 15(a))	98,063	-	98,063
Transfer from completed investment properties to land and buildings (Note 15(a))	(821,740)	-	(821,740)
Transfer from completed investment properties to other assets (Note 24)	(29,799)	-	(29,799)
At 31 December 2020	<b>18,792,109</b>	-	<b>18,792,109</b>
Exchange adjustments	594,983	-	594,983
Additions	997,740	146,772	1,144,512
Deficit on revaluation	(493,813)	-	(493,813)
Acquire from investment in subsidiaries (Note 17(d))	9,300,000	-	9,300,000
Surplus on revaluation upon transfer from land and buildings to completed investment properties	74,467	-	74,467
Transfer from land and buildings to completed investment properties (Note 15(a))	44,877	-	44,877
Transfer from completed investment properties to land and buildings (Note 15(a))	(7,017,463)	-	(7,017,463)
At 31 December 2021	<b>22,292,900</b>	<b>146,772</b>	<b>22,439,672</b>

**15 FIXED ASSETS** *(Continued)*

**(b) Investment properties** *(Continued)*

The investment properties of the Group were revalued at dates of transfer and as at 31 December 2021 and 2020 by independent firm of surveyors. A revaluation deficit of \$493,813,000 (2020: revaluation deficit of \$396,892,000) has been recognised in the consolidated statement of profit or loss (Note 5(c)).

As at 31 December 2021, investment properties of \$50,696,000 (2020: \$70,414,000) located in Macau have been pledged in favour of AMCM to guarantee the technical reserves in accordance with the Macau Insurance Ordinance.

15 FIXED ASSETS (Continued)

(b) Investment properties (Continued)

Fair value measurement of investment properties

The following table analyse the Group's investment properties carried at fair value by level of inputs to valuation techniques used to measure fair value.

	Fair value hierarchy	Fair value at 31 December 2021 \$'000	Fair value at 31 December 2020 \$'000	Valuation technique(s)	Significant unobservable inputs	Range of unobservable inputs	Correlation of unobservable inputs to fair value
Completed commercial property units	Level 3	21,084,183	17,578,093	Mixed approach	Yield	2.05% - 10%	The higher the yield, the lower the fair value
					Market unit rent	\$2 - \$969 per square meter	The higher the rent, the higher the fair value
					Market unit price	\$54,127 - \$80,471 per square meter	The higher the price, the higher the fair value
Completed residential property units	Level 3	366,616	402,534	Income approach	Yield	1.5% - 9%	The higher the yield, the lower the fair value
					Market unit rent	\$3 - \$697 per square meter	The higher the rent, the higher the fair value
Completed industrial property units	Level 3	842,101	811,482	Income approach	Yield	4.5% - 8%	The higher the yield, the lower the fair value
					Market unit rent	\$1 - \$118 per square meter	The higher the rent, the higher the fair value
Investment properties under construction	Level 3	146,772	-	Mixed approach	Yield	5% - 6%	The higher the yield, the lower the fair value
					Market unit rent	\$2 - \$4 per square meter	The higher the rent, the higher the fair value
		22,439,672	18,792,109				

There was no transfer into or out of Level 3 during the Year.

## 15 FIXED ASSETS (Continued)

### (c) Right-of-use assets

	Leasehold land \$'000	Buildings \$'000	Furniture and fixtures \$'000	Computer equipment \$'000	Motor vehicles \$'000	Total \$'000
<b>Cost:</b>						
At 1 January 2020	5,380,461	3,715,568	2,514	5,460	1,095	9,105,098
Exchange adjustments	343,187	223,668	162	761	61	567,839
Additions	488,860	976,043	1,625	137	1,658	1,468,323
Write-off	-	(89,511)	(31)	(46)	(144)	(89,732)
At 31 December 2020	<b>6,212,508</b>	<b>4,825,768</b>	<b>4,270</b>	<b>6,312</b>	<b>2,670</b>	<b>11,051,528</b>
Exchange adjustments	<b>184,928</b>	<b>128,328</b>	<b>118</b>	<b>(1)</b>	<b>79</b>	<b>313,452</b>
Additions	<b>76,246</b>	<b>1,325,154</b>	<b>335</b>	<b>62</b>	<b>601</b>	<b>1,402,398</b>
Write-off	-	<b>(1,372,947)</b>	<b>(450)</b>	<b>(16)</b>	-	<b>(1,373,413)</b>
At 31 December 2021	<b>6,473,682</b>	<b>4,906,303</b>	<b>4,273</b>	<b>6,357</b>	<b>3,350</b>	<b>11,393,965</b>
<b>Accumulated depreciation:</b>						
At 1 January 2020	263,291	1,048,783	473	911	428	1,313,886
Exchange adjustments	13,952	119,238	69	158	81	133,498
Charge for the year	9,157	1,213,843	709	1,291	919	1,225,919
Reversal on write-off	-	(11,411)	(15)	(15)	-	(11,441)
Depreciation of leasehold land capitalised in construction-in-progress (Note 15(a))	116,059	-	-	-	-	116,059
At 31 December 2020	<b>402,459</b>	<b>2,370,453</b>	<b>1,236</b>	<b>2,345</b>	<b>1,428</b>	<b>2,777,921</b>
Exchange adjustments	<b>13,716</b>	<b>74,075</b>	<b>51</b>	<b>(33)</b>	<b>51</b>	<b>87,860</b>
Charge for the year	<b>8,244</b>	<b>1,098,396</b>	<b>1,116</b>	<b>2,071</b>	<b>577</b>	<b>1,110,404</b>
Reversal on write-off	-	<b>(1,054,239)</b>	<b>(457)</b>	<b>(726)</b>	-	<b>(1,055,422)</b>
Depreciation capitalised in construction-in-progress (Note 15(a))	<b>262,198</b>	-	-	-	-	<b>262,198</b>
At 31 December 2021	<b>686,617</b>	<b>2,488,685</b>	<b>1,946</b>	<b>3,657</b>	<b>2,056</b>	<b>3,182,961</b>
<b>Net book value:</b>						
At 31 December 2021	<b>5,787,065</b>	<b>2,417,618</b>	<b>2,327</b>	<b>2,700</b>	<b>1,294</b>	<b>8,211,004</b>
At 31 December 2020	5,810,049	2,455,315	3,034	3,967	1,242	8,273,607

**15 FIXED ASSETS (Continued)**

**(c) Right-of-use assets (Continued)**

	<b>Year ended 31 December</b>	
	<b>2021</b>	<b>2020</b>
	<b>\$'000</b>	<b>\$'000</b>
Expense relating to short-term lease	<b>191,630</b>	161,173
Expense relating to lease of low-value assets, excluding short-term leases of low-value assets	<b>1,531</b>	1,192

**16 GOODWILL AND INTANGIBLE ASSETS**

**(a) Goodwill**

	<b>\$'000</b>
<b>Cost:</b>	
At 1 January 2020	1,085,184
Exchange adjustments	6,008
At 31 December 2020	<b>1,091,192</b>
Exchange adjustments	<b>2,923</b>
At 31 December 2021	<b>1,094,115</b>
<b>Impairment loss:</b>	
At 1 January 2020	366,074
Exchange adjustments	2,753
At 31 December 2020	<b>368,827</b>
Exchange adjustments	<b>1,340</b>
At 31 December 2021	<b>370,167</b>
<b>Net book value:</b>	
At 31 December 2021	<b>723,948</b>
At 31 December 2020	722,365

16 **GOODWILL AND INTANGIBLE ASSETS** (Continued)

**(b) Intangible assets**

	<b>\$'000</b>
<b>Cost:</b>	
At 1 January 2020	263,300
Disposals	(1,892)
At 31 December 2020	<b>261,408</b>
Disposal	-
At 31 December 2021	<b>261,408</b>
<b>Amortisation/Impairment:</b>	
At 1 January 2020	1,324
Written off on disposal	(1,324)
At 31 December 2020	-
Write off on disposal	-
At 31 December 2021	-
<b>Net book value:</b>	
At 31 December 2021	<b>261,408</b>
At 31 December 2020	261,408

The intangible assets mainly represent the trade name acquired in the acquisition of TPI in 2008, which is subject to annual impairment test. The relief-from-royalty approach is adopted to determine the fair value of trade name. At the end of each reporting period, the management of the Group reassessed the assumptions of this approach. As at 31 December 2021, the valuation of the trade name is determined based on the future cash flows estimated by TPI and discounted at 14% (2020: 14%). The trade name is considered by the management of the Group as having an indefinite useful life because it is expected to contribute to net cash inflows indefinitely. The trade name will not be amortised until its useful life is determined to be finite.

Particulars of the impairment testing are disclosed below.

**16 GOODWILL AND INTANGIBLE ASSETS (Continued)**

**(c) Impairment tests on goodwill and intangible assets with indefinite useful lives**

For impairment testing, goodwill and intangible assets with indefinite useful lives at 31 December 2021 and 2020 were allocated to cash generating units in the following operating segments:

	<b>At 31 December 2021</b>		
	<b>Goodwill</b>	<b>Intangible</b>	<b>Total</b>
	<b>\$'000</b>	<b>assets</b>	
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Life insurance	154,909	-	154,909
Property and casualty insurance	148,738	261,408	410,146
Other businesses	420,301	-	420,301
	723,948	261,408	985,356

	<b>At 31 December 2020</b>		
	<b>Goodwill</b>	<b>Intangible</b>	<b>Total</b>
	<b>\$'000</b>	<b>assets</b>	
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Life insurance	154,909	-	154,909
Property and casualty insurance	148,738	261,408	410,146
Other businesses	418,718	-	418,718
	722,365	261,408	983,773

The recoverable amount of the cash generating units containing goodwill or intangible assets was determined based on the value-in-use calculation. This calculation uses cash flow projection which represents what management believes is the best estimate of what the cash generating units are able to achieve in their business life. The Directors determined the cash flow projection based on past performance and its expectation for market development.



## 16 GOODWILL AND INTANGIBLE ASSETS (Continued)

### (c) Impairment tests on goodwill and intangible assets with indefinite useful lives (Continued)

In respect of life insurance business, the recoverable amount was determined based on TPL's appraisal value, which consists of the adjusted net worth plus the present value of inforce business and the new business value after cost of capital.

In respect of property and casualty business, the recoverable amount was determined by estimating and discounting the future cash flows to its present value.

In respect of other businesses, the recoverable amount was determined by income approach to convert the expected periodic benefits of ownership into an indication of value, estimating and discounting the future cash flows to its present value. No impairment loss on goodwill and intangible assets was recognised during the Year (2020: Nil).

## 17 SUBSIDIARIES

### (a) General information of principal subsidiaries

The following list contains details of the Company's principal subsidiaries at the end of the reporting period, which in the opinion of the Directors, principally affected the results for the year or formed a substantial portion of the net assets of the Group. The class of shares held is ordinary unless otherwise stated. To give details of other subsidiaries would, in the opinion of the Directors, result in particulars of excessive length.

All of these are controlled subsidiaries as defined under Note 1(e) and have been consolidated into the Group's financial statements.

Name of company	Place of incorporation and operation	Particulars of issued and paid up capital	Group's effective interest	Principal activities
Taiping Life Insurance Company Limited (note (ii))	PRC	RMB10,030,000,000	75.10%	Life insurance business in PRC
Taiping General Insurance Company Limited (notes (ii) & (iv))	PRC	RMB6,170,000,000	100%	Property and casualty insurance business in PRC
Taiping Pension Company Limited (note (ii))	PRC	RMB3,000,000,000	100%	Pension and Group Life business in PRC
Taiping Asset Management Company Limited (note (ii))	PRC	RMB1,000,000,000	80%	Asset management business in PRC
Taiping Capital Asset Management Company Limited (note (ii))	PRC	RMB200,000,000	100%	Asset management business in PRC
Taiping Reinsurance Company Limited (Note 45)	Hong Kong	\$8,822,445,630	75%	Reinsurance business in Hong Kong
Taiping Reinsurance (China) Company Limited (note (ii))	PRC	RMB1,500,000,000	100%	Reinsurance business in PRC

17 SUBSIDIARIES (Continued)

(a) General information of principal subsidiaries (Continued)

Name of company	Place of incorporation and operation	Particulars of issued and paid up capital	Group's effective interest	Principal activities
China Taiping Insurance (HK) Company Limited <i>(note (i))</i>	Hong Kong	Ordinary \$2,386,000,000 Deferred \$200,000,000	100%	Property and casualty insurance in Hong Kong
China Taiping Life Insurance (Hong Kong) Company Limited	Hong Kong	\$5,200,000,000	100%	Life insurance business in Hong Kong
China Taiping Insurance (Macau) Company Limited	Macau	MOP120,000,000	100%	Property and casualty insurance in Macau
China Taiping Life Insurance (Macau) Company Limited	Macau	MOP100,000,000	100%	Life insurance business in Macau
China Taiping Insurance (Singapore) PTE. Ltd.	Singapore	SGD210,000,000	100%	Property and casualty and life insurance in Singapore
China Taiping Insurance (UK) Company Limited	United Kingdom	GBP85,000,000	100%	Property and casualty insurance in United Kingdom
PT China Taiping Insurance Indonesia	Indonesia	IDR122,000,000,000	55%	Property and casualty insurance in Indonesia
Taiping Senior Living Investments Co. Ltd. <i>(note (ii))</i>	PRC	RMB2,570,000,000	75.10%	Elderly care investment and asset management
Taiping Senior Living Management Co. Ltd. <i>(note (ii))</i>	PRC	RMB100,000,000	75.10%	Elderly care investment and asset management
Taiping Senior Health Services (Chengdu) Co.,Ltd. <i>(note (ii))</i>	PRC	RMB653,000,000	75.10%	Elderly care investment and asset management
Taiping Real Estate (Shanghai) Company Limited <i>(note (ii))</i>	PRC	RMB980,000,000	90.29%	Property investment
Dragon Jade Industrial District Management (Shenzhen) Co., Ltd. <i>(note (ii))</i>	PRC	RMB111,660,000	100%	Property investment
Taiping Real Estate (Suzhou Industrial Park) Co. Ltd. <i>(note (ii))</i>	PRC	RMB776,310,000	85.06%	Property investment
Taiping Real Estate (Beijing) Co. Ltd. <i>(note (ii))</i>	PRC	RMB276,779,700	75.10%	Property investment
Taiping Real Estate (Nanning) Co. Ltd. <i>(note (ii))</i>	PRC	RMB376,000,000	80.08%	Property investment
北京太平廣安置業有限公司 <i>(note (ii))</i>	PRC	RMB2,200,000,000	75.10%	Property investment

17 SUBSIDIARIES (Continued)

(a) General information of principal subsidiaries (Continued)

Name of company	Place of incorporation and operation	Particulars of issued and paid up capital	Group's effective interest	Principal activities
Taiping Real Estate (Hangzhou) Co. Ltd. (note (ii))	PRC	RMB1,750,000,000	81.57%	Property investment
Taiping Real Estate (Hainan) Co. Ltd. (note (ii))	PRC	RMB1,200,000,000	81.57%	Property investment
Taiping Real Estate (Guangzhou) Co. Ltd. (note (ii))	PRC	RMB2,160,000,000	81.42%	Property investment
Taiping Real Estate (Jinan) Co. Ltd. (note (ii))	PRC	RMB650,000,000	83.57%	Property investment
Taiping Real Estate (Tianjin) Co. Ltd. (note (ii))	PRC	RMB945,000,000	87.55%	Property investment
Taiping Real Estate (Hefei) Co. Ltd. (note (ii))	PRC	RMB193,000,000	75.10%	Property investment
Taiping & Sinopec Financial Leasing Co. Ltd. (note (ii))	PRC	RMB5,000,000,000	37.55%	Financial leasing
Taiping Fund Management Company Limited (notes (ii) & 17(c))	PRC	RMB400,000,000	73.20%	Management of investment funds business in PRC
Taiping Financial Holdings Company Limited (note (iii))	Hong Kong	Ordinary \$567,338,915 Deferred \$10,000,000	100%	Investment holding
Taiping Securities (HK) Company Limited	Hong Kong	\$363,870,350	100%	Securities broking services
Taiping Assets Management (HK) Company Limited	Hong Kong	\$212,000,000	100%	Asset management business in Hong Kong
Taiping Reinsurance Brokers Limited (note (i))	Hong Kong	Ordinary \$4,000,000 Deferred \$1,000,000	100%	Insurance broking
China Taiping Insurance Service (Japan) Co., Ltd.	Japan	JPY30,000,000	100%	Insurance agency business in Japan
Tellon Development Limited	Hong Kong	\$100,000,000	100%	Investment holding and property investment
China Taiping Capital Limited	BVI/ Hong Kong	US\$1	100%	Provision of back to back financing arrangement
China Taiping Fortunes Limited	BVI/ Hong Kong	US\$1	100%	Provision of back to back financing arrangement

## 17 SUBSIDIARIES (Continued)

### (a) General information of principal subsidiaries (Continued)

Notes:

- (i) Holders of the non-voting deferred shares in TPRB and CTPI (HK) are not entitled to share profits, receive notice of or attend or vote at any general meeting of these companies. On the winding-up of these companies, the holders of the non-voting deferred shares are not entitled to the distribution of the net assets of these companies for the first \$100 billion; the balance of net assets, if any, over the first \$100 billion shall be distributed among the holders of the ordinary shares and non-voting distributed shares pari passu among themselves in proportion to their respective shareholdings.
- (ii) These companies are PRC limited companies.
- (iii) Holders of the non-voting deferred shares in TPFH are entitled to a fixed non-cumulative dividend at the rate of 5% per annum for any financial year of TPFH in respect of which the net profits of TPFH available for dividend exceed \$10,000,000,000. The holders of non-voting deferred shares are not allowed to participate in the profits or assets of TPFH or to vote at meetings of TPFH. On the winding-up of TPFH, the holders of the non-voting deferred shares are entitled out of the surplus assets of TPFH to a return of the capital paid up on these shares held by them respectively after a total sum of \$10,000,000,000 has been distributed in such winding up in respect of each of the ordinary shares of TPFH.
- (iv) In November 2020, the registered capital of TPI has been increased by RMB1,100 million to RMB6,170 million, which was contributed to capital by capitalisation of retained earnings.

17 SUBSIDIARIES (Continued)

(a) General information of principal subsidiaries (Continued)

At the end of the reporting period, the Company has other subsidiaries that are not material to the Group. The principal activities of these subsidiaries are summarised as follows:

Principal activities	Principal place of business	Number of subsidiaries	
		At 31 December 2021	2020
Investment holding	Hong Kong	30	28
	Macau	1	1
	PRC	1	2
	United States	-	1
		<b>32</b>	32
Insurance broker	PRC	1	1
Insurance broker	United Kingdom	2	2
Insurance broker	United States	-	1
Financial advisory services	Hong Kong	1	1
Financial leasing	PRC	42	39
Inactive	Hong Kong	12	13
Inactive	PRC	2	2
Nominee services	Hong Kong	1	1
Medical services	PRC	1	1
Money lending and property investment	Hong Kong	3	2
Property investment	Hong Kong	16	15
Property investment	PRC	3	2
Property management	PRC	2	2
Provision of back office service	PRC	2	2
Provision of internal audit services	PRC	1	1
Provision of insurance claim survey services	Hong Kong	1	1
Provision of management services			
for investment funds	PRC	2	2
Provision of property agency services	Hong Kong	1	1
Provision of trust services	Hong Kong	1	1
		<b>126</b>	<b>122</b>

Details of non-wholly owned subsidiaries that have material non-controlling interests to the Group were disclosed in Note 17(b) below.

17 SUBSIDIARIES (Continued)

(b) Details of non-wholly owned subsidiaries that have material non-controlling interests

The table below shows details of non-wholly-owned subsidiaries of the Group that had material non-controlling interests:

Name of subsidiary	Place of incorporation and principal place of business	Proportion of ownership interests and voting rights held by non-controlling interests		Profit allocated to non-controlling interests		Accumulated non-controlling interests	
		2021	2020	At 31 December		2021	2020
				2021	2020		
Taiping Life Insurance Company Limited	PRC	24.90%	24.90%	2,851,860	3,704,243	17,105,488	18,221,940
Taiping & Sinopec Financial Leasing Co. Ltd.	PRC	62.45%	62.45%	470,867	402,662	4,936,997	4,400,511
Taiping Reinsurance Company Limited	Hong Kong	25.00%	25.00%	2,418	(153,087)	2,939,018	3,019,502
Individually insignificant subsidiaries with non-controlling interests						407,625	323,654
						<b>25,389,128</b>	<b>25,965,607</b>

17 SUBSIDIARIES (Continued)

(b) Details of non-wholly owned subsidiaries that have material non-controlling interests  
(Continued)

Summarised financial information in respect of the Group's subsidiaries that had material non-controlling interests are disclosed below. The summarised financial information below represented amounts before intragroup eliminations.

**Taiping Life Insurance Company Limited**

	<b>At 31 December</b>	
	<b>2021</b>	<b>2020</b>
	<b>\$'000</b>	<b>\$'000</b>
Total assets	<b>1,016,841,358</b>	868,188,361
Total liabilities	<b>947,566,348</b>	794,461,355
Net assets	<b>69,275,010</b>	73,727,006
	<b>Year ended 31 December</b>	
	<b>2021</b>	<b>2020</b>
	<b>\$'000</b>	<b>\$'000</b>
Total premiums written	<b>179,602,483</b>	163,339,244
Total income	<b>227,736,729</b>	202,540,476
Total expenses	<b>216,261,594</b>	187,673,540
Profit for the year	<b>11,475,135</b>	14,866,936
Other comprehensive income for the year	<b>(10,161,175)</b>	7,820,052
Total comprehensive income for the year	<b>1,313,960</b>	22,686,988
Total comprehensive income allocated to non-controlling interests	<b>321,603</b>	5,649,470
Dividends paid to non-controlling interests	<b>1,438,054</b>	983,746
Net cash inflow from operating activities	<b>105,966,972</b>	114,624,959
Net cash outflow used in investing activities	<b>(84,285,689)</b>	(111,954,754)
Net cash outflow used in financing activities	<b>(18,761,594)</b>	(7,709,638)
Net cash inflow/(outflow)	<b>2,919,689</b>	(5,039,433)

17 SUBSIDIARIES (Continued)

(b) Details of non-wholly owned subsidiaries that have material non-controlling interests  
(Continued)

**Taiping & Sinopec Financial Leasing Co. Limited**

	At 31 December	
	2021 \$'000	2020 \$'000
Total assets	63,746,732	51,387,602
Total liabilities	54,674,879	43,182,231
Net assets	<u>9,071,853</u>	<u>8,205,371</u>
	Year ended 31 December	
	2021 \$'000	2020 \$'000
Total income	3,403,327	2,913,395
Total expenses	2,650,306	2,268,621
Profit for the year	753,021	644,774
Other comprehensive income for the year	248,828	493,126
Total comprehensive income for the year	<u>1,001,849</u>	<u>1,137,900</u>
Total comprehensive income allocated to non-controlling interests	<u>604,170</u>	<u>666,797</u>
Dividends paid to non-controlling interests	<u>67,684</u>	<u>60,258</u>
Net cash (outflow)/inflow from operating activities	(562,425)	1,465,250
Net cash outflow used in investing activities	(2,263,674)	(845,690)
Net cash inflow/(outflow) from financing activities	4,552,864	(127,585)
Net cash inflow	<u>1,726,765</u>	<u>491,975</u>



17 SUBSIDIARIES (Continued)

(b) Details of non-wholly owned subsidiaries that have material non-controlling interests  
(Continued)

**Taiping Reinsurance Company Limited**

	At 31 December	
	2021 \$'000	2020 \$'000
Total assets	62,848,509	55,709,140
Total liabilities	51,092,438	43,635,315
Net assets	<u>11,756,071</u>	<u>12,073,825</u>
	Year ended 31 December	
	2021 \$'000	2020 \$'000
Total income	17,801,322	14,697,537
Total expenses	17,791,694	14,867,174
Profit/(loss) for the year	9,628	(169,637)
Other comprehensive income for the year	(327,382)	257,857
Total comprehensive income for the year	<u>(317,754)</u>	<u>88,220</u>
Total comprehensive income allocated to non-controlling interests	<u>(79,439)</u>	<u>(153,142)</u>
Dividends paid to non-controlling interests	-	-
Net cash inflow/(outflow) from operating activities	4,925,569	(1,632,701)
Net cash outflow used in investing activities	(5,016,622)	(1,248,514)
Net cash (outflow)/inflow from financing activities	(78,537)	3,299,193
Net cash (outflow)/inflow	<u>(169,590)</u>	<u>417,978</u>

## 17 SUBSIDIARIES (Continued)

### (c) Change in ownership in subsidiaries

- (i) During the year ended 31 December 2020, the Group acquired 8.5% additional interest in TP Fund at a consideration of RMB40,000,000 (equivalent to \$47,200,000), and the Group's interest in TP Fund increased to 91.5%, which is then accounted for as an equity transaction. An amount of \$13,515,000 (being the proportionate share of the carrying amount of TP Fund) has been transferred out of non-controlling interests. The difference of \$33,685,000 between the decrease in carrying amount of the non-controlling interests and the cost of additional interest acquired has been recognised in capital reserve.
- (ii) During the year ended 31 December 2020, a non-controlling shareholder subscribed approximately 25% of the enlarged share capital of TPRe, a subsidiary of the Group in a consideration of \$3,041,346,000. After the completion of this transaction, TPRe is held by the Group approximately 75% and still retains its control over TPRe, which is then accounted for as an equity transaction. Details disclosure see Note 45.

