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The financial information relating to the years ended 31 December 2022 and 2021 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 2021 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 2022 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 2022

The Board of Directors of China Taiping Insurance Holdings Company Limited announces the audited financial results of the Company and its subsidiaries for the year ended 31 December 2022 as follows:

Chairman's Statement

In 2022, confronted by the complicated and severe external environment and unexpected multiple challenges, all Taiping people strove to meet the challenges and difficulties head on. By balancing the pandemic prevention & control and business development, stable growth and risk prevention, domestic and overseas operations in a holistic way, the Group surmounted the difficulties, maintained a momentum of steady growth, and marched towards new horizons for high-quality development.

China Taiping has been on the list of "Fortune Global 500" for 5 consecutive years, ranking increased by 10 places to 334, ranked 31st in Insurance 100 by Brand Finance, 45th in China's 500 Most Valuable Brands by World Brand Lab, and was selected in the Fortune China ESG Impact List.

REVIEW OF PERFORMANCE IN 2022

The total premiums written for the year reached HK\$265.0 billion, increased by 0.9% over the Last Year, increased by 4.6% in terms of RMB. Profit attributable to owners was HK\$2.797 billion. Total assets reached HK\$1,409.4 billion, increased by 2.2% over the 2021 year-end, increased by 11.7% in terms of RMB. Group embedded value per share attributable to owners was HK\$55.11, of which TPL's embedded value grew by 1.1% over the last year-end, and increased by 10.4% in terms of RMB, breakthrough RMB200 billion for the first time.

The insurance business stable and positive.¹ TPL's direct premium income increased by 3.6% over the Last Year, outperforming the market, premium scale of regular premium from individual insurance ranked among top 3 in the industry for the first time, premium scale of regular premium from bancassurance reached its highest level in history, new business value outperformed most peers, the persistency ratios at the 13th month and 25th month, maintaining leading position for ten consecutive years, and new breakthroughs were made in "1929 Family Office" high-end customer operations. TPI achieved a turnaround, the combined ratio improved by 6.4 percentage points over the Last Year, reaching the best level since the resumption of business in China and the persistency ratio of motor insurance increased by 6.5 percentage points. TPP's business development continued to be positive with group insurance business increased by 16.1%. Overseas insurance business maintained steady growth, and property and casualty reinsurance's combined ratio remained at a relatively good level.

Investment results progressed amid difficulties. As at the end of 2022, the total investment assets of the Group was HK\$1,218.2 billion, increased by 1.4% over 2021 year-end, increased by 10.8% in terms of RMB. Guided by the concept of sound and robust investment and adhered to long-term investment, value investment and responsible investment, the Group continued strengthening macro-economic situation analysis and capital market research, actively grasped market opportunities, made every endeavor to secure stable return on investment and kept investment risks under strict control so as to maintain steady growth in investment asset scale. During the year, we realised a net investment income of HK\$48.573 billion, increased by 8.9% over the Last Year.

The business operations and financial performance of each business unit are detailed in the "Management Review and Analysis".

BUSINESS MEASURES AND RESULTS

In 2022, China Taiping adhered to the value orientation, further implemented the high-quality development strategy, effectively landing strategic measures such as ecosystem construction, scientific and technological