### (d) Acquisition of subsidiaries

During the year ended 31 December 2021, the Group exercised its options and rights as an unitholder to acquire all of the other unitholder's units in the Jinghua Fund (formerly known as China Create Fund) at no additional consideration. The update of the register of members of the Jinghua Fund was completed by its trustee on 18 March 2021, which is considered as the acquisition date. Prior to this acquisition, Jinghua Fund was classified as a joint venture and measured based on the contractual terms of unitholders agreement. After the acquisition, the Group owns 100% equity interest in Jinghua Fund, and is assessed to have obtained control over the Jinghua Fund considering that the Group has power over the investee, rights to variable returns from the involvement with the investee and the ability to use its power to affect the return of the investee. Consequently, the Jinghua Fund is accounted for as a wholly owned subsidiary from the acquisition date and its assets and liabilities are consolidated into the Group's consolidated financial statements using the acquisition method. The Group's approximately 80% equity interest in Jinghua Fund was measured at a fair value of \$959,058,000 as at the acquisition date.

Jinghua Fund is principally engaged in investment holding and operation of a commercial property located in Hong Kong. The property was revalued at the acquisition date by an independent firm of surveyors. The main assets acquired and liabilities assumed and their respective fair value at the acquisition date are commercial property of \$9,300,000,000, cash and cash equivalents of \$202,956,000 and bank borrowings of \$8,500,000,000. No goodwill arose from the transaction.

The amount of income and net loss of the Jinghua Fund since the acquisition date contributed to the Group's results for the year ended 31 December 2021 is \$32,850,000 and \$86,677,000 respectively.

If the acquisition had occurred on 1 January 2021, then the Group's consolidated income would have been \$316,065,246,000 and consolidated profit after taxation for the year ended 31 December 2021 would have been \$11,115,900,000. In determining these amounts, management has assumed that the fair value adjustments, that arose on the date of acquisition would have been the same if the acquisition had occurred on 1 January 2021.

## 18 INTERESTS IN ASSOCIATES AND JOINT VENTURES

### (a) Interests in associates

	At 31 December	
	2021 \$'000	2020 \$'000
Unlisted shares, at cost	16,666,775	13,126,394
Share of post-acquisition profits and other comprehensive income, net of dividends received	2,605,794	2,140,155
	<b>19,272,569</b>	<b>15,266,549</b>

Details of the Group's principal associates at the end of the reporting period are as follows:

Name of associates	Place of incorporation /operation	Proportion of ownership interests held by the Group At 31 December		Principal activities
		2021	2020	
		Shanghai Rural Commercial Bank Co., Ltd. <i>(Note)</i>	PRC	
Taiping Financial Services Co. Ltd.	PRC	48%	48%	E-commerce for insurance

*Note:*

The Group has significant influence over Shanghai Rural Commercial Bank Co., Ltd. through a group representative being a director of Shanghai Rural Commercial Bank Co., Ltd. As such, the interest in this associate is accounted for using the equity method.

**18 INTERESTS IN ASSOCIATES AND JOINT VENTURES (Continued)**

**(a) Interests in associates (Continued)**

**Summarised financial information of principal associates**

**1. Shanghai Rural Commercial Bank Co., Ltd.**

	<b>At 31 December</b>	
	<b>2021</b>	<b>2020</b>
	<b>\$'000</b>	<b>\$'000</b>
Total assets	<b>1,416,848,114</b>	1,255,853,671
Net assets	<b>114,684,304</b>	91,738,563
	<b>Year ended 31 December</b>	
	<b>2021</b>	<b>2020</b>
	<b>\$'000</b>	<b>\$'000</b>
Total income	<b>29,082,385</b>	24,735,753
Net income for the year	<b>11,676,863</b>	9,159,002
Dividend received from the associate	<b>129,918</b>	88,476

## 18 INTERESTS IN ASSOCIATES AND JOINT VENTURES (Continued)

### (a) Interests in associates (Continued)

#### Summarised financial information of principal associates (Continued)

##### 1. Shanghai Rural Commercial Bank Co., Ltd. (Continued)

Reconciliation of the above summarised financial information to the carrying amount of the interests in Shanghai Rural commercial Bank Co., Ltd. recognised in the consolidated financial statements:

	At 31 December	
	2021 \$'000	2020 \$'000
Net assets of the associate	<b>114,684,304</b>	91,738,563
Proportion of the Group's shareholders' interests in the associate	<b>4.30%</b>	4.78%
Share of net assets of the associate	<b>4,933,719</b>	4,364,080
Fair value and other adjustments since acquisition of associate	<b>(127,149)</b>	(117,406)
Carrying amount of the Group's interests in the associate	<b>4,806,570</b>	4,246,674

As at the date of this report, the financial statements of Shanghai Rural Commercial Bank Co., Ltd for the year ended 31 December 2021 are not yet issued. The financial information presented in the above table is extracted from its published 2021 result announcements.

**18 INTERESTS IN ASSOCIATES AND JOINT VENTURES (Continued)**

**(a) Interests in associates (Continued)**

**Summarised financial information of principal associates (Continued)**

**2. Taiping Financial Services Co. Ltd.**

	<b>At 31 December</b>	
	<b>2021</b>	2020
	<b>\$'000</b>	\$'000
Total assets	<b>1,518,698</b>	1,419,895
Total liabilities	<b>308,586</b>	82,359
Net assets	<b>1,210,112</b>	1,337,536
	<b>Year ended 31 December</b>	
	<b>2021</b>	2020
	<b>\$'000</b>	\$'000
Total income	<b>329,656</b>	177,122
Net loss for the year	<b>(96,347)</b>	(125,081)
Other comprehensive income for the year	<b>47,816</b>	214,411
Total comprehensive income for the year	<b>(48,531)</b>	89,330
Dividend received from the associate	-	-

**18 INTERESTS IN ASSOCIATES AND JOINT VENTURES (Continued)**

**(a) Interests in associates (Continued)**

**Summarised financial information of principal associates (Continued)**

**2. Taiping Financial Services Co. Ltd. (Continued)**

Reconciliation of the above summarised financial information to the carrying amount of the interests in Taiping Financial Services Co. Ltd. recognised in the consolidated financial statements:

	At 31 December	
	2021 \$'000	2020 \$'000
Net assets of the associate	<b>1,210,112</b>	1,337,536
Proportion of the Group's shareholders' interests in the associate	<b>48%</b>	48%
Share of net assets of the associate	<b>580,854</b>	642,017
Remeasurement of retained interest upon recognition of interests in the associate	<b>867,355</b>	842,719
Impairment loss recognised	<b>(334,799)</b>	(91,750)
Carrying amount of the Group's interests in the associate	<b>1,113,410</b>	1,392,986

**18 INTERESTS IN ASSOCIATES AND JOINT VENTURES (Continued)**

**(a) Interests in associates (Continued)**

**Summarised financial information of principal associates (Continued)**

**Aggregate information of associates that are not individually material**

	<b>Year ended 31 December</b>	
	<b>2021</b>	<b>2020</b>
	<b>\$'000</b>	<b>\$'000</b>
The Group's share of net profit for the year	<b>328,873</b>	95,382
The Group's share of other comprehensive income for the year	<b>309,833</b>	326,146
The Group's share of total comprehensive income for the year	<b>638,706</b>	421,528

**(b) Interests in joint ventures**

	<b>At 31 December</b>	
	<b>2021</b>	<b>2020</b>
	<b>\$'000</b>	<b>\$'000</b>
Unlisted shares, at cost	<b>1,610,707</b>	3,873,421
Share of post-acquisition profits and other comprehensive income, net of dividends received	<b>(203,743)</b>	(612,041)
	<b>1,406,964</b>	3,261,380



## 18 INTERESTS IN ASSOCIATES AND JOINT VENTURES (Continued)

### (b) Interests in joint ventures (Continued)

Details of the Group's principal joint ventures at the end of the reporting period are as follows:

Name of joint ventures	Place of incorporation /operation	Proportion of ownership interests held by the Group At 31 December		Principal activities
		2021	2020	
Coldharbour Fund I L.P.	Cayman Islands/ United States	<b>80%</b>	80%	Investment holding
Suzhou Taipingguofa Dinghong Investment Partnership L.P. ("Taipingguofa Dinghong Investment") (Note)	PRC	<b>0%</b>	70%	Investment holding
Jinghua Fund	BVI/Hong Kong	<b>N/A</b>	80%	Property investment

Note:

During year ended 31 December 2021, the Group has disposed all the equity interest in Taipingguofa Dinghong Investment.

### Summarised financial information of principal joint ventures

#### 1. Coldharbour Fund I L.P.

	At 31 December	
	2021	2020
	\$'000	\$'000
Total assets	<b>34,045</b>	408,413
Total liabilities	<b>2,887</b>	1,382
Net assets	<b>31,158</b>	407,031

**18 INTERESTS IN ASSOCIATES AND JOINT VENTURES (Continued)**

**(b) Interests in joint ventures (Continued)**

**Summarised financial information of principal joint ventures (Continued)**

**1. Coldharbour Fund I L.P. (Continued)**

	<b>Year ended 31 December</b>	
	<b>2021</b>	<b>2020</b>
	<b>\$'000</b>	<b>\$'000</b>
Total income	<b>13,936</b>	14,069
Net loss for the year	<b>(381,823)</b>	(145,349)
Other comprehensive income for the year	<b>1,522</b>	1,182
Total comprehensive income for the year	<b>(380,301)</b>	(144,167)
Dividend received from the joint venture	-	-

Reconciliation of the above summarised financial information to the carrying amount of the interests in Coldharbour Fund I L.P. recognised in the consolidated financial statements:

	<b>At 31 December</b>	
	<b>2021</b>	<b>2020</b>
	<b>\$'000</b>	<b>\$'000</b>
Net assets of the joint venture	<b>31,158</b>	407,031
Proportion of the Group's shareholders' interests in the joint venture	<b>80%</b>	80%
Carrying amount of the Group's interests in the joint venture	<b>24,926</b>	325,625

**18 INTERESTS IN ASSOCIATES AND JOINT VENTURES (Continued)**

**(b) Interests in joint ventures (Continued)**

**Summarised financial information of principal joint ventures (Continued)**

**2. Taipingguofa Dinghong Investment**

	At 31 December 2020 \$'000
Total assets	999,707
Total liabilities	1,643
Net assets	998,064
	Year ended 31 December 2020 \$'000
Total income	42,122
Net profit for the year	40,562
Other comprehensive income for the year	30,930
Total comprehensive income for the year	71,492
Dividend received from the joint venture	-

## 18 INTERESTS IN ASSOCIATES AND JOINT VENTURES (Continued)

### (b) Interests in joint ventures (Continued)

#### Summarised financial information of principal joint ventures (Continued)

##### 2. Taipingguofa Dinghong Investment (Continued)

Reconciliation of the above summarised financial information to the carrying amount of the interests in Taipingguofa Dinghong Investment recognised in the consolidated financial statements:

	At 31 December 2020 \$'000
Net assets of the joint venture	998,064
Proportion of the Group's shareholders' interests in the joint venture	70%
Carrying amount of the Group's interests in the joint venture	698,636

##### 3. Jinghua Fund

Due to different options and rights of unitholders, as set out in the unitholders agreement, throughout the term of the agreement, as at 31 December 2020 the investment in Jinghua Fund is considered to be a joint venture and continues to be measured based on the contractual terms of unitholders agreement. The options and rights of unitholders in the unitholders agreement include an offer to the Group to acquire all (or portion of) the other unitholder's units from 2 January 2020 until the expiry of the unitholders agreement.

The net asset of the fund as at 31 December 2020 amounted to approximately \$0.9 billion. The fund invested in a property with a market value of \$9.3 billion, funded by unitholders' contributions and bank borrowings. The share of profits of the fund by the unitholders is based on the terms and conditions of the unitholders agreement of the fund. The share of losses of the fund by the Group for the year ended 31 December 2020 amounted to \$2.1 billion.

During the year ended 31 December 2021, the Group exercised its options and rights as an unitholder to acquire all of the other unitholder's units in the Jinghua Fund at no additional consideration. After the acquisition, Jinghua Fund is accounted for as a wholly owned subsidiary from the acquisition date. Details disclosure see Note 17(d).

**18 INTERESTS IN ASSOCIATES AND JOINT VENTURES (Continued)**

**(b) Interests in joint ventures (Continued)**

**Aggregate information of joint ventures that are not individually material**

	<b>Year ended 31 December</b>	
	<b>2021</b>	<b>2020</b>
	<b>\$'000</b>	<b>\$'000</b>
The Group's share of net profit for the year	<b>49,857</b>	5,089
The Group's share of other comprehensive income for the year	<b>24,480</b>	27,034
The Group's share of total comprehensive income for the year	<b>74,337</b>	32,123

## 19 INVESTMENTS IN DEBT AND EQUITY SECURITIES

	At 31 December 2021 \$'000	At 31 December 2020 \$'000
Debt securities (Note (i))	624,049,473	493,308,503
Equity securities (Note (ii))	172,648,783	161,197,222
Investment funds (Note (iii))	47,930,333	37,013,277
Debt products (Note (iv))	118,896,211	130,167,756
	<b>963,524,800</b>	<b>821,686,758</b>
	At 31 December 2021 \$'000	At 31 December 2020 \$'000
<b>Note (i) Debt securities</b>		
<b>Held-to-maturity:</b>		
- Listed in Hong Kong	19,070,707	15,662,849
- Listed outside Hong Kong	114,229,535	94,965,436
- Unlisted	347,672,722	257,201,051
	<b>480,972,964</b>	<b>367,829,336</b>
Issued by:		
Government and central banks	257,601,564	155,650,218
Banks and other financial institutions	116,811,031	121,703,957
Corporate entities	106,560,369	90,475,161
	<b>480,972,964</b>	<b>367,829,336</b>

**19 INVESTMENTS IN DEBT AND EQUITY SECURITIES (Continued)**

	At 31 December 2021 \$'000	At 31 December 2020 \$'000
<b>Note (i) Debt securities (Continued)</b>		
<b>Available-for-sale:</b>		
- Listed in Hong Kong	8,402,351	7,012,507
- Listed outside Hong Kong	29,293,045	32,768,540
- Unlisted	61,047,578	50,533,017
	<b>98,742,974</b>	<b>90,314,064</b>
Issued by:		
Government and central banks	20,018,747	16,725,533
Banks and other financial institutions	30,697,775	21,746,313
Corporate entities	48,026,452	51,842,218
	<b>98,742,974</b>	<b>90,314,064</b>
<b>Held-for-trading:</b>		
- Listed in Hong Kong	1,210,826	1,167,779
- Listed outside Hong Kong	24,438,818	8,459,815
- Unlisted	18,600,541	25,452,787
	<b>44,250,185</b>	<b>35,080,381</b>
Issued by:		
Government and central banks	794,671	2,221,492
Banks and other financial institutions	27,169,881	20,460,817
Corporate entities	16,285,633	12,398,072
	<b>44,250,185</b>	<b>35,080,381</b>

**19 INVESTMENTS IN DEBT AND EQUITY SECURITIES (Continued)**

	<b>At 31 December 2021 \$'000</b>	<b>At 31 December 2020 \$'000</b>
<b>Note (i) Debt securities (Continued)</b>		
<b>Designated at fair value through profit or loss:</b>		
- Listed in Hong Kong	21,710	22,100
- Listed outside Hong Kong	61,640	62,622
	<b>83,350</b>	84,722
Issued by:		
Corporate entities	83,350	84,722
<b>Total debt securities</b>	<b>624,049,473</b>	493,308,503

The held-to-maturity debt securities include an amount of \$7,874,760,000 (2020: \$6,337,423,000) which will mature within one year.

The fair value of the unlisted debt securities classified as held-to-maturity and available-for-sale were mainly determined by generally accepted pricing models including discounted cash flow technique.



**19 INVESTMENTS IN DEBT AND EQUITY SECURITIES (Continued)**

	<b>At 31 December 2021 \$'000</b>	At 31 December 2020 \$'000
<b>Note (ii) Equity securities</b>		
<b>Available-for-sale:</b>		
- Listed in Hong Kong	52,181,466	43,698,893
- Listed outside Hong Kong	58,818,091	67,170,236
- Unlisted, at fair value	36,462,531	31,460,737
- Unlisted, at cost (note)	546	546
	<b>147,462,634</b>	<b>142,330,412</b>
<b>Held-for-trading:</b>		
- Listed in Hong Kong	1,055,307	655,869
- Listed outside Hong Kong	24,130,842	18,210,941
	<b>25,186,149</b>	<b>18,866,810</b>
<b>Total equity securities</b>	<b>172,648,783</b>	<b>161,197,222</b>

*Note:*

The unlisted equity securities are issued by private entities incorporated in Macau and Indonesia. In connection with the unlisted equity securities measured at cost at the end of the reporting period, the management considers that their fair values cannot be measured reliably.

**19 INVESTMENTS IN DEBT AND EQUITY SECURITIES (Continued)**

	<b>At 31 December 2021 \$'000</b>	At 31 December 2020 \$'000
<b>Note (iii) Investment funds</b>		
<b>Available-for-sale:</b>		
- Listed in Hong Kong	1,219,652	1,455,359
- Listed outside Hong Kong	426,701	8,196
- Unlisted, at fair value	<b>28,476,828</b>	25,452,702
	<b>30,123,181</b>	26,916,257
<b>Held-for-trading:</b>		
- Listed outside Hong Kong	3,279,963	1,484,645
- Unlisted	<b>9,845,692</b>	3,134,090
	<b>13,125,655</b>	4,618,735
<b>Designated at fair value through profit or loss:</b>		
- Unlisted	<b>106,575</b>	121,112
<b>Loans and receivables:</b>		
- Unlisted	<b>4,574,922</b>	5,357,173
<b>Total investment funds</b>	<b>47,930,333</b>	37,013,277

All investment funds invested by the Group were the open-ended or close-ended investment funds with underlying assets of equity, bond or composite funds.

**19 INVESTMENTS IN DEBT AND EQUITY SECURITIES (Continued)**

	<b>At 31 December 2021 \$'000</b>	<b>At 31 December 2020 \$'000</b>
<hr/>		
<b>Note (iv) Debt products</b>		
<b>Loans and receivables:</b>		
- Unlisted	<b>118,896,211</b>	<b>130,167,756</b>

The debt products include debt investments and relevant financial products on infrastructure and property development projects in the PRC and other financial products such as trust schemes and bank financial products, managed by affiliated or unaffiliated asset managers. The debt products will mature from 2022 to 2033 (2020: 2021 to 2032) and bear interest ranging from 1% to 12% (2020: 1% to 12%) per annum. As at 31 December 2021, the majority of debt products held by the Group had PRC credit ratings of AA or above. The fair value of the debt products is determined with reference to the estimated cash flows discounted using current market interest rates as at the end of the reporting period.

The Group has determined that the above interests in debt products are investments in unconsolidated structured entities. As at 31 December 2021, the Group's funding provided and maximum exposure to these unconsolidated structured entities equals the carrying values of the debt products. The size of these debt products amounted to \$325 billion as at 31 December 2021 (2020: \$468 billion).

## 19 INVESTMENTS IN DEBT AND EQUITY SECURITIES (Continued)

Analysed for reporting purposes as:

	At 31 December 2021 \$'000	At 31 December 2020 \$'000
Held-to-maturity		
- Current	7,874,760	6,337,423
- Non-current	473,098,204	361,491,913
Available-for-sale		
- Current	163,420,832	170,149,654
- Non-current	112,907,957	89,411,079
Held-for-trading		
- Current	82,561,989	58,565,926
Designated at fair value through profit or loss		
- Current	189,925	205,834
Loans and receivables		
- Current	39,162,000	28,067,380
- Non-current	84,309,133	107,457,549
	<b>963,524,800</b>	<b>821,686,758</b>

As at 31 December 2021, investments in debt and equity securities with total carrying amounts of \$3,090,035,000 (2020: \$944,593,000) have been pledged in favour of AMCM to guarantee the technical reserves in accordance with the Macau Insurance Ordinance.

As at 31 December 2021, investments in debt and equity securities with total carrying amounts of \$9,918,000 (2020: \$9,768,000) have been set aside as guarantee fund, pursuant to Regulation of the Minister of Finance of the Republic of Indonesia.

## 20 AMOUNTS DUE FROM/(TO) GROUP COMPANIES

### (a) Due from group companies

	At 31 December 2021 \$'000	At 31 December 2020 \$'000
Amount due from the ultimate holding company	7,660	7,442
Amount due from the immediate holding company	7,039	7,357
Amounts due from fellow subsidiaries	26,852	12,399
	<b>41,551</b>	27,198
Loan to a fellow subsidiary	2,010,092	2,010,092
	<b>2,051,643</b>	2,037,290

Amounts due from group companies are unsecured, interest free and repayable on demand.

The loan to a fellow subsidiary included \$2,000,000,000, which is unsecured, repayable within five years and carrying interest at fixed interest rates ranging from 5.20% to 5.30% per annum as at 31 December 2021 and 2020.

### (b) Due to group companies

	At 31 December 2021 \$'000	At 31 December 2020 \$'000
Amount due to the ultimate holding company	6,121	6,858
Amount due to the immediate holding company	13,612	13,212
	<b>19,733</b>	20,070

The amounts due to group companies are unsecured, interest free and repayable on demand.

## 21 INSURANCE DEBTORS

	At 31 December 2021 \$'000	At 31 December 2020 \$'000
Amounts due from insurance customers	18,283,635	16,155,336
Less: allowance for impaired debts	(266,003)	(227,837)
	18,017,632	15,927,499
Deposits retained by cedants	2,046,626	1,702,409
	<b>20,064,258</b>	<b>17,629,908</b>

As at 31 December 2021, the amounts of insurance debtors included \$17,701,149,000 (2020: \$14,133,877,000), which is expected to be recovered within one year.

### (a) Ageing analysis

The following is an ageing analysis of the amounts due from insurance customers:

	At 31 December 2021 \$'000	At 31 December 2020 \$'000
Neither past due nor impaired		
- Uninvoiced	6,504,934	5,297,938
- Current	9,560,134	8,376,728
Past due but not impaired		
- Less than 3 months	989,871	1,412,484
- More than 3 months but less than 12 months	767,508	480,747
- More than 12 months	195,185	359,602
Past due and impaired	266,003	227,837
	<b>18,283,635</b>	<b>16,155,336</b>

## 21 INSURANCE DEBTORS (Continued)

### (a) Ageing analysis (Continued)

Amounts due from insurance customers that were neither past due nor impaired relate to a wide range of customers for whom there was no recent history of default.

Amounts due from insurance customers that were past due but not impaired relate to a number of independent policyholders and reinsurers that have a good track record with the Group. Based on past experience, management believes that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable. The Group does not hold any collateral over these balances.

As at 31 December 2021, the amount of impaired debts is \$266,003,000 (2020: \$227,837,000). Various actions have been taken to recover the debts, but these debts have not been recovered and hence impairment is provided.

### (b) Movement in the allowance for impaired debts

	2021 \$'000	2020 \$'000
At 1 January	227,837	210,957
Recognition of impairment loss	29,998	54,685
Uncollectible amounts written off	(17)	(47,065)
Exchange difference	8,185	9,260
At 31 December	<b>266,003</b>	<b>227,837</b>

## 22 REINSURERS' SHARE OF INSURANCE CONTRACT PROVISIONS

The reinsurers' share of insurance contract provisions represents the reinsurers' share of life insurance contract liabilities, unearned premium provisions and provision for outstanding claims arising from the life insurance, property and casualty insurance, reinsurance and pension and group life insurance businesses.

	At 31 December 2021 \$'000	At 31 December 2020 \$'000
Life insurance contract liabilities (Note 27)	3,442,015	2,961,477
Unearned premium provisions (Note 28)	3,326,902	4,310,997
Provision for outstanding claims (Note 29)	6,564,281	7,067,585
	<b>13,333,198</b>	<b>14,340,059</b>

## 23 FINANCE LEASE RECEIVABLES

	At 31 December 2021 \$'000	At 31 December 2020 \$'000
Finance lease receivables	58,818,853	48,865,915
Less: unearned finance income	(4,913,676)	(4,175,880)
	53,905,177	44,690,035
Less: Provision for impairment losses	(2,610,486)	(2,223,558)
	<b>51,294,691</b>	<b>42,466,477</b>

As at 31 December 2021, finance lease receivables include the amounts of \$7,040,507,000 (2020: \$8,250,840,000) that were pledged to financial institutions as collateral in connection with banking facilities arrangements.

The following table sets out a maturity analysis of finance lease receivables, showing the undiscounted lease payments to be received after the reporting date.

	At 31 December 2021 \$'000	At 31 December 2020 \$'000
Less than 1 year	22,582,074	18,267,267
1 to 2 years	14,508,799	12,384,662
2 to 3 years	9,788,972	7,804,586
3 to 4 years	5,428,491	4,730,022
4 to 5 years	3,381,890	2,550,921
More than 5 years	3,128,627	3,128,457
Total undiscounted finance lease receivables	<b>58,818,853</b>	<b>48,865,915</b>



## 24 OTHER ASSETS

	At 31 December 2021 \$'000	At 31 December 2020 \$'000
Other debtors and deposits	<b>22,919,347</b>	20,459,365
Interest receivables from interest-bearing financial assets	<b>11,832,170</b>	10,694,160
Value-added tax prepaid	<b>1,232,650</b>	1,202,071
Pension management fees receivable	<b>1,165,926</b>	976,344
Guarantee deposits paid	<b>820,152</b>	800,921
Receivables from payment service providers	<b>675,266</b>	753,554
Tax recoverables	<b>171,289</b>	751,693
Deposits for the purchase of property	<b>69,307</b>	700,078
Securities settlement fund	<b>743,008</b>	462,029
Prepayments	<b>2,041,318</b>	427,658
Inventories ( <i>note (i)</i> )	<b>244,476</b>	319,056
Rental and utility deposits	<b>213,374</b>	252,568
Receivables from operating lease ( <i>note (ii)</i> )	<b>181,812</b>	178,351
Tax certificate paid to Hong Kong Inland Revenue Department	<b>174,449</b>	162,199
Assets classified as held-for-sale ( <i>Note 15</i> )	<b>27,680</b>	29,799
Others	<b>3,326,470</b>	2,748,884
Loans and advances	<b>88,223,065</b>	74,653,939
	<b>111,142,412</b>	95,113,304
Less: allowance for impaired debts	<b>(975,686)</b>	(604,168)
	<b>110,166,726</b>	94,509,136

*Notes:*

- (i) The Group's inventories comprise raw materials, product in progress, other supplemental materials and lands purchased that have been set to be used to build properties for sale by a subsidiary.
- (ii) As at 31 December 2021, receivables from operating lease include the amounts of \$64,806,000 (2020: \$65,228,000) that were pledged to financial institutions as collateral in connection with banking facilities arrangements.

**24 OTHER ASSETS (Continued)**

**(a) Movement in the allowance for impaired debts:**

	2021 \$'000	2020 \$'000
At 1 January	604,168	276,297
Impairment losses recognised	354,089	304,837
Impairment losses written off	-	(935)
Exchange difference	17,429	23,969
At 31 December	<b>975,686</b>	<b>604,168</b>

As at 31 December 2021, the amount of impaired debts is \$975,686,000 (2020: \$604,168,000).

**(b) Loans and advances are repayable with the following terms:**

	At 31 December 2021 \$'000	At 31 December 2020 \$'000	Interest rate
Secured loans:			
- to policyholders	88,223,065	74,652,908	4.5% - 8.0%
- to third parties	-	1,031	2.98%
	<b>88,223,065</b>	<b>74,653,939</b>	

## 25 PLEDGED AND RESTRICTED BANK DEPOSITS

As at 31 December 2021, the deposits at banks of \$612,482,000 (2020: \$642,738,000) are pledged to banks to secure letters of credit issued by the bank on behalf of the Group, to secure the issue of bank acceptance bills and to provide security in connection with a reinsurance arrangement.

As at 31 December 2021, the deposits at banks of \$635,536,000 (2020: \$436,637,000) are restricted from use and set aside as risk reserves, pursuant to the relevant PRC regulations.

In accordance with relevant regulations, a subsidiary which engages in financial leasing business is required to place reserve deposits with the People's Bank of China. As at 31 December 2021, the reserve deposits with the amount of \$157,660,000 (2020: \$152,588,000) are calculated at 6% (2020: 6%) of total deposits received. The reserve deposits are not available for use by the Group in its day to day operations.

All the pledged and restricted bank deposits are expected to be settled within one year.

## 26 CASH AND CASH EQUIVALENTS

	At 31 December 2021 \$'000	At 31 December 2020 \$'000
Deposits with banks and other financial institutions with original maturity less than three months	7,310,007	3,592,751
Cash at bank and on hand	32,635,898	27,713,639
	<b>39,945,905</b>	<b>31,306,390</b>

## 27 LIFE INSURANCE CONTRACT LIABILITIES

	2021			2020		
	Gross \$'000	Reinsurers' share \$'000	Net \$'000	Gross \$'000	Reinsurers' share \$'000	Net \$'000
Balance as at 1 January	706,785,380	(2,961,477)	703,823,903	534,557,125	(2,912,088)	531,645,037
Premiums written during the year	193,408,541	(3,132,432)	190,276,109	168,658,487	(2,132,704)	166,525,783
Benefits paid and others	(34,217,407)	2,679,253	(31,538,154)	(36,271,865)	2,163,090	(34,108,775)
Exchange difference	21,840,338	(27,359)	21,812,979	39,841,633	(79,775)	39,761,858
Balance as at 31 December	<b>887,816,852</b>	<b>(3,442,015)</b>	<b>884,374,837</b>	706,785,380	(2,961,477)	703,823,903

Material judgement is required in determining insurance contract liabilities and in choosing discount rates/investment return, mortality, morbidity, lapse rates, policy dividend, and expenses assumptions relating to long term life insurance contracts. Such assumptions should be determined based on current information available at the end of the reporting period.

## 27 LIFE INSURANCE CONTRACT LIABILITIES (Continued)

By reference to the current information available and past experiences, the Group has updated the valuation assumptions, including the discount rate assumptions as at 31 December 2021 using a combination of base yield and corresponding spreads.

*Key assumptions used in estimating the life insurance contract liabilities of TPL*

The insurance contract provisions have been established based upon the following key assumptions:

- Spot discount rates which vary by the type of contract ranged from 2.63% to 4.65% (2020: 2.84% to 4.65%);
- Mortality/morbidity rates based on the China Life Insurance Mortality Table (2010-2013) and China Life Insurance Experience Critical Illness Table (2006-2010); and
- Lapse rates based on pricing assumptions, with reference to management's expectation upon assessment of the actual experience.

*Sensitivities of changes in key assumptions:*

Assumptions	Change in assumptions	Impact on profit after tax and total equity	
		At 31 December 2021 \$'000	At 31 December 2020 \$'000
Discount rate	+0.25%	20,921,322	16,054,333
Discount rate	-0.25%	(22,810,025)	(17,463,999)
Mortality rate	+10%	(10,417,671)	(8,614,905)
Mortality rate	-10%	10,856,685	8,948,524
Lapse rate	+10%	6,251,404	5,096,829
Lapse rate	-10%	(6,715,491)	(5,488,973)

## 28 UNEARNED PREMIUM PROVISIONS

	At 31 December 2021			At 31 December 2020		
	Gross \$'000	Reinsurers' share \$'000	Net \$'000	Gross \$'000	Reinsurers' share \$'000	Net \$'000
Life insurance (note (i))	4,387,435	(611,040)	3,776,395	4,730,434	(1,652,521)	3,077,913
PRC property and casualty insurance (note (ii))	13,225,391	(1,360,905)	11,864,486	12,582,925	(1,179,054)	11,403,871
Overseas property and casualty insurance (note (iii))	2,230,106	(929,506)	1,300,600	2,100,553	(997,191)	1,103,362
Reinsurance (note (iv))	2,942,416	(254,131)	2,688,285	2,731,699	(315,344)	2,416,355
Pension and group life (note (v))	2,010,680	(171,320)	1,839,360	1,912,040	(166,887)	1,745,153
	<b>24,796,028</b>	<b>(3,326,902)</b>	<b>21,469,126</b>	<b>24,057,651</b>	<b>(4,310,997)</b>	<b>19,746,654</b>

Notes:

(i) Analysis of movement in the unearned premium provisions for the life insurance business:

	2021			2020		
	Gross \$'000	Reinsurers' share \$'000	Net \$'000	Gross \$'000	Reinsurers' share \$'000	Net \$'000
Balance as at 1 January	4,730,434	(1,652,521)	3,077,913	4,039,479	(1,624,280)	2,415,199
Premiums written during the year	13,582,350	(1,694,245)	11,888,105	13,239,189	(3,626,348)	9,612,841
Premiums earned during the year	(14,057,385)	2,767,853	(11,289,532)	(12,831,963)	3,698,647	(9,133,316)
Exchange difference	132,036	(32,127)	99,909	283,729	(100,540)	183,189
Balance as at 31 December	<b>4,387,435</b>	<b>(611,040)</b>	<b>3,776,395</b>	<b>4,730,434</b>	<b>(1,652,521)</b>	<b>3,077,913</b>

(ii) Analysis of movement in the unearned premium provisions for the PRC property and casualty insurance business:

	2021			2020		
	Gross \$'000	Reinsurers' share \$'000	Net \$'000	Gross \$'000	Reinsurers' share \$'000	Net \$'000
Balance as at 1 January	12,582,925	(1,179,054)	11,403,871	10,422,704	(901,838)	9,520,866
Premiums written during the year	33,687,028	(2,920,490)	30,766,538	31,949,761	(4,978,221)	26,971,540
Premiums earned during the year	(33,418,708)	2,780,150	(30,638,558)	(30,542,533)	4,784,938	(25,757,595)
Exchange difference	374,146	(41,511)	332,635	752,993	(83,933)	669,060
Balance as at 31 December	<b>13,225,391</b>	<b>(1,360,905)</b>	<b>11,864,486</b>	<b>12,582,925</b>	<b>(1,179,054)</b>	<b>11,403,871</b>

## 28 UNEARNED PREMIUM PROVISIONS (Continued)

Notes: (Continued)

(iii) Analysis of movement in the unearned premium provisions for the overseas property and casualty insurance business:

	2021			2020		
	Gross \$'000	Reinsurers' share \$'000	Net \$'000	Gross \$'000	Reinsurers' share \$'000	Net \$'000
Balance as at 1 January	2,100,553	(997,191)	1,103,362	1,814,764	(793,686)	1,021,078
Premiums written during the year	6,487,998	(2,528,984)	3,959,014	7,238,049	(2,408,019)	4,830,030
Premiums earned during the year	(6,326,224)	2,597,679	(3,728,545)	(7,012,518)	2,258,057	(4,754,461)
Exchange difference	(32,221)	(1,010)	(33,231)	60,258	(53,543)	6,715
Balance as at 31 December	<b>2,230,106</b>	<b>(929,506)</b>	<b>1,300,600</b>	<b>2,100,553</b>	<b>(997,191)</b>	<b>1,103,362</b>

(iv) Analysis of movement in the unearned premium provisions for the reinsurance business:

	2021			2020		
	Gross \$'000	Reinsurers' share \$'000	Net \$'000	Gross \$'000	Reinsurers' share \$'000	Net \$'000
Balance as at 1 January	2,731,699	(315,344)	2,416,355	2,398,469	(225,879)	2,172,590
Premiums written during the year	11,284,668	(1,701,225)	9,583,443	10,287,466	(1,847,811)	8,439,655
Premiums earned during the year	(11,130,663)	1,765,199	(9,365,464)	(10,041,037)	1,756,511	(8,284,526)
Exchange difference	56,712	(2,761)	53,951	86,801	1,835	88,636
Balance as at 31 December	<b>2,942,416</b>	<b>(254,131)</b>	<b>2,688,285</b>	<b>2,731,699</b>	<b>(315,344)</b>	<b>2,416,355</b>

(v) Analysis of movement in the unearned premium provisions for pension and group life business:

	2021			2020		
	Gross \$'000	Reinsurers' share \$'000	Net \$'000	Gross \$'000	Reinsurers' share \$'000	Net \$'000
Balance as at 1 January	1,912,040	(166,887)	1,745,153	1,310,765	(143,907)	1,166,858
Premiums written during the year	5,480,261	(580,713)	4,899,548	4,406,912	(543,705)	3,863,207
Premiums earned during the year	(5,438,491)	582,075	(4,856,416)	(3,918,594)	532,479	(3,386,115)
Exchange difference	56,870	(5,795)	51,075	112,957	(11,754)	101,203
Balance as at 31 December	<b>2,010,680</b>	<b>(171,320)</b>	<b>1,839,360</b>	<b>1,912,040</b>	<b>(166,887)</b>	<b>1,745,153</b>

## 29 PROVISION FOR OUTSTANDING CLAIMS

	At 31 December 2021			At 31 December 2020		
	Gross \$'000	Reinsurers' share \$'000	Net \$'000	Gross \$'000	Reinsurers' share \$'000	Net \$'000
Life insurance	1,409,666	(328,297)	1,081,369	1,366,724	(629,722)	737,002
PRC property and casualty insurance (note (i))	10,519,150	(1,306,723)	9,212,427	7,908,941	(1,524,522)	6,384,419
Overseas property and casualty insurance (note (ii))	6,639,523	(2,817,681)	3,821,842	6,656,333	(2,906,183)	3,750,150
Reinsurance (note (iii))	10,729,243	(1,922,771)	8,806,472	8,564,751	(1,813,456)	6,751,295
Pension and group life (note (iv))	1,380,480	(188,809)	1,191,671	969,973	(193,702)	776,271
	<b>30,678,062</b>	<b>(6,564,281)</b>	<b>24,113,781</b>	<b>25,466,722</b>	<b>(7,067,585)</b>	<b>18,399,137</b>

Notes:

- (i) Analysis of movement in the provision for outstanding claims for the PRC property and casualty insurance business:

	2021			2020		
	Gross \$'000	Reinsurers' share \$'000	Net \$'000	Gross \$'000	Reinsurers' share \$'000	Net \$'000
Balance as at 1 January	7,908,941	(1,524,522)	6,384,419	6,180,661	(1,015,915)	5,164,746
Claims paid during the year	(21,062,121)	1,584,206	(19,477,915)	(15,182,788)	1,791,635	(13,391,153)
Claims incurred / provision during the year (note)	23,362,114	(1,316,315)	22,045,799	16,338,202	(2,188,251)	14,149,951
Exchange difference	310,216	(50,092)	260,124	572,866	(111,991)	460,875
Balance as at 31 December	<b>10,519,150</b>	<b>(1,306,723)</b>	<b>9,212,427</b>	<b>7,908,941</b>	<b>(1,524,522)</b>	<b>6,384,419</b>

Note: As at 31 December 2021, the balance of provision for outstanding claims includes the provision for agricultural insurance liabilities amounting to \$15,097,000 (2020: \$8,550,000).

- (ii) Analysis of movement in the provision for outstanding claims for the overseas property and casualty insurance business:

	2021			2020		
	Gross \$'000	Reinsurers' share \$'000	Net \$'000	Gross \$'000	Reinsurers' share \$'000	Net \$'000
Balance as at 1 January	6,656,333	(2,906,183)	3,750,150	6,062,892	(2,434,174)	3,628,718
Claims paid during the year	(3,050,578)	778,066	(2,272,512)	(4,041,699)	1,110,521	(2,931,178)
Claims incurred during the year	3,043,147	(691,085)	2,352,062	4,651,632	(1,605,944)	3,045,688
Exchange difference	(9,379)	1,521	(7,858)	(16,492)	23,414	6,922
Balance as at 31 December	<b>6,639,523</b>	<b>(2,817,681)</b>	<b>3,821,842</b>	<b>6,656,333</b>	<b>(2,906,183)</b>	<b>3,750,150</b>

## 29 PROVISION FOR OUTSTANDING CLAIMS (Continued)

Notes: (Continued)

(iii) Analysis of movement in the provision for outstanding claims for the reinsurance business:

	2021			2020		
	Gross \$'000	Reinsurers' share \$'000	Net \$'000	Gross \$'000	Reinsurers' share \$'000	Net \$'000
Balance as at 1 January	8,564,751	(1,813,456)	6,751,295	7,666,597	(1,625,032)	6,041,565
Claims paid during the year	(9,481,526)	1,581,092	(7,900,434)	(10,394,625)	2,079,125	(8,315,500)
Claims incurred during the year	11,530,047	(1,682,523)	9,847,524	11,036,676	(2,246,329)	8,790,347
Exchange difference	115,971	(7,884)	108,087	256,103	(21,220)	234,883
Balance as at 31 December	<b>10,729,243</b>	<b>(1,922,771)</b>	<b>8,806,472</b>	<b>8,564,751</b>	<b>(1,813,456)</b>	<b>6,751,295</b>

(iv) Analysis of movement in the provision for outstanding claims for pension and group life business:

	2021			2020		
	Gross \$'000	Reinsurers' share \$'000	Net \$'000	Gross \$'000	Reinsurers' share \$'000	Net \$'000
Balance as at 1 January	969,973	(193,702)	776,271	815,727	(171,272)	644,455
Claims paid during the year	(4,231,102)	516,536	(3,714,566)	(3,001,714)	378,734	(2,622,980)
Claims incurred during the year	4,607,232	(506,110)	4,101,122	3,097,848	(389,514)	2,708,334
Exchange difference	34,377	(5,533)	28,844	58,112	(11,650)	46,462
Balance as at 31 December	<b>1,380,480</b>	<b>(188,809)</b>	<b>1,191,671</b>	<b>969,973</b>	<b>(193,702)</b>	<b>776,271</b>

## 30 INVESTMENT CONTRACT LIABILITIES

(a) Unit-linked products

	2021 \$'000	2020 \$'000
Balance as at 1 January	1,443,637	1,083,703
Premiums received during the year	485,967	129,674
Investment (loss) /gain allocated to investment contracts	(86,862)	475,669
Surrenders and others	(283,648)	(331,198)
Exchange difference	44,244	85,789
Balance as at 31 December	<b>1,603,338</b>	<b>1,443,637</b>



### 30 INVESTMENT CONTRACT LIABILITIES (Continued)

#### (b) Universal life and other products

	2021 \$'000	2020 \$'000
Balance as at 1 January	75,595,506	55,135,069
Premiums received during the year	16,206,698	20,960,896
Interest allocated to investment contracts, net of management fee	3,070,149	1,880,797
Surrenders and others	(11,613,707)	(5,380,557)
Exchange difference	1,628,967	2,999,301
Balance as at 31 December	<b>84,887,613</b>	<b>75,595,506</b>

### 31 DEFERRED TAX ASSETS AND LIABILITIES

#### (a) Deferred tax assets and liabilities recognised

The movement in deferred tax assets and liabilities during the year without taking into consideration the offsetting of balances within the same taxation jurisdiction, is as follows:

Deferred tax arising from:	Difference in depreciation allowances and related depreciation \$'000	Revaluation of properties \$'000	Fair value adjustment of available-for-sale securities \$'000	Life insurance contract liabilities \$'000	Unused tax losses \$'000	Securities held for trading \$'000	Accrued salaries \$'000	Others \$'000	Total \$'000
At 1 January 2021	25,169	(2,269,898)	(2,754,481)	(304,777)	590,130	(515,692)	1,653,078	283,788	(3,292,683)
(Charged)/credited to consolidated statement of profit or loss	11,876	107,351	475,001	318,392	(10,985)	27,981	471,678	1,281,841	2,683,135
Charged to other comprehensive income	-	(10,179)	4,369,902	-	-	-	-	-	4,359,723
Changed due to loss of control of a subsidiary	-	-	-	-	-	-	-	(309)	(309)
Exchange difference	1,629	(67,743)	(54,494)	(5,588)	(11,206)	(14,219)	19,390	67,071	(65,160)
At 31 December 2021	<b>38,674</b>	<b>(2,240,469)</b>	<b>2,035,928</b>	<b>8,027</b>	<b>567,939</b>	<b>(501,930)</b>	<b>2,144,146</b>	<b>1,632,391</b>	<b>3,684,706</b>
At 1 January 2020	(35,287)	(2,208,659)	(1,648,365)	(297,426)	496,975	(279,830)	1,471,336	462,723	(2,038,533)
(Charged)/credited to consolidated statement of profit or loss	54,953	86,982	481,008	9,868	71,492	(205,543)	81,771	(203,437)	377,094
Charged to other comprehensive income	-	(4,478)	(1,525,729)	-	-	-	-	-	(1,530,207)
Exchange difference	5,503	(143,743)	(61,395)	(17,219)	21,663	(30,319)	99,971	24,502	(101,037)
At 31 December 2020	<b>25,169</b>	<b>(2,269,898)</b>	<b>(2,754,481)</b>	<b>(304,777)</b>	<b>590,130</b>	<b>(515,692)</b>	<b>1,653,078</b>	<b>283,788</b>	<b>(3,292,683)</b>

**31 DEFERRED TAX ASSETS AND LIABILITIES (Continued)**

**(a) Deferred tax assets and liabilities recognised (Continued)**

	<b>At 31 December 2021 \$'000</b>	<b>At 31 December 2020 \$'000</b>
Net deferred tax assets recognised in the consolidated statement of financial position	<b>5,502,790</b>	2,239,919
Net deferred tax liabilities recognised in the consolidated statement of financial position	<b>(1,818,084)</b>	<u>(5,532,602)</u>
	<b>3,684,706</b>	<u>(3,292,683)</u>

**(b) Deferred tax assets not recognised**

As at 31 December 2021, the Group did not recognise deferred tax assets in respect of certain tax losses of \$5,535,391,000 (2020: \$4,109,445,000) and certain temporary differences of \$445,754,000 (2020: \$529,150,000). \$1,108,094,000 (2020: \$546,215,000) of the total tax losses can be carried forward up to five years after the year in which the loss was originated to offset future taxable profits, while the remaining tax losses and temporary difference do not expire under current tax legislation.

## 32 INTEREST-BEARING NOTES

	At 31 December 2021 \$'000	At 31 December 2020 \$'000
USD notes ( <i>note (a)</i> )	4,635,923	4,608,891
RMB notes ( <i>note (b)</i> )	12,260,628	7,162,925
RMB capital supplement notes ( <i>note (c)</i> )	15,901,174	3,564,469
	<b>32,797,725</b>	<b>15,336,285</b>

*Notes:*

- (a) On 22 November 2012, China Taiping Capital Limited, a subsidiary of the Group issued 4.125% notes for the principal amount of USD300,000,000 at a discount of 0.728%. The notes are listed on The Stock Exchange of Hong Kong Limited and will mature on 21 November 2022 but the notes can be redeemed at any time at par plus accrued interest and premium at the discretion of the subsidiary. Interest on the notes is payable semi-annually in arrears. The Directors considered that the fair value of redemption option of notes issued is insignificant and not recognised in the financial statements.

The notes may be redeemed by the subsidiary, at its option, at any time at par plus accrued interest, in the event of certain tax changes as described under “Conditions of the Notes - Redemption and Purchase” in the offering circular dated 14 November 2012.

On 2 October 2013, China Taiping Fortunes Limited, a subsidiary of the Group issued 6.0% notes for the principal amount of USD300,000,000 at par. The notes will mature on 2 October 2028. Interest on the notes is payable semi-annually in arrears.

The notes issued are unconditionally and irrevocably guaranteed by the Company.

## 32 INTEREST-BEARING NOTES (Continued)

Notes: (Continued)

- (b) During the third quarter of 2019, TSFL, a subsidiary of the Group issued 3.49% notes at par for the principal amount of RMB4,000,000,000. The notes will mature during the third quarter of 2022. Interest on the notes is payable annually in arrears.

During the second quarter of 2021, TSFL issued 3.45% notes at par for the principal amount of RMB2,000,000,000 and 3.59% notes at par for the principal amount of RMB2,000,000,000. The notes will mature during the second quarter of 2024. Interest on the notes is payable annually in arrears.

On 8 September 2020, TPL, a subsidiary of the Group issued Phase 2 of Policy Loan Asset-Backed Securities Prime at par for the principal amount of RMB2,000,000,000. The issuance period is six months, among which RMB1,998,000,000 is at preferred level with an expected rate of return of 3.2%, RMB2,000,000 is at subordinated level with an expected rate of return not higher than 8%. On 24 September 2021, TPL, issued Phase 3 of Policy Loan Asset-Backed Securities Prime at par for the principal amount of RMB2,000,000,000. The issuance period is six months, among which RMB1,998,000,000 is at preferred level with an expected rate of return of 2.95%, RMB2,000,000 is at subordinated level with an expected rate of return not higher than 8%.

The notes issued are free of any collateral and guarantee.

- (c) On 20 November 2019, TPI, a subsidiary of the Group issued 4.18% capital supplement notes at par for the principal amount of RMB3,000,000,000. The notes will mature on 22 November 2029 but the notes can be redeemed at the fifth anniversary year of the issue date at par value at the discretion of TPI. Interest on the notes is payable annually in arrears.

On 2 December 2021, TPL issued 3.61% capital supplement notes at par for the principal amount of RMB10,000,000,000. The notes will mature on 5 December 2031 but the notes can be redeemed at the fifth anniversary year of the issue date at par value at the discretion of TPL. Interest on the notes is payable annually in arrears.

The notes issued are free of any collateral and guarantee.

**32 INTEREST-BEARING NOTES (Continued)**

*Notes: (Continued)*

The following subsidiary had issued interest-bearing notes, some of which are held by the Group:

<b>At 31 December 2021</b>			
	<b>Held by Group \$'000</b>	<b>Held by third parties \$'000</b>	<b>Total \$'000</b>
<b>China Taiping Capital Limited</b>	<b>42,919</b>	<b>4,635,923</b>	<b>4,678,842</b>
<b>At 31 December 2020</b>			
	<b>Held by Group \$'000</b>	<b>Held by third parties \$'000</b>	<b>Total \$'000</b>
China Taiping Capital Limited	42,669	4,608,891	4,651,560

### 33 INSURANCE CREDITORS

	At 31 December 2021 \$'000	At 31 December 2020 \$'000
Prepaid premiums received	52,192,063	46,531,535
Amounts due to insurance customers/creditors	13,333,730	12,974,193
Amounts due to insurance intermediaries	8,649,994	7,804,261
Deposits retained from retrocessionaires	5,869,369	5,370,043
Surrender payable	351	287
	<b>80,045,507</b>	<b>72,680,319</b>

All of the amounts due to insurance customers/creditors are expected to be settled within one year.

The following is an ageing analysis of the amounts due to insurance customers/creditors:

	At 31 December 2021 \$'000	At 31 December 2020 \$'000
Current	10,076,491	9,211,093
More than 3 months but less than 12 months	3,177,663	3,700,624
More than 12 months	79,576	62,476
	<b>13,333,730</b>	<b>12,974,193</b>

### 34 OTHER PAYABLES AND ACCRUALS

As at 31 December 2020, other payables and accruals included \$118,816,000 due to an associate was unsecured, repayable within two years and carrying interest at fixed interest rate of 5.00% per annum. The amount was entirely repaid during the year ended 31 December 2021.

The remaining other payables and accruals are expected to be settled within one year.

### 35 INSURANCE PROTECTION FUND

The amount represents the amount payable to the insurance protection fund at the end of the reporting period. According to the CIRC's Order (2008) No. 2 "Administration rule on insurance protection fund", the insurance protection fund is calculated on the basis of 0.8% of retained premium for accident and short-term health policies, 0.15% of retained premium for long-term life and long-term health policies with guaranteed interest, and 0.05% of retained premium for long-term life policies without guaranteed interest. The ceiling of the fund for a life insurance company is 1% of its total assets and for a property and casualty insurance company is 6% of its total assets.

### 36 SECURITIES PURCHASED UNDER RESALE AGREEMENTS/SECURITIES SOLD UNDER REPURCHASE AGREEMENTS

The Group entered into transactions in which it transferred financial assets directly to third parties. As the Group has not transferred the significant risks and rewards relating to these securities, it continues to recognise the full carrying amount and has recognised the cash received on the transfer as securities sold under repurchase agreements. The following were the Group's held-to-maturity securities, available-for-sale securities and held-for-trading securities that were transferred to the third parties with terms to repurchase these securities at the agreed dates and prices. These securities are either measured at amortised cost or carried at fair value respectively in the Group's consolidated statement of financial position.

	At 31 December 2021			Total \$'000
	Held-to- maturity securities \$'000	Available- for-sale securities \$'000	Held-for- trading securities \$'000	
Carrying amount of transferred assets	33,559,190	8,283,929	11,988,745	53,831,864
Carrying amount of associated liabilities - securities sold under repurchase agreements	(6,264,855)	(1,714,018)	(11,394,226)	(19,373,099)
Net position	<u>27,294,335</u>	<u>6,569,911</u>	<u>594,519</u>	<u>34,458,765</u>
	At 31 December 2020			
	Held-to- maturity securities \$'000	Available- for-sale securities \$'000	Held-for- trading securities \$'000	Total \$'000
Carrying amount of transferred assets	32,233,733	2,509,602	6,714,069	41,457,404
Carrying amount of associated liabilities - securities sold under repurchase agreements	(30,429,846)	(2,020,229)	(6,026,867)	(38,476,942)
Net position	<u>1,803,887</u>	<u>489,373</u>	<u>687,202</u>	<u>2,980,462</u>

### 36 SECURITIES PURCHASED UNDER RESALE AGREEMENTS/SECURITIES SOLD UNDER REPURCHASE AGREEMENTS (Continued)

Conversely, the Group also enters into short-term investment arrangements secured by the securities purchased. The securities purchased are not recognised on the consolidated statement of financial position.

All of the securities purchased under resale agreements and securities sold under repurchase agreements are denominated in RMB and will be settled within one year from the end of the reporting period. The carrying amount of the securities purchased under resale agreements and securities sold under repurchase agreements approximate to their fair values.

As at 31 December 2021, most of the securities purchased under resale agreements and the securities sold under repurchase agreements will mature within 28 days (2020: within 18 days), with interest rates of 3% to 5% (2020: 3% to 5%) and 0.4% to 5% (2020: 2% to 4%) per annum, respectively.

### 37 RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

	Amounts due to group companies \$'000	Lease liabilities \$'000	Interest- bearing notes \$'000	Bank borrowings \$'000	Total \$'000
<b>Balance at 1 January 2021</b>	20,070	2,276,506	15,336,285	11,994,433	29,627,294
<b>Changes from financing cash flows:</b>					
Decrease in amounts due to group companies	(337)	-	-	-	(337)
Repayment of lease liabilities	-	(1,188,687)	-	-	(1,188,687)
Issuance of interest-bearing notes	-	-	19,265,215	-	19,265,215
Redemption of interest-bearing notes	-	-	(2,408,681)	-	(2,408,681)
Proceeds from bank borrowings	-	-	-	2,850,700	2,850,700
Repayment of bank borrowings	-	-	-	(3,503,470)	(3,503,470)
<b>Total changes from financing cash flows</b>	<b>(337)</b>	<b>(1,188,687)</b>	<b>16,856,534</b>	<b>(652,770)</b>	<b>15,014,740</b>
<b>Non-cash changes:</b>					
Additions of leases	-	1,326,152	-	-	1,326,152
Write off	-	(317,991)	-	-	(317,991)
Interest expenses on lease liabilities	-	101,301	-	-	101,301
Acquisition of subsidiaries	-	-	-	8,500,000	8,500,000
Exchange difference	-	33,046	604,906	8,091	646,043
<b>Total non-cash changes</b>	<b>-</b>	<b>1,142,508</b>	<b>604,906</b>	<b>8,508,091</b>	<b>10,255,505</b>
<b>Balance at 31 December 2021</b>	<b>19,733</b>	<b>2,230,327</b>	<b>32,797,725</b>	<b>19,849,754</b>	<b>54,897,539</b>



### 37 RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES (Continued)

	Amounts due to group companies \$'000	Lease liabilities \$'000	Interest- bearing notes \$'000	Bank borrowings \$'000	Total \$'000
Balance at 1 January 2020	17,605	2,447,479	12,444,266	11,582,153	26,491,503
Changes from financing cash flows:					
Decrease in amounts due to group companies	2,465	-	-	-	2,465
Repayment of lease liabilities	-	(1,319,213)	-	-	(1,319,213)
Issuance of interest-bearing notes	-	-	2,410,299	-	2,410,299
Proceeds from bank borrowings	-	-	-	4,152,002	4,152,002
Repayment of bank borrowings	-	-	-	(4,333,800)	(4,333,800)
Total changes from financing cash flows	2,465	(1,319,213)	2,410,299	(181,798)	911,753
Non-cash changes:					
Additions of leases	-	979,463	-	-	979,463
Write off	-	(79,221)	-	-	(79,221)
Interest expenses on lease liabilities	-	109,887	-	-	109,887
Exchange difference	-	138,111	481,720	594,078	1,213,909
Total non-cash changes	-	1,148,240	481,720	594,078	2,224,038
Balance at 31 December 2020	20,070	2,276,506	15,336,285	11,994,433	29,627,294

### 38 BANK BORROWINGS

	At 31 December 2021 \$'000	At 31 December 2020 \$'000
Unsecured		
Bank loans (note (i))	11,349,754	11,994,433
Bank loans for finance lease receivables (note (ii))	33,396,254	23,989,695
	<b>44,746,008</b>	35,984,128
Secured		
Bank loan (note (iii))	8,500,000	-
Bank loans for finance lease receivables (note (iv))	6,899,498	7,673,397
	<b>60,145,506</b>	43,657,525

### 38 BANK BORROWINGS (Continued)

The bank borrowings are repayable as follows:

	At 31 December 2021 \$'000	At 31 December 2020 \$'000
Within 1 year	48,350,574	29,568,970
After 1 year but within 5 years	9,715,026	13,415,219
After 5 years	2,079,906	673,336
	<b>60,145,506</b>	<b>43,657,525</b>

The amounts presented in the above table are based on scheduled repayment dates set out in the loan agreements.

Notes:

- (i) As at 31 December 2021, the bank loans are unsecured and carry interest at HIBOR plus 0.80% to HIBOR plus 1.15% (2020: HIBOR plus 0.70% to HIBOR plus 1.20%) per annum, with effective interest rates ranging from 1.00% to 1.40% (2020: 0.88% to 3.63%) per annum.
- (ii) As at 31 December 2021, the bank loans for finance lease receivables are unsecured and carry interest at weighted average interest rates ranging from 0.4% to 4.3% (2020: 3.10% to 3.98%) per annum.
- (iii) As at 31 December 2021, the bank loan is secured by the shares of certain subsidiaries and pledged and restricted bank deposits and carry interest at HIBOR plus 1.20%, with effective interest rates at 1.36% per annum.
- (iv) As at 31 December 2021, the bank loans are secured by operating lease assets, finance lease receivables and operating lease receivables, and carry interest based on the benchmark interest rate issued by the People's Bank of China, with weighted average interest rates ranging from 1.51% to 4.04% (2020: 3.81% to 3.98%) per annum.

### 39 SHARE CAPITAL

	2021		2020	
	No. of shares	\$'000	No. of shares	\$'000
<b>Ordinary shares, issued and fully paid:</b>				
At 1 January	3,594,018,538	40,771,408	3,594,018,538	40,771,408
At 31 December	<b>3,594,018,538</b>	<b>40,771,408</b>	3,594,018,538	40,771,408

All of the shares issued by the Company rank pari passu and do not carry pre-emptive rights.

## 40 RESERVES

	Capital reserve \$'000	Merger reserve \$'000	Exchange reserve \$'000	Fair value reserve \$'000	Revaluation reserve \$'000	Retained profits \$'000	Attributable to owners of the Company \$'000	Non- controlling interests \$'000	Total \$'000
<b>Balance at 1 January 2021</b>	(5,615,659)	(6,842,218)	(212,624)	10,782,301	1,360,856	50,403,388	49,876,044	25,965,607	75,841,651
Profit for the year	-	-	-	-	-	7,513,701	7,513,701	3,438,672	10,952,373
Other comprehensive income for the year:									
Revaluation gain arising from reclassification of own-use properties to investment properties	-	-	-	-	55,728	-	55,728	8,560	64,288
Exchange differences on translation of the financial statements of subsidiaries, associates and joint ventures	-	-	2,258,122	-	-	-	2,258,122	707,120	2,965,242
Net changes in fair value of available-for-sale securities	-	-	-	(10,970,564)	-	-	(10,970,564)	(3,183,779)	(14,154,343)
<b>Total comprehensive income</b>	-	-	2,258,122	(10,970,564)	55,728	7,513,701	(1,143,013)	970,573	(172,440)
Dividend declared to shareholders	-	-	-	-	-	(1,437,607)	(1,437,607)	-	(1,437,607)
Dividend declared by subsidiaries to non-controlling interests	-	-	-	-	-	-	-	(1,553,547)	(1,553,547)
Disposal of a subsidiary	-	-	-	-	-	-	-	1,046	1,046
Capital injections made to a subsidiary	-	-	-	-	-	-	-	5,449	5,449
<b>Balance at 31 December 2021</b>	<b>(5,615,659)</b>	<b>(6,842,218)</b>	<b>2,045,498</b>	<b>(188,263)</b>	<b>1,416,584</b>	<b>56,479,482</b>	<b>47,295,424</b>	<b>25,389,128</b>	<b>72,684,552</b>

**40 RESERVES (Continued)**

	Capital reserve \$ '000	Merger reserve \$ '000	Exchange reserve \$ '000	Fair value reserve \$ '000	Revaluation reserve \$ '000	Retained profits \$ '000	Attributable to owners of the Company \$ '000	Non- controlling interests \$ '000	Total \$ '000
Balance at 1 January 2020	(6,757,647)	(6,842,218)	(4,578,886)	6,126,973	1,348,388	46,239,586	35,536,196	17,749,360	53,285,556
Profit for the year	-	-	-	-	-	6,548,980	6,548,980	3,907,901	10,456,881
Other comprehensive income for the year:									
Revaluation gain arising from reclassification of own-use properties to investment properties	-	-	-	-	12,468	-	12,468	2,554	15,022
Exchange differences on translation of the financial statements of subsidiaries, associates and joint ventures	-	-	4,366,262	-	-	-	4,366,262	1,295,329	5,661,591
Net changes in fair value of available-for-sale securities	-	-	-	4,655,328	-	-	4,655,328	928,935	5,584,263
Total comprehensive income	-	-	4,366,262	4,655,328	12,468	6,548,980	15,583,038	6,134,719	21,717,757
Dividend declared to shareholders	-	-	-	-	-	(1,078,206)	(1,078,206)	-	(1,078,206)
Dividend declared by subsidiaries to non-controlling interests	-	-	-	-	-	-	-	(1,077,602)	(1,077,602)
Transfer of capital reserve due to capitalisation of retained earnings as share capital from a subsidiary	1,306,972	-	-	-	-	(1,306,972)	-	-	-
Deemed disposal of partial interest in a subsidiary	(131,299)	-	-	-	-	-	(131,299)	3,172,645	3,041,346
Acquisition of additional interest in a subsidiary	(33,685)	-	-	-	-	-	(33,685)	(13,515)	(47,200)
Balance at 31 December 2020	(5,615,659)	(6,842,218)	(212,624)	10,782,301	1,360,856	50,403,388	49,876,044	25,965,607	75,841,651

## 40 RESERVES (Continued)

### (a) Nature or purpose of reserves

#### (i) Capital reserve

The capital reserve represents the differences between the net assets value of the target interests, target assets and liabilities acquired and the fair value of the shares issued by the Company as consideration for the acquisition.

#### (ii) Merger reserve

Merger reserve represents the difference in (i) the fair value of the shares issued as a consideration paid to TPG and TPG (HK) and (ii) the share capital and share premium of the equity interests and the carrying value of certain assets acquired which were all under common control of TPG and TPG (HK) before and after the acquisition.

#### (iii) Exchange reserve

The exchange reserve is comprised of all of the foreign exchange differences arising from the translation of the financial statements of Group entities that has functional currency different from the Group's presentation currency. The reserve is dealt with in accordance with the accounting policy are disclosed in Note 1(w).

#### (iv) Fair value reserve

The fair value reserve is comprised of the cumulative net change in the fair value of available-for-sale securities held at the end of the reporting period and is dealt with in accordance with the accounting policy are disclosed in Note 1(h)(iv).

#### (v) Revaluation reserve

The revaluation reserve represents the revaluation of fair value of the assets and liabilities from the additional acquisition of TPI relating to previously held interest in TPI as associates and the revaluation of fair value of certain properties from land and buildings to investment properties.

#### (vi) Retained profits

In accordance with the Company Law and the Articles of Association, the subsidiaries are required to make appropriation to a statutory surplus reserve based on its profit for the year (after offsetting any prior years' losses) as determined based on applicable financial regulations in the PRC in their annual statutory financial statements. The retained profits included statutory surplus reserve of subsidiaries amounting to \$6,856.08 million (2020: \$6,666.30 million) as at 31 December 2021.

#### **41 EMPLOYEE RETIREMENT BENEFITS**

The Group operates a MPF scheme under the Hong Kong Mandatory Provident Fund Schemes Ordinance and one Staff Provident Fund Scheme (the “SPF scheme”) under the Occupational Retirement Schemes Ordinance for employees employed under the Hong Kong Employment Ordinance. The MPF scheme is a defined contribution retirement scheme administered by independent trustees. Under the MPF scheme, the employers and its employees are each required to make contributions to the MPF scheme at 5% of the employees’ relevant income, subject to a cap of a monthly relevant income of \$30,000. Contributions to the scheme vest immediately. Under the SPF scheme, the Group is required to make contributions based on a certain percentage of the relevant employees’ salaries which is dependent on their length of service with the Group. Forfeited contributions to the SPF scheme are used to reduce the Group’s future contributions.

As stipulated by the labour regulations of the PRC, certain subsidiaries of the Group participate in various defined contribution retirement plans authorised by municipal and provincial governments for its staff. These subsidiaries are required to contribute at a rate of 10% to 22% (2020: 10% to 22%) of the salaries, bonuses and certain allowances of their staff to the retirement plans. A member of the plans is entitled to a pension equal to a fixed proportion of the salary prevailing at his or her retirement date.

The Group has no other material obligations for the payment of its staff’s retirement and other post-employment benefits other than the contributions described above.

## 42 MATURITY PROFILE

The following table details the Group's contractual maturity for some of its financial assets and financial liabilities.

	Repayable on demand \$'000	Less than 3 months \$'000	3 to 12 months \$'000	1 to 5 years \$'000	Over 5 years \$'000	Total \$'000
<b>At 31 December 2021</b>						
<b>Assets</b>						
Deposits at banks and other financial institutions (including statutory deposits)	663,248	7,343,181	10,345,738	64,076,566	2,446,184	84,874,917
Pledged and restricted bank deposits	696,869	424,073	283,605	1,131	-	1,405,678
Debt securities						
-held-to-maturity	-	911,299	6,963,461	56,267,476	416,830,728	480,972,964
-available-for-sale	-	5,344,723	10,596,333	37,970,767	44,831,151	98,742,974
-held-for-trading	-	6,385,098	5,644,462	23,393,035	8,827,590	44,250,185
-designated at fair value through profit or loss	-	-	62,204	21,146	-	83,350
Debt products						
-loans and receivables	94,207	8,829,088	25,486,404	62,419,234	22,067,278	118,896,211
Securities purchased under resale agreements	-	6,923,758	-	-	-	6,923,758
Loans and advances	78	19	88,222,968	-	-	88,223,065
Finance lease receivables	4,108	171,612	4,145,580	35,396,098	11,577,293	51,294,691
Amount due from group companies	2,051,643	-	-	-	-	2,051,643
	<b>3,510,153</b>	<b>36,332,851</b>	<b>151,750,755</b>	<b>279,545,453</b>	<b>506,580,224</b>	<b>977,719,436</b>
<b>Liabilities</b>						
Interest-bearing notes	-	-	9,707,681	4,849,449	18,240,595	32,797,725
Lease liabilities	-	251,336	715,405	1,232,887	30,699	2,230,327
Bank borrowings	-	19,560,399	28,790,175	9,715,026	2,079,906	60,145,506
Investment contract liabilities						
- universal life and other products	2,468,588	177,925	1,902,093	5,089,576	75,249,431	84,887,613
Securities sold under repurchase agreements	-	18,883,985	489,114	-	-	19,373,099
Amounts due to group companies	19,733	-	-	-	-	19,733
	<b>2,488,321</b>	<b>38,873,645</b>	<b>41,604,468</b>	<b>20,886,938</b>	<b>95,600,631</b>	<b>199,454,003</b>

## 42 MATURITY PROFILE (Continued)

	Repayable on demand \$'000	Less than 3 months \$'000	3 to 12 months \$'000	1 to 5 years \$'000	Over 5 years \$'000	Total \$'000
At 31 December 2020						
Assets						
Deposits at banks and other financial institutions (including statutory deposits)	4,958	4,996,592	3,780,720	60,346,466	118,816	69,247,552
Pledged and restricted bank deposits	397,428	631,314	202,041	1,180	-	1,231,963
Debt securities						
-held-to-maturity	-	1,217,607	5,119,816	49,182,542	312,309,371	367,829,336
-available-for-sale	-	3,175,596	13,480,672	31,416,211	42,241,585	90,314,064
-held-for-trading	-	3,355,738	6,862,608	20,841,777	4,020,258	35,080,381
-designated at fair value through profit or loss	-	-	-	84,722	-	84,722
Debt products						
-loans and receivables	331,622	1,563,779	21,100,755	80,423,882	26,747,718	130,167,756
Securities purchased under resale agreements						
	-	4,861,664	-	-	-	4,861,664
Loans and advances	1,031	-	74,652,908	-	-	74,653,939
Finance lease receivables	50,347	475,378	1,895,184	30,841,938	9,203,630	42,466,477
Amounts due from group companies	27,198	10,092	2,000,000	-	-	2,037,290
	<u>812,584</u>	<u>20,287,760</u>	<u>129,094,704</u>	<u>273,138,718</u>	<u>394,641,378</u>	<u>817,975,144</u>
Liabilities						
Interest-bearing notes	-	-	2,410,299	7,035,737	5,890,249	15,336,285
Lease liabilities	-	272,963	733,010	1,240,584	29,949	2,276,506
Bank borrowings	-	10,483,222	19,085,748	13,415,219	673,336	43,657,525
Investment contract liabilities						
- universal life and other products	2,357,854	115,516	1,792,518	3,494,311	67,835,307	75,595,506
Securities sold under repurchase agreements						
	-	38,476,942	-	-	-	38,476,942
Amounts due to group companies	20,070	-	-	-	-	20,070
	<u>2,377,924</u>	<u>49,348,643</u>	<u>24,021,575</u>	<u>25,185,851</u>	<u>74,428,841</u>	<u>175,362,834</u>



## 43 FAIR VALUES OF FINANCIAL INSTRUMENTS

### (a) Fair value of Group's financial assets and financial liabilities that are measured at fair value on a recurring basis

The fair value of financial assets and liabilities are determined as follows:

- The fair value of financial assets and financial liabilities classified as Level 1 with standard terms and conditions and traded on active liquid markets are determined with reference to recent transaction price or quoted market bid prices and ask prices respectively;
- The fair value of derivative instruments are estimated using discounted cash flow analysis and the applicable yield curve for the duration of the non-applicable derivative;
- The fair value of unlisted investment funds and unlisted debt securities included in financial assets at fair value through profit or loss and available-for-sale investments classified as Level 2 are established by reference to the prices quoted by respective fund administrators or by using valuation techniques including discounted cash flow method. The main parameters used include bond prices, interest rates, foreign exchange rates, prepayment rates, counter party credit spreads and others; and
- The Level 3 financial assets, primarily comprises unlisted equity securities. Fair values are generally determined using valuation techniques, including discounted cash flows translation and markets comparison methods. Unobservable inputs include discount rates, comparable company valuation multiples, liquidity spreads, recent transaction prices of similar instruments. The valuation requires management to make certain assumptions about unobservable inputs to the models.

### 43 FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

**(a) Fair value of Group's financial assets and financial liabilities that are measured at fair value on a recurring basis (Continued)**

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

	At 31 December 2021			
	Level 1	Level 2	Level 3	Total
	\$'000	\$'000	\$'000	\$'000
<b>Financial assets</b>				
Investments in debt and equity securities:				
- Available-for-sale	154,267,443	82,066,956	39,993,844	276,328,243
- Held-for-trading	71,565,926	10,889,812	106,251	82,561,989
- Designated at fair value through profit or loss	-	83,350	106,575	189,925
Policyholder account assets in respect of unit-linked products	<u>1,283,781</u>	<u>319,557</u>	<u>-</u>	<u>1,603,338</u>
<b>Financial liabilities</b>				
Investment contract liabilities in respect of unit-linked products	<u>(1,283,781)</u>	<u>(319,557)</u>	<u>-</u>	<u>(1,603,338)</u>
	At 31 December 2020			
	Level 1	Level 2	Level 3	Total
	\$'000	\$'000	\$'000	\$'000
<b>Financial assets</b>				
Investments in debt and equity securities:				
- Available-for-sale	147,406,366	72,507,919	39,645,902	259,560,187
- Held-for-trading	53,558,169	4,906,526	101,231	58,565,926
- Designated at fair value through profit or loss	-	84,722	121,112	205,834
Policyholder account assets in respect of unit-linked products	<u>1,183,075</u>	<u>260,562</u>	<u>-</u>	<u>1,443,637</u>
<b>Financial liabilities</b>				
Investment contract liabilities in respect of unit-linked products	<u>(1,183,075)</u>	<u>(260,562)</u>	<u>-</u>	<u>(1,443,637)</u>

### 43 FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

**(a) Fair value of Group's financial assets and financial liabilities that are measured at fair value on a recurring basis (Continued)**

Reconciliation of Level 3 fair value measurements of financial assets:

	Available-for-sale unlisted securities \$'000	Held-for-trading unlisted securities \$'000	Designated at fair value through profit or loss unlisted securities \$'000	Total \$'000
At 1 January 2021	39,645,902	101,231	121,112	39,868,245
Purchases	6,138,888	-	522	6,139,410
Gains or losses recognised in:				
- profit or loss	-	4,656	(13,535)	(8,879)
- other comprehensive income	1,101,428	-	-	1,101,428
Disposal and others	(7,567,534)	-	(2,235)	(7,569,769)
Transfer out of Level 3	(275,793)	-	-	(275,793)
Exchange difference	950,953	364	711	952,028
At 31 December 2021	<b>39,993,844</b>	<b>106,251</b>	<b>106,575</b>	<b>40,206,670</b>

	Available-for-sale unlisted securities \$'000	Held-for-trading unlisted securities \$'000	Designated at fair value through profit or loss unlisted securities \$'000	Total \$'000
At 1 January 2020	29,970,455	99,064	1,116,284	31,185,803
Purchases	8,254,200	797	4,017	8,259,014
Gains or losses recognised in:				
- profit or loss	-	1,182	(101,288)	(100,106)
- other comprehensive income	2,228,870	-	-	2,228,870
Transfer to Level 3	137,475	-	218,386	355,861
Disposal and others	(2,662,323)	-	(1,188,091)	(3,850,414)
Exchange difference	1,717,225	188	71,804	1,789,217
At 31 December 2020	<b>39,645,902</b>	<b>101,231</b>	<b>121,112</b>	<b>39,868,245</b>

## 43 FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

### (a) Fair value of Group's financial assets and financial liabilities that are measured at fair value on a recurring basis (Continued)

At 31 December 2021, investments in debt and equity securities classified as available-for-sale with carrying amounts of \$231,955,000 (2020: \$110,346,000) were transferred from Level 1 to Level 2 because quoted prices in the markets for such investments were no longer regularly available. Conversely, investments in debt and equity securities classified as available-for-sale with carrying amounts of \$516,362,000 (2020: \$40,025,000) were transferred from Level 2 to Level 1 because quoted prices in active markets were available as at 31 December 2021.

The transfer to Level 3 fair value measurements were because of the changes of inputs in fair value measurements.

### (b) Fair value of financial assets and financial liabilities that are not measured at fair value on a recurring basis (but fair value disclosures are required)

The carrying amounts of the Group's financial instruments carried at cost or amortised cost are not materially different from their fair values as at 31 December 2021 and 2020 except for the following financial instruments, for which their carrying amounts and fair value and the level of fair value hierarchy are disclosed below:

	Carrying amount \$'000	Fair value \$'000	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000
<b>At 31 December 2021</b>					
Held-to-maturity debt securities	480,972,964	512,569,171	102,865,435	409,703,736	-
Loans and receivables					
- investment funds	4,574,922	4,574,922	-	4,574,922	-
- debt products	118,896,211	119,869,371	-	1,737,262	118,132,109
Interest-bearing notes	(32,797,725)	(33,159,945)	-	(33,159,945)	-
	Carrying amount \$'000	Fair value \$'000	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000
<b>At 31 December 2020</b>					
Held-to-maturity debt securities	367,829,336	383,468,983	78,180,719	305,288,264	-
Loans and receivables					
- investment funds	5,357,173	5,357,173	-	5,357,173	-
- debt products	130,167,756	131,767,564	-	1,494,067	130,273,497
Interest-bearing notes	(15,336,285)	(15,513,250)	-	(15,513,250)	-

#### 43 FAIR VALUES OF FINANCIAL INSTRUMENTS *(Continued)*

##### (b) Fair value of financial assets and financial liabilities that are not measured at fair value on a recurring basis (but fair value disclosures are required) *(Continued)*

For listed held-to-maturity debt securities classified as Level 1, fair value is based on unadjusted quoted prices for identical assets traded in active market.

For unlisted held-to-maturity debt securities and interest-bearing notes issued classified as Level 2, fair value is determined by generally accepted pricing models including discounted cash flow technique by using observable market inputs such as market interest yield. For unlisted investment fund classified as Level 2, fair value is determined by broker quotes that can be corroborated with observable recent market transactions.

For debt products under loans and receivables classified as Level 3, fair value is determined by generally accepted pricing models including discounted cash flow technique by using unobservable discount rates that reflect the credit risk.

#### 44 COMMITMENTS

##### (a) Capital commitments as at 31 December 2021 were as follows:

	At 31 December 2021 \$'000	At 31 December 2020 \$'000
Contracted for but not provided		
- property and equipment	3,111,967	3,340,068
- Investments	8,367,112	-
Authorised but not contracted for		
- property and equipment	59,782	102,057
	<b>11,538,861</b>	<b>3,442,125</b>

#### 44 COMMITMENTS (Continued)

(b) Operating lease commitments: The Group as lessor

The Group leases out operating lease assets and investment properties under operating leases. The leases typically run for an initial period of 2 to 5 years, with an option to renew the lease after that date at which time all terms are renegotiated. Lease payments are usually reviewed every 2 to 5 years to reflect market rentals. None of the leases includes contingent rentals.

The gross carrying amounts of operating lease assets and the investment properties of the Group held for use in operating leases were \$29,014,183,000 (2020: \$24,687,208,000).

As at 31 December 2021, the Group had contracted with tenants for the following future minimum lease payments:

	<b>At 31 December 2021 \$'000</b>	<b>At 31 December 2020 \$'000</b>
Within 1 year	<b>1,981,126</b>	1,555,464
After 1 year but within 2 years	1,548,362	1,244,906
After 2 years but within 3 years	1,035,939	809,830
After 3 years but within 4 years	512,336	538,368
After 4 years but within 5 years	389,834	173,421
After 5 years	1,210,863	457,049
	<b>6,678,460</b>	4,779,038

#### 45 DEEMED DISPOSAL OF PARTIAL INTEREST IN A SUBSIDIARY

Pursuant to the subscription agreement in August 2020, a non-controlling shareholder agreed to subscribe approximately 25% of the enlarged share capital of TPRe, a subsidiary of the Group, in a consideration of \$3,041,346,000. After the completion of this transaction in November 2020, TPRe is held by the Group approximately 75% and the Group still retains its control over TPRe, which is then accounted for as an equity transaction.

The difference between the consideration of subscriptions and the net assets shared by non-controlling interest amounted to \$131,299,000 has been recognised in capital reserve in consolidated statement of changes in equity.

**45 DEEMED DISPOSAL OF PARTIAL INTEREST IN A SUBSIDIARY (Continued)**

- (i) Assets and liabilities at the date of deemed disposal of partial interest in TPRE, a subsidiary of the Group were as follows:

	<i>\$'000</i>
<b>Assets</b>	
Statutory deposits	415,429
Property and equipment	294,313
Deferred tax assets	342,426
Investments in debt and equity securities	32,544,284
Securities purchases under resale agreements	53,260
Insurance debtors	7,083,545
Reinsurers' share of insurance contract provisions	3,950,044
Other assets	2,077,141
Pledged and restricted bank deposits	338,086
Deposits at bank with original maturity more than three months	1,484,676
Cash and cash equivalents	6,314,828
<b>Liabilities</b>	
Insurance contract provisions	(34,543,234)
Deferred tax liabilities	(14,847)
Insurance creditors	(6,779,535)
Other payables and accruals	(296,771)
Current taxation	(573,066)
Net assets after subscription	12,690,579

- (ii) Loss recognised in consolidated statement of changes in equity:

	<i>\$'000</i>
Consideration of subscription	3,041,346
Net assets shared by non-controlling interests	3,172,645
Loss recognised in capital reserve	131,299

#### 46 POLICYHOLDER ACCOUNT ASSETS IN RESPECT OF UNIT-LINKED PRODUCTS

	<b>At 31 December 2021 \$'000</b>	<b>At 31 December 2020 \$'000</b>
Investments in held-for-trading securities		
- Investment funds	635,431	661,729
- Equity securities	564,195	597,543
- Debt securities	81,569	45,479
Cash and bank balances	233,787	96,935
Money market fund	56,006	23,963
Securities purchased under resale agreements	29,591	16,096
Other assets	2,759	1,892
	<b>1,603,338</b>	<b>1,443,637</b>

The above assets are held for policyholders of unit-linked products.

#### 47 CONTINGENT LIABILITIES

Other than those incurred in the normal course of the Group's insurance businesses, there was no outstanding litigation nor any other contingent liabilities as at 31 December 2021 and 2020.



## 48 MATERIAL RELATED PARTY TRANSACTIONS

### A Recurring transaction with related parties

The Group has not entered into significant recurring with related parties during the Year. Remuneration of Directors and key management personnel disclosed in Notes 9 and 10.

### B Non-recurring transaction with related parties

- (i) Business transactions between state-owned enterprises controlled by the PRC (collectively “State-Owned Entities”) are within the scope of related party transaction. During the Year, the Group had transactions with State-Owned Entities including but not limited to the sales of insurance policies and banking related services. These transactions are conducted in the ordinary course of the Group’s insurance business on terms similar to those that would have been entered into with non-State-Owned Entities. The Group has also established its pricing strategy and approval processes for its major insurance products. Such pricing strategy and approval processes do not depend on whether the customers are State-Owned Entities or not. Having due regard to the substance of the relationships, the Directors believe that none of these transactions are related party transactions that require separate disclosure.

## 49 STATEMENT OF FINANCIAL POSITION AND RESERVE OF HOLDING COMPANY

The statement of financial position and reserve of holding company has been prepared in accordance with the accounting policies of the Group as set out in Note 1 to the consolidated financial statements, except that new accounting policies in respect of investment in debt and equity securities and other financial assets have been adopted. As explained in Note 1 to the consolidated financial statements, HKFRS 9 has not been adopted for the preparation of the consolidation financial statements of the Group for the year ended 31 December 2021.

### *Investments in debt and equity securities and other financial assets*

*Classification* - The Company classifies its financial assets as those to be measured subsequently at fair value, and those at amortised cost. The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

*Recognition and derecognition* - Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Company commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership.

*Measurement* - At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss ("FVPL"), transaction costs that are directly attributable to the acquisition of the financial asset.

*Debt instruments* - Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is calculated using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss. Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss. Interest income from these financial assets is calculated using the effective interest rate method. Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss in the period in which it arises.

*Equity instruments* - The Company subsequently measures all equity investments at fair value. Changes in the fair value of financial assets at FVPL are recognised in profit or loss.

*Impairment* - The Company assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

**49 STATEMENT OF FINANCIAL POSITION AND RESERVE OF HOLDING COMPANY**  
(Continued)

	<i>Note</i>	At 31 December 2021 \$'000	At 31 December 2020 \$'000
<b>Assets</b>			
Fixed assets			
- Property and equipment		93,519	131,614
- Investment properties		286,617	290,773
- Right-of-use assets		392,198	246,462
Interests in subsidiaries		47,111,784	46,550,347
Interests in associates		895,085	1,156,649
Financial assets at fair value through profit or loss		229,378	240,793
Deferred tax assets		104	-
Amounts due from group companies		7,684,059	7,679,849
Other assets		34,012	57,790
Cash and cash equivalents		3,204,346	1,797,797
		<b>59,931,102</b>	<b>58,152,074</b>
<b>Liabilities</b>			
Deferred tax liabilities		-	137
Bank borrowings		7,300,000	7,300,000
Lease liabilities		401,898	269,733
Amounts due to group companies		4,987,817	4,926,558
Other payables and accruals		419,692	351,277
Current taxation		1,891	1,983
		<b>13,111,298</b>	<b>12,849,688</b>
<b>Net assets</b>		<b>46,819,804</b>	<b>45,302,386</b>
<b>Capital and reserves</b>			
Share capital	39	40,771,408	40,771,408
Reserves		6,048,396	4,530,978
<b>Total equity</b>		<b>46,819,804</b>	<b>45,302,386</b>

**49 STATEMENT OF FINANCIAL POSITION AND RESERVE OF HOLDING COMPANY**  
(Continued)

	<b>Capital reserve \$'000</b>	<b>Exchange reserve \$'000</b>	<b>Retained profits \$'000</b>	<b>Total \$'000</b>
At 1 January 2021	(661,995)	(23,863)	5,216,836	4,530,978
Exchange difference on translation of foreign operations	-	(29,956)	-	(29,956)
Profit for the year	-	-	2,984,981	2,984,981
Dividend declared to shareholders	-	-	(1,437,607)	(1,437,607)
At 31 December 2021	<b>(661,995)</b>	<b>(53,819)</b>	<b>6,764,210</b>	<b>6,048,396</b>

	<b>Capital reserve \$'000</b>	<b>Exchange reserve \$'000</b>	<b>Retained profits \$'000</b>	<b>Total \$'000</b>
At 1 January 2020	(661,995)	28,608	4,350,792	3,717,405
Exchange difference on translation of foreign operations	-	(52,471)	-	(52,471)
Profit for the year	-	-	1,944,250	1,944,250
Dividend declared to shareholders	-	-	(1,078,206)	(1,078,206)
At 31 December 2020	<b>(661,995)</b>	<b>(23,863)</b>	<b>5,216,836</b>	<b>4,530,978</b>

## 50 ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of financial statements under HKFRSs requires management to make significant estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses as well as the related disclosures. Changes in assumptions may have a significant impact on the financial statements in the periods where the assumptions are changed. The estimates and assumptions 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 goodwill and intangible assets

The Group assesses annually if the goodwill and intangible assets associated with the acquisition of subsidiaries and associates have suffered any impairment losses in accordance with the accounting policy stated in Note 1(o). The recoverable amount of the goodwill and intangible assets is determined using discounted cash flows which require the use of estimated revenue from business operations, investment returns and an appropriate discount rate. As at 31 December 2021, the carrying amount of goodwill and intangible assets were \$723.95 million (2020: \$722.37 million) and \$261.41 million (2020: \$261.41 million) respectively.

### (b) Held-to-maturity investments

The Group classifies non-derivative financial assets with fixed or determinable payments and fixed maturity and where the Group has a positive intention and ability to hold the assets to maturity as held-to-maturity investments. In making this judgement, the Group evaluates its intention and ability to hold such investments until maturity.

If the Group fails to hold these investments to maturity other than for certain specific circumstances, the Group would have to reclassify the entire portfolio of held-to-maturity investments as available-for-sale investments, as such portfolio of investments would be deemed to have been tainted. This would result in the held-to-maturity investments being measured at fair value instead of at amortised cost.

### (c) Impairment of available-for-sale financial assets

The Group follows the guidance of HKAS 39 when determining whether there has been a significant or prolonged decline in the fair value of an investment in available-for-sale financial assets below its cost. This determination requires significant judgement. In making this judgement, the Group evaluates, among other factors, the duration and extent to which the fair value of an investment is less than its cost. As at 31 December 2021, the carrying amount of available-for-sale financial assets were \$276,328.79 million (2020: \$259,560.73 million).

## 50 ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)

### (d) Determination of insurance liabilities

The Group's insurance liabilities as at 31 December 2021 are mainly comprised of unearned premium provisions of \$24,796.03 million (2020: \$24,057.65 million), provision for outstanding claims of \$30,678.06 million (2020: \$25,466.72 million) and life insurance contract liabilities of \$887,816.85 million (2020: \$706,785.38 million).

The Group makes a reasonable estimate of the payments which the Group is required to make in fulfilling its obligations under the insurance contracts, based on information currently available at the end of the reporting period. The Group makes an estimate of assumptions used in the measurement of insurance contract liabilities, such assumptions including but not limited to mortality, morbidity, lapse rates, expenses, policy dividend, claim development factors, expected claim ratio and risk discount rate. Also, the Group determines estimates for premiums and claims data not received from ceding companies at the date of the consolidated financial statements on the basis of historical information, actuarial analyses, financing modeling and other analytical techniques. The Directors continually review the estimates and make adjustments as necessary, but actual results could differ significantly from what is envisioned when these estimates are made.

### (e) Fair value of investment properties and financial instruments

The fair values of investment properties and financial instruments were determined based on valuation models which involve certain assumptions. Favourable or unfavourable change to these assumptions would result in changes in the fair value and corresponding adjustment to the amount of gain or loss reported in profit or loss.

## 51 PARENT AND ULTIMATE HOLDING COMPANIES

The immediate holding company and the ultimate holding company as at 31 December 2021 are China Taiping Insurance Group (HK) Company Limited (incorporated in Hong Kong) and China Taiping Insurance Group Ltd. (established in the PRC), respectively. China Taiping Insurance Group Ltd. is ultimately controlled by the State Council of the PRC.

## 52 POSSIBLE IMPACT OF NEW HKFRSs ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 DECEMBER 2021

Up to the date of issue of these financial statements, the HKICPA has issued the following new and revised HKFRSs which are not yet effective for the year ended 31 December 2021 and which have not been adopted in these financial statements.

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HKFRS 17	Insurance Contracts <sup>2</sup>
Amendments to HKFRS 3	Reference to the Conceptual Framework <sup>1</sup>
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) <sup>2</sup>
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of accounting policies <sup>2</sup>
Amendments to HKAS 8	Definition of accounting estimates <sup>2</sup>
Amendments to HKAS 12	Deferred tax related to assets and liabilities arising from a single transaction <sup>2</sup>
Amendments to HKAS 16	Property, Plant and Equipment: Proceeds before Intended Use <sup>1</sup>
Amendments to HKAS 37	Onerous Contracts - Cost of Fulfilling a Contract <sup>1</sup>
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018-2020 Cycle <sup>1</sup>

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*Notes:*

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2022, with earlier application permitted.

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2023, with earlier application permitted.

### *HKFRS 17 Insurance Contracts and the related Amendments*

HKFRS 17 establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts and supersedes HKFRS 4 *Insurance Contracts*.

HKFRS 17 outlines a general model, which is modified for insurance contracts with direct participation features, described as the variable fee approach. The general model is simplified if certain criteria are met by measuring the liability for remaining coverage using the premium allocation approach.

The general model will use current assumptions to estimate the amount, timing and uncertainty of future cash flows and it will explicitly measure the cost of that uncertainty, it takes into account market interest rates and the impact of policyholders' options and guarantees.

The implementation of HKFRS 17 is likely to bring significant changes to an entity's processes and systems, and will require much greater co-ordination between many functions of the business, including finance, actuarial and information technology.

## 52 POSSIBLE IMPACT OF NEW HKFRSs ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 DECEMBER 2021 (Continued)

### *HKFRS 17 Insurance Contracts and the related Amendments (Continued)*

The HKICPA issued Amendments to HKFRS 17 to address concerns and implementation challenges that were identified after HKFRS 17 was published. The amendments defer the date of initial application of HKFRS 17 (incorporating the amendments) to annual reporting periods beginning on or after 1 January 2023. At the same time, the HKICPA issued Amendments to HKFRS 4 *Extension of the Temporary Exemption from HKFRS 9* that extends the fixed expiry date of the temporary exemption from applying HKFRS 9 in HKFRS 4 to annual reporting periods beginning on or after 1 January 2023.

HKFRS 17 is applied retrospectively unless impracticable, in which case the modified retrospective approach or the fair value approach is applied.

For the purpose of the transition requirements, the date of initial application is the start of the annual reporting period in which the entity first applies the standard, and the transition date is the beginning of the period immediately preceding the date of initial application.

The Group is currently assessing the impact of the standard upon adoption.

### *Amendments to HKFRS 3 Reference to the Conceptual Framework*

The amendments

- update a reference in HKFRS 3 *Business Combinations* so that it refers to the *Conceptual Framework for Financial Reporting 2018* issued in June 2018 (the “Conceptual Framework”) instead of *Framework for the Preparation and Presentation of Financial Statements* (replaced by the *Conceptual Framework for Financial Reporting 2010* issued in October 2010);
- add a requirement that, for transactions and other events within the scope of HKAS 37 *Provisions, Contingent Liabilities and Contingent Assets* or HK(IFRIC)-Int 21 *Levies*, an acquirer applies HKAS 37 or HK(IFRIC)-Int 21 instead of the Conceptual Framework to identify the liabilities it has assumed in a business combination; and
- add an explicit statement that an acquirer does not recognise contingent assets acquired in a business combination.

The Directors do not anticipate that the application of the Amendments to HKFRS 3 *Reference to the Conceptual Framework* will have a material effect on the Group’s consolidated financial statements.



**52 POSSIBLE IMPACT OF NEW HKFRSs ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 DECEMBER 2021 (Continued)**

*Amendments to HKAS 1 Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)*

The amendments provide clarification and additional guidance on the assessment of right to defer settlement for at least twelve months from reporting date for classification of liabilities as current or non-current, which:

- specify that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period. Specifically, the amendments clarify that:
  - (i) the classification should not be affected by management intentions or expectations to settle the liability within 12 months; and
  - (ii) if the right is conditional on the compliance with covenants, the right exists if the conditions are met at the end of the reporting period, even if the lender does not test compliance until a later date.
- clarify that if a liability has terms that could, at the option of the counterparty, result in its settlement by the transfer of the entity's own equity instruments, these terms do not affect its classification as current or non-current only if the entity recognises the option separately as an equity instrument applying HKAS 32 *Financial Instruments: Presentation*.

In addition, Hong Kong Interpretation 5 was revised as a consequence of the Amendments to HKAS 1 to align the corresponding wordings with no change in conclusion.

*Amendments to HKAS 1 and HKFRS Practice Statement 2 Disclosure of Accounting Policies*

HKAS 1 is amended to replace all instances of the term “significant accounting policies” with “material accounting policy information”. Accounting policy information is material if, when considered together with other information included in an entity’s financial statements, it can 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 also clarify that accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material. If an entity chooses to disclose immaterial accounting policy information, such information must not obscure material accounting policy information.

HKFRS Practice Statement 2 Making Materiality Judgements (the “Practice Statement”) is also amended to illustrate how an entity applies the “four-step materiality process” to accounting policy disclosures and to judge whether information about an accounting policy is material to its financial statements. Guidance and examples are added to the Practice Statement.

## 52 POSSIBLE IMPACT OF NEW HKFRSs ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 DECEMBER 2021 (Continued)

The Directors do not anticipate that the application of the Amendments to HKAS 1 and HKFRS Practice Statement 2 *Disclosure of Accounting Policies* will have a material effect on the Group's consolidated financial statements.

### *Amendments to HKAS 8 Definition of Accounting Estimates*

The amendments define accounting estimates as "monetary amounts in financial statements that are subject to measurement uncertainty". An accounting policy may require items in financial statements to be measured in a way that involves measurement uncertainty — that is, the accounting policy may require such items to be measured at monetary amounts that cannot be observed directly and must instead be estimated. In such a case, an entity develops an accounting estimate to achieve the objective set out by the accounting policy. Developing accounting estimates involves the use of judgements or assumptions based on the latest available, reliable information.

In addition, the concept of changes in accounting estimates in HKAS 8 is retained with additional clarifications.

The Directors do not anticipate that the application of the Amendments to HKAS 8 *Definition of Accounting Estimates* will have a material effect on the Group's consolidated financial statements.

### *Amendments to HKAS 12 Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

The amendments narrow the scope of the recognition exemption of deferred tax liabilities and deferred tax assets in paragraphs 15 and 24 of HKAS 12 *Income Taxes* so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies HKAS 12 requirements to the relevant assets and liabilities as a whole. Temporary differences relating to relevant assets and liabilities are assessed on a net basis.

The Directors do not anticipate that the application of the Amendments to HKAS 12 *Deferred Tax related to Assets and Liabilities arising from a Single Transaction* will have a material effect on the Group's consolidated financial statements.

### *Amendments to HKAS 16 Property, Plant and Equipment: Proceeds before Intended Use*

The amendments specify that the costs of any item that were produced while bringing an item of property, plant and equipment to the location and condition necessary for it to be capable of operating in the manner intended by management (such as samples produced when testing whether the relevant property, plant and equipment is functioning properly) and the proceeds from selling such items should be recognised and measured in the profit or loss in accordance with applicable standards. The costs of providing the items are measured in accordance with HKAS 2 *Inventories*.

The Directors do not anticipate that the application of the Amendments to HKAS 16 *Property, Plant and Equipment: Proceeds before Intended Use* will have a material effect on the Group's consolidated financial statements.

### **53 SCOPE OF WORK OF MESSRS. KPMG**

The figures in respect of the Group's consolidated and Company's statements of financial position, consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and the related notes thereto for the year ended 31 December 2021 as set out in the announcement have been agreed by the Group's auditor, Messrs. KPMG, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Messrs. KPMG in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently no assurance has been expressed by Messrs. KPMG on the announcement.

## Five Year Financial Summary

(Expressed in Hong Kong dollars)

### Results

	2021	2020	2019	2018	2017
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Income</b>					
Total premiums written and policy fees	262,549,260	233,534,532	223,018,522	199,631,606	178,676,194
Less: Premiums ceded to reinsurers	(10,835,446)	(13,201,539)	(10,665,260)	(14,750,180)	(6,028,323)
Net premiums written and policy fees	251,713,814	220,332,993	212,353,262	184,881,426	172,647,871
Change in unearned premium provisions, net of reinsurance	(1,218,133)	(2,401,260)	(3,585,232)	(307,168)	(2,458,357)
Net earned premiums and policy fees	250,495,681	217,931,733	208,768,030	184,574,258	170,189,514
Investment income	58,227,356	46,870,904	30,875,523	22,583,373	21,647,114
Other income	7,134,579	5,310,609	4,884,195	6,503,876	4,263,500
Total income	315,857,616	270,113,246	244,527,748	213,661,507	196,100,128
<b>Benefits, losses and expenses</b>					
Net policyholders' benefits	(85,908,107)	(65,274,064)	(58,373,515)	(76,933,688)	(63,261,943)
Net commission expenses	(24,106,866)	(21,145,845)	(24,003,597)	(25,043,772)	(21,125,565)
Administrative and other expenses	(34,418,746)	(34,249,967)	(35,278,267)	(31,007,723)	(27,707,473)
Change in life insurance contract liabilities, net of reinsurance	(158,737,955)	(132,417,008)	(112,979,016)	(65,486,615)	(70,689,615)
Total benefits, losses and expenses	(303,171,674)	(253,086,884)	(230,634,395)	(198,471,798)	(182,784,596)
	12,685,942	17,026,362	13,893,353	15,189,709	13,315,532
Share of results of associates and joint ventures	609,426	(1,571,190)	1,760,901	344,005	528,012
Finance costs	(2,381,532)	(2,190,363)	(2,328,432)	(2,421,329)	(2,123,569)
<b>Profit before taxation</b>	10,913,836	13,264,809	13,325,822	13,112,385	11,719,975
Income tax credits/(charges)	38,537	(2,807,928)	(782,948)	(4,292,402)	(3,755,722)
<b>Profit after taxation</b>	10,952,373	10,456,881	12,542,874	8,819,983	7,964,253
<b>Attributable to:</b>					
Owners of the Company	7,513,701	6,548,980	9,008,522	6,883,569	6,136,187
Non-controlling interests	3,438,672	3,907,901	3,534,352	1,936,414	1,828,066
	10,952,373	10,456,881	12,542,874	8,819,983	7,964,253

## Five Year Financial Summary (Continued)

(Expressed in Hong Kong dollars)

	2021	2020	2019	2018	2017
	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>
<b>Assets and liabilities</b>					
Statutory deposits	5,543,578	6,317,763	5,352,394	5,952,849	6,108,609
Fixed assets	63,595,390	50,088,262	46,935,042	38,697,014	33,476,898
Goodwill and intangible assets	985,356	983,773	981,086	993,382	1,031,076
Interests in associates and joint ventures	20,679,533	18,527,929	16,221,431	10,410,875	6,295,711
Deferred tax assets	5,502,790	2,239,919	1,641,853	2,932,103	1,186,933
Investments in debt and equity securities	963,524,800	821,686,758	604,364,322	461,928,068	412,925,424
Securities purchased under resale agreements	6,923,758	4,861,664	6,025,140	7,507,696	7,624,349
Amounts due from group companies	2,051,643	2,037,290	2,024,766	2,025,502	14,980
Insurance debtors	20,064,258	17,629,908	14,901,309	11,916,295	8,552,817
Reinsurers' share of insurance contract provisions	13,333,198	14,340,059	12,334,887	14,145,548	9,869,288
Policyholder account assets in respect of unit-linked products	1,603,338	1,443,637	1,083,703	960,649	1,392,174
Finance lease receivables	51,294,691	42,466,477	45,994,817	48,707,024	46,165,667
Other assets	110,166,726	94,509,136	78,203,410	64,921,288	54,324,337
Pledged and restricted bank deposits	1,405,678	1,231,963	972,663	743,522	833,151
Cash and cash equivalents and deposits at bank with original maturity more than three months	111,967,237	90,643,428	82,383,356	80,259,518	76,672,279
<b>Total assets</b>	<b>1,378,641,974</b>	<b>1,169,007,966</b>	<b>919,420,179</b>	<b>752,101,333</b>	<b>666,473,693</b>
Less: Total liabilities	<b>(1,265,186,014)</b>	<b>(1,052,394,907)</b>	<b>(825,363,215)</b>	<b>(671,705,552)</b>	<b>(584,752,995)</b>
Non-controlling interests	<b>(25,389,128)</b>	<b>(25,965,607)</b>	<b>(17,749,360)</b>	<b>(14,665,872)</b>	<b>(15,280,272)</b>
	<b>88,066,832</b>	<b>90,647,452</b>	<b>76,307,604</b>	<b>65,729,909</b>	<b>66,440,426</b>
Share capital	40,771,408	40,771,408	40,771,408	40,771,408	40,771,408
Reserves	47,295,424	49,876,044	35,536,196	20,251,282	20,961,862
Perpetual subordinated capital securities	-	-	-	4,707,219	4,707,156
	<b>88,066,832</b>	<b>90,647,452</b>	<b>76,307,604</b>	<b>65,729,909</b>	<b>66,440,426</b>
	<i>dollar</i>	<i>dollar</i>	<i>dollar</i>	<i>dollar</i>	<i>dollar</i>
<b>Earnings per share</b>					
Basic	2.091	1.822	2.457	1.844	1.636
Diluted	2.091	1.822	2.457	1.844	1.636

## BIOGRAPHICAL DETAILS OF DIRECTORS, SENIOR MANAGEMENT AND COMPANY SECRETARY

### EXECUTIVE DIRECTORS

**Mr. WANG Sidong**, aged 60, has been the chairman of the Company since 2020. Mr. WANG has been the chairman of TPG and TPG (HK) since 2020, he is also the chairman of TPL and TPAM. Mr. WANG had been the vice chairman and general manager of TPG, TPG (HK) and the Company. Mr. WANG had also been the vice president of China Life Insurance (Group) Company; the chairman of China Life Investment Holding Company Limited; and had worked for the Ministry of Foreign Trade and Economic Cooperation of China, the Xinhua News Agency Hong Kong Branch, and The Hong Kong Chinese Enterprises Association. Mr. WANG holds a bachelor degree in Chinese literature from Shandong University, China. He is also a senior economist.

**Mr. YIN Zhaojun**, aged 56, has been the vice chairman and general manager of the Company since January 2021. Mr. YIN has been the vice chairman and general manager of TPG and TPG (HK) since December 2021, he is also a director of TPL, the chairman of TPI and a director of TPP. Mr. YIN had been the vice president of China Life Insurance (Group) Company, a non-executive director of China Life Insurance Company Limited, as well as the vice chairman and president of China Guangfa Bank Co., Ltd., director of China Life Property and Casualty Company Limited, chairman of China Life Investment Holding Company Limited, director of China United Network Communications Group Co., Ltd. Mr. YIN had also been the president of Shanxi Branch, Hebei Branch and Beijing Branch and vice president of Beijing Management Department (Group Client Department) of the Bank of Communications Co., Ltd. Mr. YIN holds a bachelor degree in economics from the Faculty of Accounting of the Beijing Institute of Finance and Trade, China and a master degree in public administration from the China University of Political Science and Law. He is also an accountant.

**Mr. HONG Bo**, aged 51, has been an executive director of the Company since 2020, an executive director of TPG and TPG (HK) since 2020, and a deputy general manager of the Company, TPG and TPG (HK) since 2016. Mr. HONG is also the chairman of the subsidiaries abroad such as CTPI (HK), TPre, TPFH, TPL (HK), TP Macau, TP UK, TP Singapore etc. and a director of TPL, TPI and TPP, and the chairman of TP STI. Mr. HONG is also a director of Asian Financial Cooperation Association, a vice chairman of The Hong Kong Chinese Enterprises Association and a member of The Geneva Association. Mr. HONG had been the chairman of Taiping E-Commerce Company Limited (now named as TPFs), the chairman of TP Japan and a director of TPAM. Mr. HONG had also been the chairman and president of Tianan Property Insurance Company Limited and the general manager of strategic planning and business development of CITIC Holdings Co., Ltd. Mr. HONG holds a doctorate degree in thermal turbomachinery engineering from the School of Power and Energy Engineering, Shanghai Jiaotong University, China.

**Mr. XIAO Xing**, aged 50, has been an executive director of the Company since 2020, an executive director of TPG and TPG (HK) since 2020, a deputy general manager of the Company since 2017 and a deputy general manager of TPG and TPG (HK) since 2018. Mr. XIAO is also the chairman of TPFSC and TPFs, a director of TPL, a director of TPI, a director and general manager\* of TPP and a director of TPAM. Mr. XIAO has been the chairman of TPI, the chairman of TPFT and the general manager of TPAM. Mr. XIAO has also been the general manager of China Life Insurance Company Limited Shanghai Branch, the chairman of the board of supervisors of China Life Insurance (Overseas) Company Limited and the chairman of China Life Trustees Limited. Mr. XIAO holds a bachelor degree in automation, a master degree in sociology and a doctorate degree in sociology from Shanghai University, China.

\*Subject to relevant regulatory approval.

## **NON-EXECUTIVE DIRECTORS**

**Mr. GUO Zhaoxu**, aged 57, has been a non-executive director of the Company since 2019. Mr. GUO has been a non-executive director of TPG and TPG (HK) since 2020. Mr. GUO had been the general manager of China Finance & Economic Media Group; deputy editor-in-chief and president of Economic Science Press; deputy director, director of editing room and deputy editor-in-chief of China Financial & Economic Publishing House. Mr. GUO holds a bachelor degree in accounting from Central University of Finance and Economics, China. He is also a senior editor.

**Mr. HU Xingguo**, aged 56, has been a non-executive director of the Company since 2019. Mr. HU has been a non-executive director of TPG and TPG (HK) since 2020. Mr. HU had been the vice president of China Financial and Economic News Agency; senior staff member, principal staff member, deputy director, researcher, secretary of the department, director of the General Division of the Accounting Department in the General Division of Accounting Department and National Accounting Professional Technical Qualification Examination Office of the Ministry of Finance of China. Mr. HU holds a bachelor degree in accounting from Shanghai University of Finance and Economics, China and a doctorate degree in management science from China University of Mining & Technology, Beijing. He is also a non-practising member of The Chinese Institute of Certified Public Accountants and intermediate accountant.

**Ms. ZHANG Cui**, aged 57, has been a non-executive director of the Company since 2019. Ms. ZHANG has been a non-executive director of TPG and TPG (HK) since 2020. Ms. ZHANG had been the deputy inspection commissioner and deputy director of Hunan Regulatory Bureau (Former Commissioner's Office of the Ministry of Finance in Hunan) of the Ministry of Finance of China, a principal staff member, deputy director and director of the Commissioner's Office of the Ministry of Finance of China in Inner Mongolia; and editor of Research Institute of Department of Finance, Inner Mongolia. Ms. ZHANG holds a bachelor degree in economics from Central University of Finance and Economics, China.

**Mr. YANG Changgui**, aged 58, has been a non-executive director of the Company since 2019. Mr. YANG has been a non-executive director of TPG and TPG (HK) since 2020. Mr. YANG had been the deputy director of the Information Network Center; deputy director of the Investment Division 2 of Infrastructure Department, assistant director of the Investment (Budget) Evaluation Center of the Ministry of Finance of China. Mr. YANG holds a master degree in finance from School of Finance of the Renmin University of China. He is also a registered cost engineer, intermediate accountant and senior economist.

## **INDEPENDENT NON-EXECUTIVE DIRECTORS**

**Mr. ZHU Dajian**, aged 68, has been an independent non-executive director of the Company since 2014. Mr. ZHU is currently a distinguished professor, PhD instructor of the School of Economics and Management and Director of Institute of Governance for Sustainable Development of Tongji University; an expert of the State Foundation for Social Sciences; a member of the Social Science Commission of the Ministry of Education of China; a special policy adviser of the Shanghai Municipal Government, China; a member of international expert committee of Ellen MacArther Foundation, United Kingdom. Mr. ZHU had been an independent non-executive director of Chiho-Tiande Group Limited; a senior research scholar of Harvard University, United States; and a senior visiting scholar of Melbourne University, Australia. Mr. ZHU is graduated from Qinghai University, China, and holds a master of science degree from the Chinese Academy of Science and a doctorate degree in management from Tongji University, China.

**Mr. WU Ting Yuk Anthony**, aged 67, has been an independent non-executive director of the Company since 2013. Mr. WU is currently a member of the standing committee of the Chinese People's Political Consultative Conference National Committee; chairman of The China Oxford Scholarship Fund; a member of The Chief Executive's Council of Advisers on Innovation and Strategic Development, HKSAR; a non-executive director and chairman of Clarity Medical Group Holdings Limited; an independent non-executive director ("INED") of China Resources Medical Holdings Company Limited; an INED of Power Assets Holdings Limited; an INED of Guangdong Investment Limited; INED of CStone Pharmaceuticals; INED of Venus Medtech (Hangzhou) Inc.; INED of Ocumension Therapeutics; INED of Sing Tao News Corporation Limited; chief advisor of MUFGBank; trustee of The Society for the Aid and Rehabilitation of Drugs Abusers; a member of State Council's Medical Reform Leadership Advisory Committee, PRC; an advisor of Public Policy Advisory Committee of National Health Commission of the PRC; principal advisor of State Administration of Traditional Chinese Medicine, PRC; and a member of Chinese Medicine Reform and Development Advisory Committee, PRC. Mr. WU had been the chairman of China Resources Medical Holdings Company Limited, an INED of Agricultural Bank of China Limited; an INED of Fidelity Funds; chairman of Hong Kong Hospital Authority; chairman and director of Hong Kong General Chamber of Commerce; chairman and director of Bauhinia Foundation Research Center; chairman of Far East and China of Ernst & Young PLLC; deputy chairman and executive director of Sincere Watch (Hong Kong) Limited. Mr. WU is a fellow of Institute of Chartered Accountants in England and Wales; a fellow of Hong Kong Institute of Certified Public Accountant; a honorary professor of Faculty of Medicine of the Chinese University of Hong Kong; a honorary Fellow of Hong Kong College of Community Medicine; a honorary professor of Peking Union Medical College Hospital; the honorary chairman of Institute of Certified Management Accountants, Australia, Hong Kong Branch and was appointed as Justice of Peace and awarded the honour of the Gold Bauhinia Star by the Government of HKSAR.



**INDEPENDENT NON-EXECUTIVE DIRECTORS** (Continued)

**Mr. XIE Zhichun**, aged 64, has been an independent non-executive director of the Company since 2015. Mr. XIE is currently the chairman and an executive director of China Fortune Financial Group Limited; an INED of China Minsheng Banking Corp., Ltd.; a vice chairman of Consultation Committee of Shenzhen Qianhai Shekou Free Trade Zone and Qianhai Shenzhen Hong Kong Cooperation Zone; a graduate supervisor of PBC School of Finance, Tsinghua University, China; and a distinguished professor of China Center for Special Economic Zone Research, Shenzhen University, China. Mr. XIE had been an INED of SuperRobotics Limited; an executive vice president of China Investment Corporation; an executive director and president of Central Huijin Investment Ltd.; an executive director and vice president of China Everbright Group Limited; the chairman of Sun Life Everbright Life Insurance Co., Ltd.; a vice president of China Everbright Bank Company Limited; a vice president, chief executive officer and director of Everbright Securities Company Limited; a vice chairman (unattending) of Securities Association of China; an executive director and president of China Everbright Asia-Pacific Company Limited; a vice chairman of China Enterprises Association (Singapore) and a non-executive director of China Everbright Ltd.; vice president of China Everbright Bank, Dalian Branch; and general manager of international department of China Everbright Bank, Heilongjiang Branch. Mr. XIE holds a bachelor degree in philosophy from Heilongjiang University, China, a master degree in economics from Harbin Institute of Technology, China and a doctorate degree in economics from Institute of Economic Research of Nankai University, China. He is also a senior economist.

**Mrs. LAW FAN Chiu Fun Fanny**, aged 69, has been an independent non-executive director of the Company since 2020. Mrs. LAW is currently a member of the Executive Council of the Government of the HKSAR. Mrs. LAW is also an INED of CLP Holdings Limited, an INED of China Unicom (Hong Kong) Limited, an INED of Nameson Holdings Limited, an INED of Minmetals Land Limited and an external director of China Resources Holdings Company Limited. Mrs. LAW had been an INED of DTXS Silk Road Investment Holdings Company Limited. Mrs. LAW holds a bachelor degree (Honour) in science from the University of Hong Kong, a master degree in public administration from Harvard University (named with a Littauer Fellow) and a master degree in education from the Chinese University of Hong Kong and is a fellow of The Hong Kong Institute of Directors. Mrs. LAW was appointed as Justice of Peace and awarded with the honour of the Grand Bauhinia Medal and the Gold Bauhinia Star by the Government of the HKSAR.

## SENIOR MANAGEMENT AND COMPANY SECRETARY

**Mr. LI Kedong**, aged 54, has been a senior management since 2019 and is currently a deputy general manager of the Company. Mr. LI has been a deputy general manager of TPG and TPG (HK) since 2020, he is also a director of TPI, the chairman of TPP, a director of TPAM, the chairman\* of TP Capital and the chairman of TPIM. Mr. LI holds a master degree in aircraft structural mechanics from Beihang University. He is also an engineer.

**Mr. ZHU Jie**, aged 53, has been a senior management since October 2021 and is currently a deputy general manager of the Company. Mr. ZHU has been a deputy general manager of TPG and TPG (HK) since December 2021, he is also the general manager of the human resources department of the Company, TPG and TPG (HK), a director and the general manager of TPI. Mr. ZHU holds a bachelor of science degree from Nanjing Normal University, China, a bachelor of laws degree from Nanjing University, China, and a doctorate degree in economics from Nankai University, China. He is also an economist.

**Mr. JIAO Yanjun**, aged 49, has been a senior management since 2013 and is currently the chief internal auditor of the Company. Mr. JIAO has joined TPG since 2013 and is currently the person-in-charge of auditing and chief internal auditor of TPG and TPG (HK), he is also the chairman of TP Fund. Mr. JIAO holds a bachelor degree in engineering from Beijing Agricultural Engineering University, China and an executive master of business administration from Tsinghua University School of Economics and Management, China.

**Mr. ZHANG Ruohan**, aged 46, has been a senior management since 2013 and is currently the chief financial officer and company secretary of the Company. Mr. ZHANG has been the secretary of the board of directors of TPG since 2013 and company secretary of TPG (HK) since 2016, he is also a director of TPI, the chief executive officer of TPRe, the chairman\* of TPRe (China), a director of TPP and a director of TPL (HK). Mr. ZHANG holds a bachelor's degree in economics from Central University of Finance and Economics, China and a master's degree in banking and finance from University of Giordano Dell' Amore Foundation, Italy.

\*Subject to relevant regulatory approval.

## REPORT OF THE DIRECTORS

The Board respectfully submit the annual report together with the audited financial statements for the year ended 31 December 2021.

### PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of the Company's subsidiaries are the underwriting of direct life insurance business in the PRC, Hong Kong, Macau and Singapore, direct property and casualty insurance business in the PRC, Hong Kong and overseas, pension and group life business, and all classes of global reinsurance business. The Company's subsidiaries also carry on operations in asset management, insurance intermediary, financial leasing, property investment, securities dealing and broking business. The principal activities and other particulars of the subsidiaries are set out in Note 17 of the consolidated financial statements.

The analyses of the principal activities of the operations of the Company and its subsidiaries during the financial year are set out in Note 3 of the consolidated financial statements.

The Directors believe that an analysis of the profit contributions from each geographical area is not required for a proper appraisal of its businesses.

### BUSINESS REVIEW

The business review of the Group for the year ended 31 December 2021 is set out in the sections headed "Chairman's Statement" and "Management Review and Analysis" of this announcement, respectively. These discussions form part of this Directors' Report.

### Risk Factors

In 2021, the Group has continued to promote the establishment of the comprehensive risk management system with risk capital as its core, carried out risk identification and evaluation by combining qualitative and quantitative, and top-down and bottom-up modes: firstly, monitoring risks according to the risk appetite determined by the Board and the implementation of associated risk factors monitoring system; secondly, further improving the risk management system to enhance our ability to manage risks and response to crisis, thus realising effective identification and control of risks in key areas and key business, according to the relevant regulatory and the Company's requirements.

The major risks and countermeasures of the Company in 2021 are as follows:

#### (I) Insurance Risk, Market Risk, Credit Risk and Liquidity Risk

The details of the insurance risk, market risk, credit risk and liquidity risk faced by the Group and their mitigation measures are elaborated in Note 2 "Insurance, financial and capital risk management" to the consolidated financial statements.

## **(II) Strategic Risks**

In 2021, the international economic and finance situation were still intricate and complex. COVID-19 pandemic was still spreading around the globe, recovery of world economy was increasingly imbalanced and unstable and the financial market was dramatically volatile, these had brought greater risks and challenges to the global economy. China's economy was undergoing a transition from high-speed growth to high-quality growth. The insurance industry also entered into the new phase of transformation and upgrading. Under such context, the Group kept enhancing the transformation and upgrading, firmly propelled high-quality development to enhance its technology innovation capabilities. The uncertainties arising from the slowdown of the PRC's economic growth and trade protectionism around the world also posed increasing difficulty to the Group on risk management. The Group will double its efforts to serve the national strategy, strengthen strategic tracking, improve risk management and capital constraint mechanism, strengthen asset-liability matching to enhance endogenous growth of capital, enhance its capability to analyse, prevent and control risks in the innovation field, so as to further promote the high-quality development strategy.

## **(III) Operational Risks**

In the process of operational management, the Group may experience operational risks arising from human error, system failure, incomplete process and other factors. The Group strengthened the management and control of operational risks by continuously improving its comprehensive risk management system, standardising the operational risk management systems and processes and improving the operational risk management measures, especially, the Group further increased the effectiveness of its risk assessment and control through the enhancement of the advocating among its staff, the risk screening in key operational risk areas, and the risk management information system. Firstly, the Group carried out the risk prevention and control work through careful and solid efforts, by refining operational risk prevention and control measures while strengthening its advocating, and actively promoted various risks screening and further enhanced the risk prevention and control mechanism based on the basis. Secondly, it continued promoting the application of information technology in risk management, so as to progressively achieve "Rigid Control" of operational risks using information system.

## **Compliance with Laws and Regulations**

The Group consistently complies with the relevant laws and regulations and regulatory requirements, operates each task combing the features of the Group. To the best of our knowledge, in 2021, the Group complied with the laws including the Hong Kong Companies Ordinance, the Listing Rules, and the SFO, while complying with the requirements of the PRC and overseas regulatory authorities including CBIRC in major aspects to ensure strict compliance.

## **Environmental Policy and Performance**

The Group has devoted itself to promote the development of the environmental, social and corporate governance and strictly complied with the environmental protection laws and regulations and other relevant requirements in each operating region, actively participated in the response to global climate change, and fully implemented China's concept of energy conservation, emission reduction and environmental protection. On the internal front, advocated green office by reducing resource consumption and emissions into the atmosphere; and on the external front, developed green financial products, and provided financial support for environmental protection-related projects to make contributions to China's objectives of "Peak Carbon Dioxide Emissions" and "Carbon Neutrality".

## **Environmental Policy and Performance (Continued)**

### *Act under the concept of energy conservation and environmental protection*

In its active response to China's development concept of energy conservation and emission reduction, green and low carbon, China Taiping actively promoted green office to reduce resource consumption in business operation. As a non-production enterprise, the impacts to the environment and resources mainly stem from consumption of electricity and water, office waste and automobile exhaust emissions in its place of business and office space. The Group strictly implemented the relevant laws and regulations of the countries and regions where it operates such as the Environmental Protection Law of the People's Republic of China (《中華人民共和國環境保護法》) to reduce the emission of pollutants and greenhouse gases and the generation of wastes in business activities under the principle of efficiency and reduction in accordance with the overall requirements of cost reduction and efficiency enhancement.

### *Contribution to realisation of "Carbon Neutrality"*

Guided by the goal of "Carbon Neutrality" and the "14th Five-Year Plan" of China, the Group actively fulfilled its responsibility of central enterprises, and gave full play to the advantages of insurance industry to help the enterprise to achieve green development through green investment, financing and insurance products. The Group is committed to compensating for damage caused by environmental pollution, degradation of carrying capacity of environment and ecological protection. In terms of coverage, the Group favored the "Green Industry" in order to leverage the professional role of insurance industry to make contributions to the efforts of China to become a global green renaissance leader.

The Group deeply participates in building the green financial system to support the green development by vigorously developing green insurances such as environmental pollution liability insurance, innovatively developing financial support tools for carbon emission reduction, and exploring the "Green Insurance + Green Investment" model.

Details of the Group's Corporate Social Responsibility ("CSR") performance in 2021 will be disclosed in the 2021 CSR Report.

## **Relationships with Key Stakeholders**

Stakeholders, including shareholders, customers, employees, business partners, government, community, suppliers etc. are the key drivers for the Group's high-quality sustainable development. The Group will also better fulfill its corporate social responsibility and create greater value for all stakeholders.

### *Shareholders*

Enhancing corporate value for shareholders is one of the main goals of the Group, which aims to promote business development for sustainable profitable growth, maintain favorable investment returns, and ensure the preservation and appreciation of assets. At the same time, the Group attaches great importance to maintaining orderly corporate governance, effective risk management and transparent information disclosure.

### *Customers*

The Group closely follows the national and industrial policy trends, and actively adapts to the new trend of social consumption upgrading. Guided by the service concept of "Customer First", the Group drives product and service upgrades with innovation to meet customers' needs for a better life. Millions of customers have witnessed our growth during our process of actively building a comprehensive insurance service ecosystem with Taiping characteristics.

By strengthening the application of financial technology, promoting digital transformation, and improving an intelligent and convenient online and offline operation service system, the Group has built a convenient, caring and reliable service network for our customers.

## **Relationships with Key Stakeholders** *(Continued)*

### *Employees*

The Group considers talents as its primary resource and the cornerstone of sustainable business development, and is committed to creating a harmonious, inclusive, safe and comfortable working environment. At the same time, the Group welcomes talents with diversified background and offers them a platform that allows fair competition and a wide range of opportunities for career development. The Group has established a sound training system and a scientific, reasonable and market-oriented remuneration incentive mechanism, constantly improving employee rights protection measures and welfare system, and building multiple channels for employee development. In order to ensure occupational safety and improve employees' happiness index, the Group attaches great importance to the physical and mental health of employees and their families, and strives to establish a healthy working environment. On the career development path of our employees, the Group has customised a training system tailored to the needs of different employees to provide a smooth channel for the career planning and future development of all employees.

### *Business Partners*

The Group's primary business partner comprised of investment or joint venture partners, strategic customers, individual agents and bancassurance staff, and intermediate agencies. Through equal and mutually beneficial cooperation and strategic cooperation, the Group is committed to growing together and sharing value with its partners.

China Taiping's hundreds of thousands of agents and bancassurance staffs are also important partners of the Group. The Group provides all kinds of training for individual insurance agent, helping newcomers to learn industry regulations, master essential knowledge and skills, and have clear development goals; improving business managers' team management ability; helping senior managers and senior executive management improving team management ability from both theory cognition and practical operation perspectives, in order to achieve synergetic development of high performance individual and organisation. The Group is committed to maintaining good business partnerships with banks and promoting long-term business interest, and has also built a development platform and an effective incentive system for bancassurance sales staff to enable them to develop rapidly and to provide them with broad development space, together with the provision of comprehensive and diversified training courses, which in turn would make our bancassurance sales team highly competitive.

### *Government and Community*

Persisting in the mission of central enterprises, the Group actively promotes industry exchanges and collaborations, enthusiastically participates in social welfare undertakings such as charity and donation, cares for and supports public welfare undertakings such as education and culture, and is determined to be an excellent corporate citizen. Upholding the overall requirements of "Devotion of Central Enterprises, Customer First, Leading Innovation and Value Orientation", we have been fulfilling our corporate social responsibility in the fields of industry development, culture, sports and education, poverty alleviation and community building, and working with all walks of life to create value and achieve a win-win situation for both the society and enterprises.

### *Suppliers*

The Group advocated fair competition and fair procurement in the market, selected qualified suppliers by strictly following its bidding procurement process, firmly abided by business logic, and promoted honest and reciprocal cooperation.

## MAJOR INSURANCE CUSTOMERS

The information in respect of the Group's gross premiums written and policy fees attributable to major insurance customers during the financial year is as follows:

	<b>Percentage of the Group's total gross premiums written and policy fees</b>
The largest insurance customer	0.96%
Five largest insurance customers in aggregate	2.38%

At no time during the Year have the directors, their close associates or any shareholder of the Company (which to the knowledge of the directors own more than 5.0% of the Company's share capital) had any interest in these major insurance customers.

## CONSOLIDATED FINANCIAL STATEMENTS

The profit of the Group for the year ended 31 December 2021 and the state of the Group's affairs at that date are set out in the consolidated financial statements.

## DIVIDEND POLICY

The Company had no pre-determined dividend distribution ratio. The Company distributes dividends on the premise of meeting the regulatory solvency requirements and supporting the growth of the Company's valued business. The Company intentionally maintains the stability and continuity of dividend distribution, and the Board will consider the Company's development strategy, capital status, operating results and capital needs as well as capital market condition and investor expectations before deciding whether to recommend dividends and determining the amount of dividend.

## DIVIDEND

No interim dividend was declared during the Year (2020: Nil). The Board recommended the payment of a final dividend of 46 HK cents per Share in respect of the year ended 31 December 2021 (2020: final dividend of 40 HK cents per Share), which is subject to the approval by the shareholders at the forthcoming annual general meeting of the Company. If approved, the said dividend will be paid on or about 21 July 2022 to shareholders whose names appear on the register of members of the Company on 12 July 2022, being the record date for determining shareholders' entitlement to the proposed final dividend.

## SHARE CAPITAL

Details of the Shares issued in the year ended 31 December 2021 are set out in Note 39 of the consolidated financial statements.

## PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the Year, neither the Company nor any of its subsidiaries have purchased, sold or redeemed any of the Company's listed securities.

## **DISTRIBUTABLE RESERVES**

As at 31 December 2021, the Company's reserves available for distribution amounted to HK\$6,764 million (2020: HK\$5,217 million).

## **EQUITY LINKED AGREEMENTS**

During the Year, no equity linked agreements entered into by the Group, or subsisted at the end of the Year.

## **DONATIONS**

During the Year, the Group made charitable donations of HK\$6.10 million (2020: HK\$7.40 million).



## BOARD OF DIRECTORS

The directors of the Company during the Year and up to the date of this announcement were:

### Executive directors

WANG Sidong  
YIN Zhaojun (*appointed on 29 January 2021*)  
HONG Bo  
XIAO Xing

### Non-executive directors

GUO Zhaoxu  
HU Xingguo  
ZHANG Cui  
YANG Changgui  
ZHU Dajian\*  
WU Ting Yuk Anthony\*  
XIE Zhichun\*  
LAW FAN Chiu Fun Fanny\*

\* *Independent*

In accordance with Articles 97 of the Company's Articles of Association, Mr. GUO Zhaoxu, Mr. HU Xingguo, Mr. YANG Changgui and Mr. ZHU Dajian, shall retire and, being eligible, offer themselves for re-election at the forthcoming annual general meeting.

The proposed appointments will not have any specific term, but will be subject to retirement by rotation and re-election at the Company's annual general meeting in accordance with the Company's Articles of Association.

Subject to the approval of the shareholders at the Company's annual general meeting, the emoluments of the Directors will be determined by the Remuneration Committee and the Board of the Company.

A list of names of all the directors who have served on the boards of the Company's subsidiaries during the Year is available on the Company's website at [www.ctih.cntaiping.com](http://www.ctih.cntaiping.com).

## CONFIRMATION OF INDEPENDENCE

The Company has received annual confirmation from each of the independent non-executive Directors regarding their independence from the Company and considers each of the independent non-executive Directors to be independent from the Company.

## **CHANGES TO INFORMATION IN RESPECT OF DIRECTORS**

In accordance with Rule 13.51B(1) of the Listing Rules, the changes to information required to be disclosed by the Directors pursuant to paragraphs (a) to (e) and (g) of Rule 13.51(2) between 24 August 2021 (being the date of approval of the Company's 2021 Interim Report and 23 March 2022 (being the date of approval of the Company's 2021 Annual Report) is set out below:

Mr. YIN Zhaojun was appointed as the vice chairman and general manager of TPG an TPG (HK) with effect from December 2021.

Mr. WU Ting Yuk Anthony was appointed as the chairman and a non-executive director of Charity Medical Group Holdings Limited listed on the Main Board of the Stock Exchange on 18 February 2022 (*stock code:1406*).

Other than those disclosed above, there is no other information required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

## **DIRECTORS' SERVICE CONTRACTS**

No Director proposed for re-election at the forthcoming annual general meeting has an unexpired service contract which is not determinable by the Company or any of its subsidiaries within one year without payment of compensation, other than normal statutory obligations.

## **DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES**

As at 31 December 2021, none of the Directors and chief executive of the Company had any interests or short positions in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under section 352 of the SFO or as otherwise which had to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies.

During the Year, no Directors nor any of their spouses or children under the age of 18 years has any interests in or has been granted any rights to subscribe for equity or debt securities of the Company nor was there been any exercise of any such rights by any of them.

At no time during the Year was the Company, any of its holding companies, subsidiaries or fellow subsidiaries a party to any arrangement to enable the directors or chief executive of the Company or any of their spouses or children under the age of 18 years to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

## **PERMITTED INDEMNITY PROVISION**

The Company's Articles of Association provides that every Director is entitled to be indemnified out of the assets of the Company against all losses or liabilities which they may sustain or incur in or about the execution of the duties of their office or otherwise in relation thereto.

The Company has taken out and maintained directors' liability insurance throughout the Year, which provides appropriate cover for the Directors and directors of the subsidiaries of the Group.

## SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As of 31 December 2021, the interests and short positions of the shareholders, other than a director or chief executive of the Company, in the shares and underlying shares of the Company as recorded in the register required to be kept by the Company under Section 336 of the SFO were as follows:

Substantial shareholders	Capacity	Number of ordinary Shares	Long position / short position	Percentage of issued share capital %
TPG	Interest of controlled corporation	2,201,515,256 (note 1)	Long Position	61.25
TPG (HK)	1,889,811,144 Shares as beneficial owner and 311,704,112 Shares (note 2) as interest of controlled corporation	2,201,515,256	Long Position	61.25

notes:

- (1) TPG's interest in the Company is held by TPG (HK), Easiwell, Golden Win and Manhold, all of which are wholly-owned subsidiaries of TPG.
- (2) 168,098,887 Shares are held by Easiwell, 77,303,275 Shares are held by Golden Win and 66,301,950 Shares are held by Manhold.

Save as disclosed above, the register required to be kept under section 336 of the SFO showed that the Company had not been notified of any interests or short positions in the shares and underlying shares of the Company as at 31 December 2021.

## MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the Year.

## DIRECTORS' MATERIAL INTEREST IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS OF SIGNIFICANCE

No transactions, arrangements and contracts of significance in relation to the Group's business to which the Company, its holding companies, subsidiaries or fellow subsidiaries, was a party in which a director of the Company had a material interest subsisted at the end of the Year or at any time during the Year.

## **CONNECTED TRANSACTIONS AND CONTINUING CONNECTED TRANSACTIONS**

During the Year, the Group did not have any material connected transaction or continuing connected transactions which were required to be disclosed in accordance with the requirements of the Listing Rules and none of the related party transactions as disclosed in Note 48 to the consolidated financial statements constitute a disclosable connected transaction or continuing connected transaction under Chapter 14A of the Listing Rules.

## **INTEREST BEARING NOTES**

Particulars of the interest bearing notes of the Company and the Group as at 31 December 2021 are set out in Note 32 to the consolidated financial statements.

## **FIVE YEAR SUMMARY**

A summary of the results and of the assets and liabilities of the Group for the last five financial years is set out at the end of the financial statements.

## **RETIREMENT SCHEMES**

Particulars of the retirement schemes are set out in Note 41 to the consolidated financial statements.

## **CORPORATE GOVERNANCE**

Information on the Company's corporate governance practices during the Year is set out in the "Corporate Governance Report" of this announcement.

## **AUDIT COMMITTEE**

The Audit Committee has reviewed the results of the Group for the year ended 31 December 2021.

Further information on the composition of the Audit Committee and the work performed by the Audit Committee during the Year is set out in this announcement under the section headed "Audit Committee" in the Corporate Governance Report.

## **PUBLIC FLOAT**

Based on the information that is publicly available to the Company and within the knowledge of its Directors, as at the date of this announcement, there was sufficient public float, as not less than 25.0% of the Company's issued shares were held by the public.

## **AUDITOR**

Messrs. KPMG shall retire and, being eligible, offer themselves for re-appointment.

Messrs. PricewaterhouseCoopers was the former auditor of the Company, with its retirement upon the expiration of its terms of office at the conclusion of the annual general meeting of the Company in 2020. Following the retirement of Messrs. PricewaterhouseCoopers, Messrs. KPMG was appointed as the auditor of the Company.

By Order of the Board  
**WANG Sidong**  
*Chairman*

Hong Kong, 23 March 2022

## **CORPORATE GOVERNANCE REPORT**

### **Corporate governance practices**

The Company is committed to the establishment of good standards of corporate governance practices by emphasising transparency and accountability. The Board reviews its corporate governance practices from time to time in order to meet the rising expectations of our shareholders, to comply with increasingly stringent regulatory requirements, and to fulfill its commitment to excellence in corporate governance practices.

During the Year under review, the Company has complied with the Code Provisions set out in the “Corporate Governance Code” contained in Appendix 14 to the Listing Rules (the “Code”) with the following exceptions:

1. Non-executive Directors are not appointed for a specific term, but are subject to retirement by rotation and re-election at the Company’s annual general meeting in accordance with the Company’s Articles of Association.

### **Directors’ securities transactions**

The Company has adopted the Model Code set out in Appendix 10 to the Listing Rules as the code of conduct regarding securities transactions by directors. Having made specific enquiries of all of the Directors, all of the Directors confirmed that they have complied with the required standards set out in the Model Code during the Year.

## Board of Directors

The Board is collectively responsible for overseeing the management of the business and affairs of the Group. The Board currently is comprised of a total of 12 Directors, with 4 executive Directors, 4 non-executive Directors, and 4 independent non-executive Directors.

The names of the Directors are set out in this announcement under the section headed “Corporate Information”.

The biographies of the directors are set out in this announcement under the section headed “Biographical Details of Directors, Senior Management and Company Secretary”.

During the Year, the Board held 9 meetings. The attendance of the Directors for the Board, various board committees and general meeting are as follows:

	Board Meetings	Attendance / No. of meetings					General Meeting
		AC	RC	NC	CGC	RMC	
<b>Executive Directors</b>							
Mr. WANG Sidong	9/9	-	1/1	1/1	1/1	-	1/1
Mr. YIN Zhaojun (appointed on 29 January 2021)	7/8	-	1/1	-	1/1	1/1	0/1
Mr. HONG Bo	8/9	-	-	1/1	1/1	-	0/1
Mr. XIAO Xing	9/9	-	-	-	1/1	1/1	0/1
<b>Non-executive Directors</b>							
Mr. GUO Zhaoxu	9/9	-	-	-	-	1/1	0/1
Mr. HU Xingguo	9/9	2/2	-	-	-	-	0/1
Ms. ZHANG Cui	9/9	2/2	-	-	-	1/1	0/1
Mr. YANG Changgui	9/9	-	1/1	-	-	-	0/1
<b>Independent Non-executive Directors</b>							
Mr. ZHU Dajian	6/9	4/4	0/1	0/1	-	-	0/1
Mr. WU Ting Yuk Anthony	9/9	4/4	1/1	1/1	-	-	1/1
Mr. XIE Zhichun	9/9	4/4	1/1	-	-	1/1	1/1
Mrs. LAW FAN Chiu Fun Fanny	7/9	3/4	1/1	1/1	-	-	1/1

Note: AC – Audit Committee

RC – Remuneration Committee

NC – Nomination Committee

CGC – Corporate Governance Committee

RMC – Risk Management Committee

## Board of Directors (Continued)

The Board formulates the overall strategy of the Group, monitors its financial performance and maintains an effective corporate governance structure in each individual subsidiary. Daily operations and administration are delegated to the management of each individual subsidiary. During the Year under review, none of the Directors above has or maintained any financial, business, family or other material/relevant relationships with any of the other Directors.

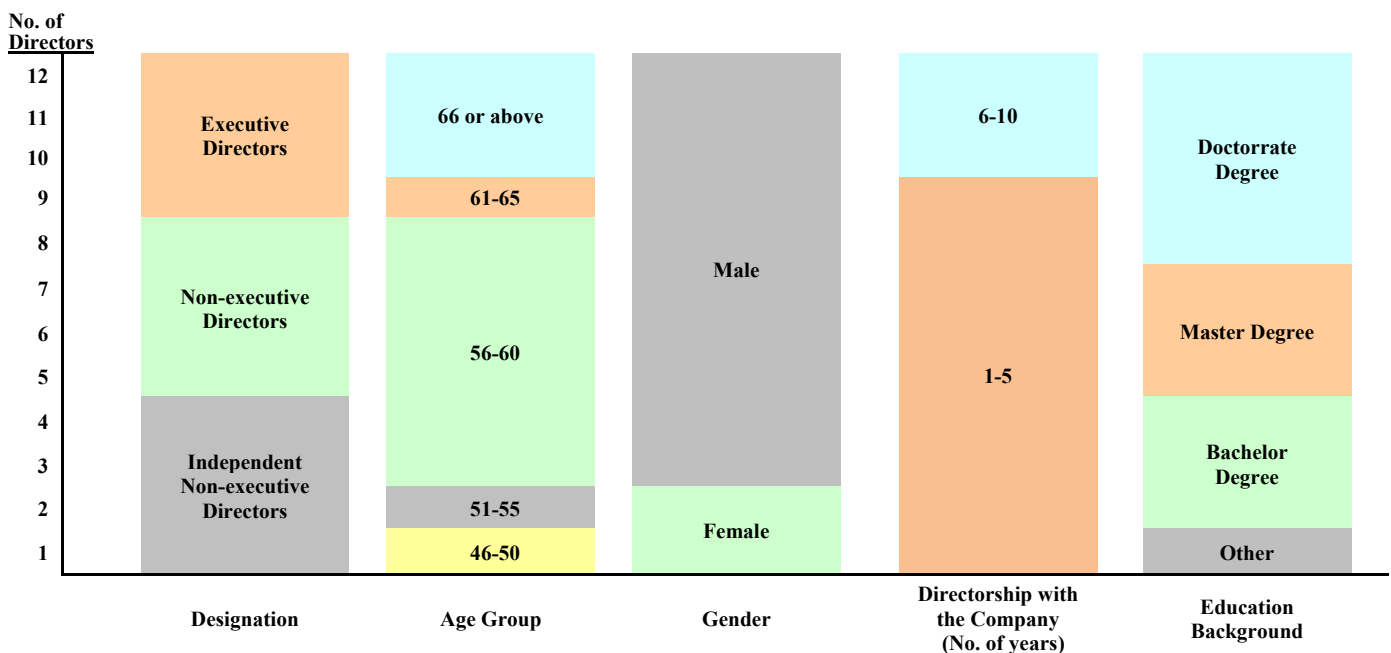
The non-executive Directors and the independent non-executive Directors are not appointed for specific terms but are subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the Company's Articles of Association.

### Nomination Policy and Board Diversity Policy

Pursuant to the terms of reference of the nomination committee, the nomination committee is responsible to identify and nominate qualified individuals for appointment as additional directors or to fill Board vacancies as and when they arise, and make recommendation to the Board. Furthermore, the nomination committee will also make recommendations to the Board on the appointment or re-appointment of directors and succession planning for directors, in particular the chairman and the general manager.

The selection criteria used by the nomination committee in assessing the suitability of a proposed candidate includes: the ability to fulfil director's duties, complement the Company's corporate strategy, equip with relevant experience, reputation, satisfy the board diversity policy etc. However, these factors are not meant to be exhaustive, the nomination committee has the discretion to nominate any person it considers appropriate. Furthermore, the Board has adopted a board diversity policy, when considering the combination of board members, diversity factors including without limitation, age, cultural and educational background, professional experience, skills, knowledge, length of service, and gender, so as to achieve a sustainable and balanced development of the Board to support the Company's strategic goals and maintain sustainable development.

As at the date of this announcement, the Board's composition under major criteria for diversity was summarised as follows:



Furthermore, the Board members equipped with a wide range of professional background and skills, including experience in insurance companies, banks, government and regulatory bodies, accounting and finance, academic research, news and publishing, and as directorship of listed companies.



## **Nomination Policy and Board Diversity Policy (Continued)**

The Board considers that the current board composition is diverse and meets the criteria of the board diversity policy, its experience can supervise and guide the management, and to cope with the Company's development strategies. The Board will review the board diversity from time to time to ensure that the board diversity policy is complied with.

### **Directors' Training**

Directors were given relevant guideline materials regarding the duties and responsibilities for being a director, relevant laws and regulations applicable to the directors and the duties on disclosures of interests. Such induction materials will also be provided to newly appointed Directors. All Directors, including Mr. WANG Sidong, Mr. YIN Zhaojun, Mr. HONG Bo, Mr. XIAO Xing, Mr. GUO Zhaoxu, Mr. HU Xingguo, Ms. ZHANG Cui, Mr. YANG Changgui, Mr. ZHU Dajian, Mr. WU Ting Yuk Anthony, Mr. XIE Zhichun and Mrs. LAW FAN Chiu Fun Fanny, provided their training record and confirmed that they have complied with A.6.5 of the Code (which has been re-numbered as Code Provision C.1.4) by attending relevant seminars, training sessions and reading materials to develop and refresh their knowledge and skills.

### **Chairman and General Manager**

Mr. WANG Sidong is the chairman of the Company. Mr. YIN Zhaojun was appointed as the general manager of the Company on 29 January 2021. The roles of the chairman and the general manager are clearly defined, segregated and established in writing and are not exercised by the same individual.

### **Board Committees**

The Company currently has 5 board committees (namely the Audit Committee, Remuneration Committee, Nomination Committee, Corporate Governance Committee and Risk Management Committee) with defined terms of reference which are posted on the websites of the Company and the Stock Exchange (while the terms of reference of the Corporate Governance Committee are posted on the website of the Company only).

#### **Audit Committee**

An Audit Committee with specific written terms of reference was established by the Company on 29 May 2000.

The written terms of reference for the Audit Committee are in accordance with the Code. The Audit Committee meets with the Group's senior management and external auditors regularly to review the effectiveness of the internal control system and the interim and annual results of the Group.

Mr. HU Xingguo and Ms. ZHANG Cui, non-executive Directors of the Company, were appointed as members of the Audit Committee on 2 August 2021. Currently, Mr. WU Ting Yuk Anthony, an independent non-executive Director, is the chairman of the Audit Committee, with 2 non-executive Directors, namely Mr. HU Xingguo and Ms. ZHANG Cui, and 3 independent non-executive Directors, namely Mr. ZHU Dajian, Mr. XIE Zhichun and Mrs. LAW FAN Chiu Fun Fanny as members.

### **Audit Committee (Continued)**

During the period from 1 January 2021 to the date of this announcement, the Audit Committee held 5 meetings. The subject matters of the work performed are mainly as set out below:

- Reviewed the interim results, annual results of the Company and its subsidiaries for the 2021 financial year;
- Reviewed and recommended the re-appointment of auditors, approved the remuneration and terms of engagement of the auditors, assessed the auditors' independence and objectivity, and the effectiveness of the audit process; and
- Reviewed the system of internal controls and the findings and recommendations of the internal audit function.

### **Remuneration Committee**

A Remuneration Committee with specific written terms of reference was established by the Company on 24 February 2005.

The principal duties of the Remuneration Committee include the making of recommendations to the Board on the Company's policy and structure for all remuneration of the Directors and senior management; the establishment of a formal and transparent procedure for developing the policy on such remuneration; to assess the performance of executive Directors and to determine the specific remuneration packages of all executive Directors and senior management.

The main principles of the Group's remuneration policies are:

- (a) Remuneration should be determined by taking into consideration factors such as salaries paid by comparable companies, time commitment, responsibility, employment conditions elsewhere in the Group and the appropriateness of performance-based remuneration;
- (b) Performance-based remuneration should be reviewed and approved with reference to the corporate goals and objectives approved by the Board from time to time; and
- (c) No Director should be involved in deciding his or her own remuneration.

Mr. YIN Zhaojun, executive Director of the Company, was appointed as a member of the Remuneration Committee on 29 January 2021. Mr. YANG Changgui, non-executive Director of the Company, was appointed as a member of the Remuneration Committee on 2 August 2021. Currently, Mr. ZHU Dajian, independent non-executive Director, is the chairman of the Remuneration Committee, with 2 executive Directors, namely Mr. WANG Sidong and Mr. YIN Zhaojun, a non-executive Directors, namely Mr. YANG Changgui, 3 independent non-executive Directors, namely Mr. WU Ting Yuk Anthony, Mr. XIE Zhichun and Mrs. LAW FAN Chiu Fun Fanny, as members.

During the period from 1 January 2021 to the date of this announcement, the Remuneration Committee held 1 meeting. The subject matters of the work performed are mainly as set out below:

- Approved the remuneration and discretionary bonuses of Directors and senior management; and
- Approved the appointment letter of Director.

## **Nomination Committee**

A Nomination Committee with specific written terms of reference was established by the Company on 29 March 2012.

The principal duties of the Nomination Committee include reviewing the Board composition, developing and formulating the relevant procedures for nomination and appointment of directors and assessing the independence of the independent non-executive Directors to ensure that the Board has a balance of expertise, skills, experience and diversity.

Currently, Mr. WANG Sidong, the chairman of the Board and an executive Director, is the chairman of the Nomination Committee, with executive Director Mr. HONG Bo, 3 independent non-executive Directors, namely Mr. ZHU Dajian, Mr. WU Ting Yuk Anthony and Mrs. LAW FAN Chiu Fun Fanny, as members.

During the period from 1 January 2021 to the date of this announcement, the Nomination Committee held 1 meeting. The subject matter of the work performed are mainly as set out below:

- Reviewed the structure, size and composition of the Board;
- Assessed the independence of the independent non-executive Directors; and
- Made recommendations to the Board on the appointment and reappointment of Directors.

## **Corporate Governance Committee**

A Corporate Governance Committee with specific written terms of reference was established by the Company on 17 October 2014. The principal duties of the Corporate Governance Committee includes developing and reviewing the Company's policies and practices on corporate governance, and the compliance with the corporate governance code.

Mr. YIN Zhaojun, executive Director of the Company, was appointed as a member of the Corporate Governance Committee on 29 January 2021. Currently, Mr. WANG Sidong, the chairman of the board and executive Director, is the chairman of the Corporate Governance Committee, with 3 executive Directors, namely Mr. YIN Zhaojun, Mr. HONG Bo and Mr. XIAO Xing, as members.

During the period from 1 January 2021 to the date of this announcement, the Corporate Governance Committee held 1 meeting. The subject matters of the work performed are mainly as set out below:

- Reviewed the structure, size and composition of the Board; and
- Reviewed compliance with the code and disclosure in the Corporate Governance Report.

## **Risk Management Committee**

A Risk Management Committee with specific written terms of reference was established by the Company on 30 December 2015. The principal duties of the Risk Management Committee includes overseeing the Company's and its subsidiaries overall risk management framework, being the second line of defense and to advise the Board on the Group's risk-related matters.

Mr. YIN Zhaojun, executive Director of the Company, was appointed as a member of the Risk Management Committee on 29 January 2021 to take over Mr. WANG Sidong, who resigned on the same date. Currently, Mr. XIE Zhichun, independent non-executive Director, is the chairman of the Risk Management Committee, with 2 executive Directors, namely Mr. YIN Zhaojun and Mr. XIAO Xing, and 2 non-executive Directors, namely Mr. GUO Zhaoxu and Ms. ZHANG Cui, as members.

During the period from 1 January 2021 to the date of this announcement, the Risk Management Committee held 2 meetings. The subject matters of the work performed are mainly set out below:

- Reviewed the quarterly and annual risk management reports and annual compliance report; and
- Reviewed the risk appetite and rules for risk capital of the Group.

## **Auditor's remuneration**

KPMG is the auditor of the Company. The services provided by them include audit, other assurance and non-audit services. During the 2021 financial year, the fees paid and payable for the Group was HK\$26.96 million, of which the fees for the statutory audit and other services were HK\$21.27 million and HK\$5.69 million, respectively.

## **Responsibility Statement of Directors on Financial Statements**

The Directors are responsible for overseeing the preparation of the financial statements which gives a true and fair view of the Company's financial position, performance results and cash flows. To the best knowledge of the Directors, there was no material event or condition during the reporting period that might have a material adverse effect on the continuing operation of the Company.

The statement of the auditor of the Company on their responsibilities on the financial statements is set out in the Independent Auditor's Report.

## **Company Secretary**

Mr. ZHANG Ruohan ("Mr. Zhang") is a senior management, chief financial officer and company secretary of the Company. Mr. Zhang had taken no less than 15 hours of the relevant professional training on review of the Listing Rules and other compliance requirements during the Year.

## **Risk Management**

The Group has established a comprehensive risk management system covering the entire group. The governance structure, rules and regulations, working mechanisms and procedures for risk management have been further improved.

The Board conducted an annual review on the Group's risk management according to its responsibilities in order to ensure the effectiveness of risk management practice.

In 2021, the Group closely followed the risk appetite of "Adherence to the Bottom Line and Act Prudently" to deal with various risks encountered in the operation. It stuck to the bottom line that no systematic risk shall occur, and exerted effort to implement its high quality development strategies. By further improving the comprehensive risk management system with "Three Lines of Defense", it implemented the risk appetite, perfected the risk management framework, enhanced risk management informatisation, and enhanced the capability of "Prior Judgement, In-process Monitoring and Post-event Handling" of risks, in order to promptly solve existing risks and effectively prevent new risks. The Board considers that the risk management of the Group during 2021 was effective as a whole and that risks were manageable.

### ***I. The Board's Statement in Respect of Comprehensive Risk Management Responsibilities***

The Board is responsible for establishing and maintaining an effective comprehensive risk management system. The comprehensive risk management of the Company are jointly supervised and implemented by the Board, the management and all staff members. The goal of the comprehensive risk management of the Company is to promote the realisation of the strategic objective with adherence to the matching of risks and returns while at the same time maintain stability and prudence.

Given the limitations of the risk management system, reasonable guarantees can only be given in relation to the objectives mentioned above, and the effectiveness of our risk management over the Company may change as the internal environment, external environment and business situation change.

The Directors conduct regular self-assessment on the risk management system each year and continue to improve its performance. It was considered that no material defect was found in both the framework design and the execution of the risk management during the reporting period. Although shortcomings and deficiencies in the risk management found during routine inspections may lead to certain risks, these risks were considered manageable and has been rectified, and did not create substantial impact on the financial reporting objectives of the Group. Corrective measures for such risks have been and continue to be implemented. The Board considers that the Group's risk management system has been sound, effective and adequate during the Year.

The Company's risk management report of 2021 has been completed and has been reviewed and approved by the Board. The Board and all of its members are responsible for the risk management report's truthfulness, accuracy and integrity.

## **Risk Management** *(Continued)*

### ***II. The Three Lines of Defense for the Comprehensive Risk Management Framework***

The Company has established a comprehensive risk management organisation system in which decisions are made by and the ultimate responsibility is assumed by the Board. Among them, the Risk Management Committee provides support for the decision-making of the Board, the management level directly manages and executes the risk management practices, the Risk Management Department takes the lead and organises each work, every functional department performs its own duties with all employees participating together, and the Audit Committee and TPFAS are responsible for supervision.

All functional and business departments constitute the first line of defense. They take direct responsibility for risk management of the Company.

The respective risk management committees, together with the Risk Management Department constitute the second line of defense. Their responsibilities are to organise and coordinate the construction of the Comprehensive Risk Management Framework.

The respective audit committees and TPFAS constitute the third line of defense. Their main responsibilities are to analyse and evaluate the effectiveness of the comprehensive risk management practices.

### ***III. Status of Risk Management and Internal Control Assessment***

#### ***3.1 Status of the Risk Management Assessment***

In 2021, the Group carried out its comprehensive risk management by embracing the Group's risk prevention and control requirements, focusing on the development strategies of the Group, implementing the risk appetite of "Adhering to the Bottom Line and Act Prudently" to deal with various risks encountered in the operation, enhancing the ability of risk predictions, focusing on risk prevention and control in key areas, strengthening its capability to address risks and handle crisis situations, and improving the investment project review and information sharing mechanism. Through implementing precise policies, the Group continued to solve existing risks and effectively prevent new risks, so as to strive to lay a solid risk management foundation for the sustainable and healthy development of each business line of the Group.

##### ***3.1.1 The Establishment of Risk Management System***

The Company enhanced the construction of comprehensive risk management throughout the Group according to the internal risk management needs under a "Unified Framework, Hierarchical Management" mode, which further improved the risk management process and system; and fully implemented the division of responsibilities among different departments under the "Three Lines of Defense" of the comprehensive risk management, and continuously improved the risk prevention and control mechanism, creating synergy between risk prevention and control.

##### ***3.1.2 Develop the Overall Strategy of Risk Management***

With regard to the overall interests of the shareholders and clients, the Company implemented a comprehensive risk management strategy under the framework of comprehensive risk management, with the aims to enhance the effectiveness of operational management, improve the efficiency of operational activities, and reduce the uncertainties in achieving operational targets, thus ensuring the continued growth of the Company's value. Furthermore, in accordance with the development strategies based on its own capabilities and external environment, the Company established the "Adhering to the Bottom Line and Act Prudently" risk appetite framework.

## **Risk Management** *(Continued)*

### **3.1.3 Status of Risk Management Framework Design**

The Company continuously strengthened the construction of risk appetite system and risk management system. On one hand, it further integrated the corporate risk management and strategic objectives, business model, product pricing, mode of financing, capital management and corporate governance, strived to realise the effective balance between business scale, operation revenues and risk capital, according to the “Adhering to the Bottom Line and Act Prudently” risk appetite in response to changes in the corporate strategies, market, regulation and internal management. On the other hand, it continuously promoted the implementation of comprehensive risk management system, and further improved the Group’s risk management effectiveness by integrating the requirements of the risk management system into all aspects of the operational management.

At the same time, kept enhancing the application of information technology in risk management, solidly promoted the Group’s “Intelligent Risk Control Platform” project, drew the Group’s risk management informatisation blueprint, and followed the overall strategy of “Overall Planning, Step-by-step Implementation, Comprehensive Advancement, and Practical Results”, anchoring direction for the Group’s construction of risk management information system in the medium to long term.

The Group highly emphasised the risk management culture cultivation and talent cultivation, advanced the risk management from the strategy perspective by promoting the establishment of comprehensive risk management system with risk capital as the core and stressing the necessity and importance of risk management with risk capital management as the core; continued to build the professional team for risk management through both internal and external recruitment efforts.

## **3.2 Status of the Internal Control**

During the reporting period, pursuant to the relevant laws and regulations as well as regulatory requirements, while taking into consideration of factors such as its development strategies, internal management and market changes, the Company optimised the internal control system on the control environment, risk identification and assessment, control activities, information and communication, and internal monitoring.

### **3.2.1 The Internal Control Environment has been Continuously Optimised**

The Company further improved the corporate governance, the corporate governance structure established by the Board and the senior management is of good operation, clear authorisation and responsibilities, effective check and balance, and the internal control organisation structure based on “Three Lines of Defense” has been established and is operating effectively. Carry out regulation refinement, review and evaluation, and the formulation of plans of regulation “Development, Amendment and Abolishment” for 2022 to promote the continuous updating and improvement of its regulation system. In accordance with the work arrangement of the CBIRC, activities of the “Year of Internal Control and Compliance Management” will be carried out in an in-depth manner, which will include arranging internal control and compliance trainings and internal investigations and rectifications, continuously strengthening internal control and compliance management, improving the internal control and compliance management mechanism, and promoting an internal control and compliance culture in which risks can be prevented by internal control and values can be created by compliance.

## **Risk Management** *(Continued)*

### **3.2.2 Continuous Improvement in the Ability of Risk Identification, Assessment and Handling**

Through further establishing the improved integration process of “Pre-evaluation, Mid-review and Post-rating”, the Company strictly prevented new risks and continued to solve existing risks. Risk project handling mechanism was improved and significant breakthroughs were made in resolving existing difficult risk projects. In addition, the Group has coordinated the establishment of a unified rating model, strengthened the composition of the credit rating team, improved the unified rating system and methodology, and continued to give full play to the effectiveness of credit rating. By refining its classification of asset risks, the Group also promoted the smooth launch of the risk management system and increased the support of information system for risk management.

### **3.2.3 The Effect of Control Activities has been Increasingly Evident**

The Company continued to promote the review of business processes and internal control standards, and continued to strengthen various control activities. The Company improved the management for business operation analysis, started tracking supervision on operation, improved solvency, strengthened product pricing, improved management of reinsurance, strengthened the management of statistical information, deepened strategic customers cooperation, and continuously strengthened insurance business control. In addition, the Company set up an optimisation plan for the current system of investment management in order to continue to improve the investment management system, organised and carried out capability assessment on investment management and disclosed the assessment results in a timely manner, strengthened the construction of investment management information system and further strengthened the control over funds utilisation. Moreover, the Company continuously promoted the construction of cloud desktop for the Group, strengthened information safety training and internet safety information sharing, and further reinforced the information system control. Also, the Company enhanced the systematic management of consolidated statements in order to further strengthen financial accounting control. The Company carried out the approval authorisation of review of connected transactions, compacted the main responsibilities of the board of directors of the subsidiaries, and further strengthened the control of connected transactions. The Company also promoted “Sunshine” procurement, so as to improve the transparency of procurement. The Company continuously strengthened the control of anti-money laundering, to further strengthen our fundamental management. the Company also continuously carrying out the prevention and control procedures over pandemic in a regular basis.

### **3.2.4 Internal Information Exchange and Communication has been More Efficient**

The Company has established contingency plan for major public opinion and response mechanism to enhance the management of facing negative public opinion and emergencies. In addition, the Company improved management of official website, official WeChat and image copyright, established spokesperson mechanism and brand crisis response mechanism, amended the administrative measures for information disclosure with an aim to enhance the work flow of information disclosure. Standardise its press release and information disclosure, strengthened the monitoring of public opinion, shared monitoring information, and established and improved the resolution mechanism of public opinion.



## **Risk Management** *(Continued)*

### **3.2.5 Internal Supervision Further Deepened**

The Company's internal audit entity continued strengthening the construction of a "Compliance and Discipline Based, Risk Oriented" audit system. Based on COSO-ERM enterprise risk management content framework and insurance "C-ROSS" regulatory rules, the internal audit entity has implemented a full-coverage internal audit supervision model. Internal audit entity focus on five key dimensions which include data authenticity, internal control effectiveness, behaviour compliance, scientific decision-making and result effectiveness to conduct audit inspection and evaluation, as well as implementing risk-oriented audits and strengthening issues rectification. The Company improved the work supervision mechanism and continuously promoted the implementation of key tasks and missions. The Company has amended the handling system towards the violation of laws and regulations of employees, established a regular management mechanism for accountability, so as to strengthen the accountability towards violation of regulations.

### **3.2.6 Internal Control Assessment**

During the reporting period, pursuant to the Listing Rules of the Stock Exchange, the Basic Standards for Enterprise Internal Control and the supplementary guidelines jointly promulgated by the five ministries, including the Ministry of Finance of the PRC, and the relevant regulatory provisions issued by CBIRC, the Company conducted systematic activities such as investigation, testing, analysis and evaluation, and employed techniques such as interviews, seminars, on-site inspections, sampling and comparative analysis and others. Through two stages of company self-evaluation and independent evaluation by the internal audit, the Company analysed and identified internal control defects from five aspects: control environment, risk identification and assessment, control activities, information and communication, and monitoring. As a result, comprehensive assessment was made to the internal control system, its implementation and operation results of the Company and the relevant conclusions were formed.

The results of internal control assessment and internal inspection show that the Company has established relatively sound internal control infrastructure, internal control management system, and risk management system, the Company has basically enabled to adjust internal control measures in a timely manner according to changes in internal and external conditions and constantly optimised the business control processes. The Company improved the establishment of risk control system, improved the control on information systems, strengthened internal control management and supervision, ensured the achievement of the Group's internal control objectives in terms of organisation, personnel, systems, processes and execution. The Company's internal control system is basically sound, reasonable and effective, which provides a relatively effective guarantee for the realisation of business management objectives.

According to the assessment results, the Company will continuously rectify the internal control defects identified, and follow up and evaluate the implementation of the rectification measures.

## **IV. Handling and Dissemination of Inside Information**

For the purpose of handling and disseminating inside information, the Group has taken various procedures and measures, including arousing the awareness to preserve confidentiality of inside information within the Group, disseminating information to specified persons on a need-to-know basis and fully complying with the relevant Listing Rules, Securities and Futures Ordinance (Cap 571 of the Laws of Hong Kong) and its relevant guidelines.

## Shareholders' Rights

### *Convening of Extraordinary General Meeting on Requisition by Shareholders*

Shareholder(s) representing at least 5% of the total voting rights of all shareholders having a right to vote at general meeting of CTIH may request the Board to convene an extraordinary general meeting, pursuant to Section 566 to 568 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong). The objective of the meeting must be stated in the related requisition signed by the shareholders concerned and deposited at the registered office of the Company at 25/F., 18 King Wah Road, North Point, Hong Kong, for the attention of the Company Secretary. The requisition may consist of several documents in like form, each signed by one or more of the shareholders concerned.

### *Procedures for Putting Forward Proposals at Shareholders' Meetings by Shareholders*

To put forward a resolution in an annual general meeting, shareholders are requested to follow the requirements and procedures as set out in Section 615 to 616 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong). A copy of the requisition/request signed by the shareholders concerned (or 2 or more copies which between them contain the signatures of all the shareholders concerned) needs to be deposited at the registered office of the Company.

Pursuant to Article 95 of the Articles of Association, no person other than a director retiring at the meeting (whether by rotation or otherwise) shall be appointed or reappointed a director at any general meeting unless:

- (a) he/she is recommended by the Board, or
- (b) during a period of not less than seven days commencing no earlier than the day after the despatch of the notice of the meeting and ending no later than seven days prior to the date appointed for the meeting, there has been given to the Company Secretary notice in writing by some Shareholder(s) (not being the person to be proposed) qualified to attend and vote at the meeting of his intention to propose that person for appointment or reappointment and also notice in writing signed by the person to be proposed of his willingness to be appointed or reappointed.

Detailed procedures for shareholders to propose a person for election as a Director can be found on the Company's website.

## **Shareholders' Rights** *(Continued)*

### ***Procedures for Directing Shareholders' Enquiries to the Board***

Shareholders may send their enquiries and concerns in writing to the Company Secretary by addressing them to our Investor Relations team, the contact details of which are as follows:

Investor Relations  
China Taiping Insurance Holdings Company Limited  
25/F., 18 King Wah Road,  
North Point,  
Hong Kong

Telephone: (852) 2854 6555  
Fax: (852) 2866 2262  
Email: [ir@cntaiping.com](mailto:ir@cntaiping.com)

The Company Secretary will forward the enquiries and concerns to the Board and/or relevant board committees of the Company, where appropriate, to answer the shareholders' questions and/or to meet the shareholders' concerns.

### **Constitutional Documents**

There was no change to the Company's Articles of Association during the Year. A copy of the latest consolidated version of the Articles of Association is posted on the website of the Company and the Stock Exchange.

### **Investor Relations and Communications**

The Company recognises the importance of communications with the shareholders of the Company and the investment community, and also recognises the value of providing current and relevant information on the Company to the shareholders and investors. The Company's corporate website, [www.ctih.cntaiping.com](http://www.ctih.cntaiping.com), features a dedicated Investor Relations section, and is aimed at facilitating effective communications with the shareholders, investors and other stakeholders. Corporate information, including both financial and non-financial information, are available in a timely manner on the website. The latest information on the Company, including annual and interim reports, corporate social responsibility reports, announcements, circulars, press releases as well as constitutional documents, are also available on the website.

## Corporate Information

### BOARD OF DIRECTORS

#### Executive Directors

WANG Sidong *Chairman*  
YIN Zhaojun *Vice Chairman and  
General Manager*  
HONG Bo *Deputy General Manager*  
XIAO Xing *Deputy General Manager*

#### Non-executive Directors

GUO Zhaoxu  
HU Xingguo  
ZHANG Cui  
YANG Changgui

#### Independent non-executive Directors

ZHU Dajian  
WU Ting Yuk Anthony  
XIE Zhichun  
LAW FAN Chiu Fun Fanny

#### Audit Committee

WU Ting Yuk Anthony *Chairman*  
HU Xingguo  
ZHANG Cui  
ZHU Dajian  
XIE Zhichun  
LAW FAN Chiu Fun Fanny

#### Remuneration Committee

ZHU Dajian *Chairman*  
WANG Sidong  
YIN Zhaojun  
YANG Changgui  
WU Ting Yuk Anthony  
XIE Zhichun  
LAW FAN Chiu Fun Fanny

#### Nomination Committee

WANG Sidong *Chairman*  
HONG Bo  
ZHU Dajian  
WU Ting Yuk Anthony  
LAW FAN Chiu Fun Fanny

#### Corporate Governance Committee

WANG Sidong *Chairman*  
YIN Zhaojun  
HONG Bo  
XIAO Xing

#### Risk Management Committee

XIE Zhichun *Chairman*  
YIN Zhaojun  
XIAO Xing  
GUO Zhaoxu  
ZHANG Cui

#### COMPANY SECRETARY

ZHANG Ruohan

#### AUTHORISED REPRESENTATIVES

WANG Sidong  
ZHANG Ruohan

#### REGISTERED OFFICE

25/F., 18 King Wah Road,  
North Point,  
Hong Kong

Telephone: (852) 2854 6100  
Facsimile: (852) 2544 5269  
E-mail: mail@cнтаiping.com

#### REGISTRAR AND TRANSFER OFFICE

Hong Kong Registrars Limited  
Shops 1712-16, 17/F, Hopewell Centre  
183 Queen's Road East  
Hong Kong

#### INDEPENDENT AUDITORS

KPMG  
(Certified Public Accountants and Registered  
PIE Auditors)

#### PRINCIPAL BANKERS

Bank of China (Hong Kong) Limited  
Nanyang Commercial Bank, Ltd.  
Agricultural Bank of China Limited Hong Kong  
Branch

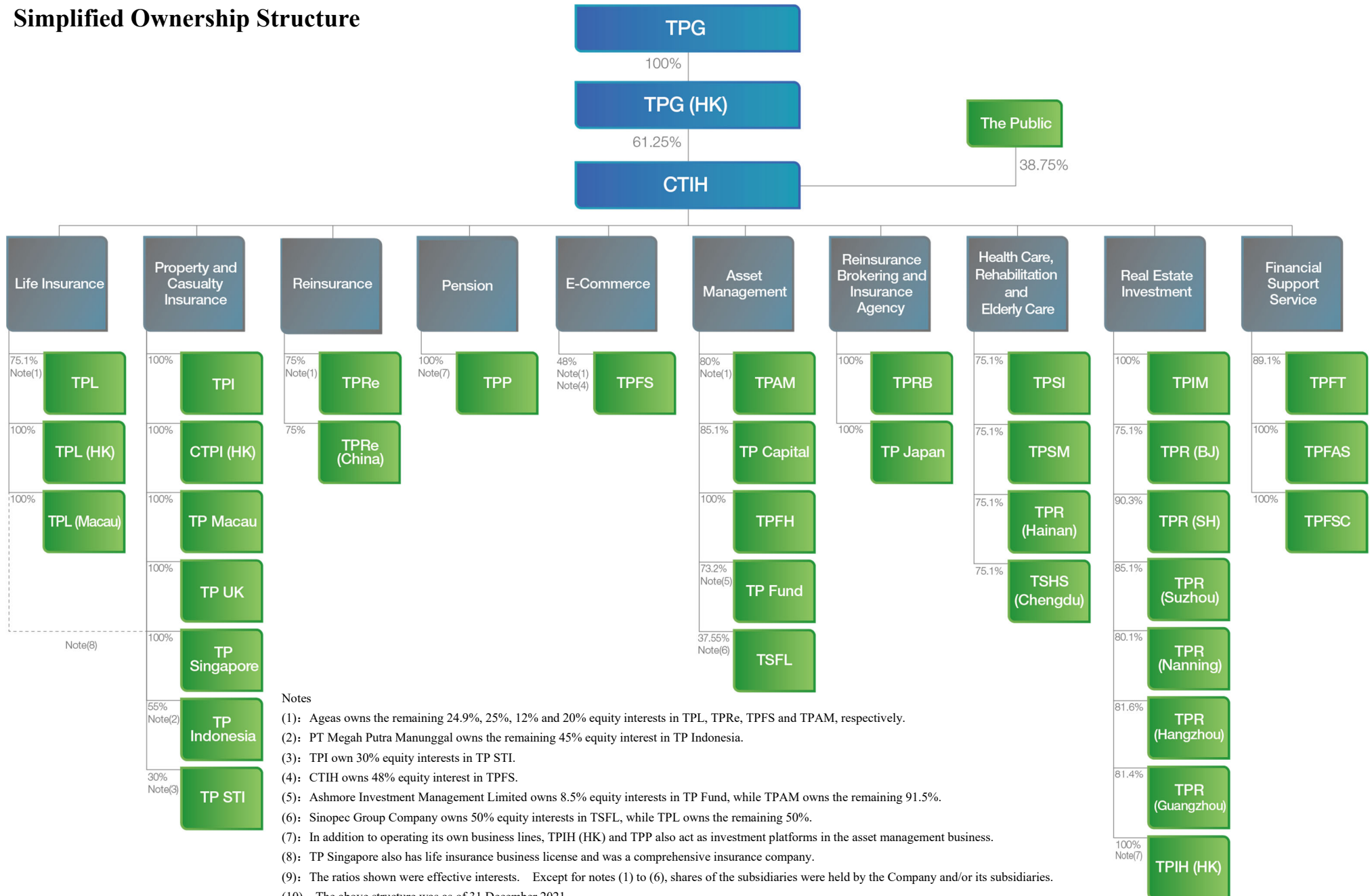
#### WEBSITE

www.ctih.cнтаiping.com  
www.cнтаiping.com

#### STOCK MARKET LISTING

The Main Board of The Stock Exchange  
of Hong Kong Limited  
(Stock Code: HK 00966)

## Simplified Ownership Structure



## Definitions

*In the announcement, the following expressions shall have the following meanings unless the context requires otherwise:*

“Ageas”	Ageas Insurance International NV
“Board”	the board of Directors
“BVI”	British Virgin Islands
“Company” or “CTIH”	China Taiping Insurance Holdings Company Limited
“C-ROSS”	China Risk Oriented Solvency System
“CBIRC”	China Banking and Insurance Regulatory Commission
“Sinopec Group Company”	中國石油化工集團有限公司(China Petrochemical Corporation*), a wholly State-Owned Enterprise incorporated in the PRC
“Code”	Corporate Governance Code as set out in Appendix 14 of the Listing Rules
“CTPI (HK)”	China Taiping Insurance (HK) Company Limited
“Director(s)”	The director(s) of the Company, including the independent non-executive directors
“Easiwell”	Easiwell Limited
“Golden Win”	Taiping Golden Win Investment Limited
“Group”	CTIH and its subsidiaries
“HIBOR”	Hong Kong Interbank Offer Rate
“HKAS”	Hong Kong Accounting Standard
“HKFRS”	Hong Kong Financial Reporting Standard
“HKICPA”	Hong Kong Institute of Certified Public Accountants
“HK(IFRIC)-Int”	Hong Kong (International Financial Reporting Interpretations Committee)-Interpretation
“Hong Kong” or “HKSAR”	Hong Kong Special Administrative Region of the PRC
“Indonesia”	Republic of Indonesia
“Last Year”	The year ended 31 December 2020
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange

“Macau”	Macau Special Administrative Region of the PRC
“Manhold”	Manhold Limited
“MPF scheme”	Mandatory Provident Fund Scheme
“PRC”	The People’s Republic of China
“SFO”	Securities and Futures Ordinance
“Share(s)”	Share(s) in the capital of the Company
“Singapore”	Republic of Singapore
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“the Year”	The year ended 31 December 2021
“TP Fund”	Taiping Fund Management Company Limited
“TPA (HK)”	Taiping Assets Management (HK) Company Limited
“TPAM”	Taiping Asset Management Company Limited
“TPFAS”	太平金融稽核服務（深圳）有限公司（“Taiping Financial Audit Service (Shenzhen) Company Limited”, being the unofficial English name)
“TPFH”	Taiping Financial Holdings Company Limited
“TPFS”	Taiping Financial Services Company Limited
“TPFSC”	Taiping Financial Operating Service (Shanghai) Co., Ltd.
“TPFT”	Taiping Financial Technology Service (Shanghai) Company Limited, being the unofficial English name of 太平金融科技服務（上海）有限公司)
“TPG”	China Taiping Insurance Group Ltd.
“TPG (HK)”	China Taiping Insurance Group (HK) Company Limited
“TPI”	Taiping General Insurance Company Limited
“TPIH (HK)”	Taiping Investment Holdings (HK) Company Limited
“TPIM”	Taiping Industry Investment Management Co., Ltd.
“TPL”	Taiping Life Insurance Company Limited
“TPL (HK)”	China Taiping Life Insurance (Hong Kong) Company Limited
“TPL (Macau)”	China Taiping Life Insurance (Macau) Company Limited

“TPP”	Taiping Pension Company Limited
“TPR (BJ)”	Taiping Real Estate (Beijing) Co. Ltd.
“TPR (Guangzhou)”	Taiping Real Estate (Guangzhou) Co. Ltd.
“TPR (Hainan)”	Taiping Real Estate (Hainan) Co. Ltd.
“TPR (Hangzhou)”	Taiping Real Estate (Hangzhou) Co. Ltd.
“TPR (Nanning)”	Taiping Real Estate (Nanning) Co. Ltd.
“TPR (SH)”	Taiping Real Estate Shanghai Company Limited
“TPR (Suzhou)”	Taiping Real Estate (Suzhou Industrial Park) Co. Ltd.
“TPRB”	Taiping Reinsurance Brokers Limited
“TPRe”	Taiping Reinsurance Company Limited
“TPRe (China)”	Taiping Reinsurance (China) Company Limited
“TPSI”	Taiping Senior Living Investments Company Limited
“TPSM”	Taiping Senior Living Management Company Limited
“TP Capital”	Taiping Capital Asset Management Company Limited, previously named as Taiping Investment Holdings Company Limited
“TP Indonesia”	PT China Taiping Insurance Indonesia
“TP Japan”	China Taiping Insurance Service (Japan) Co. Ltd.
“TP Macau”	China Taiping Insurance (Macau) Company Limited
“TP Singapore”	China Taiping Insurance (Singapore) PTE. Ltd.
“TP STI”	Taiping Science and Technology Insurance Co., Ltd.
“TP UK”	China Taiping Insurance (UK) Company Limited
“TSFL”	Taiping & Sinopec Financial Leasing Co. Ltd.
“TSHS (Chengdu)”	Taiping Senior Healthcare Services (Chengdu) Co., Ltd.
“UK”	the United Kingdom of Great Britain and Northern Ireland
“United States”	United States of America
“HKD” or “HK\$”	Hong Kong dollars
“GBP”	British Pound



“IDR”	Indonesian Rupiah
“JPY”	Japanese Yen
“MOP”	Macau Pataca
“RMB”	Renminbi
“SGD”	Singaporean dollars
“USD”	United States dollars

By Order of the Board of  
**China Taiping Insurance Holdings Company Limited**  
**ZHANG Ruohan**  
*Company Secretary*

Hong Kong, 23 March 2022

*As at the date of this announcement, the Board comprises 12 Directors, of which Mr. WANG Sidong, Mr. YIN Zhaojun, Mr. HONG Bo and Mr. XIAO Xing are executive Directors, Mr. GUO Zhaoxu, Mr. HU Xingguo, Ms. ZHANG Cui and Mr. YANG Changgui are non-executive Directors, and Mr. ZHU Dajian, Mr. WU Ting Yuk Anthony, Mr. XIE Zhichun and Mrs. LAW FAN Chiu Fun Fanny are independent non-executive Directors.*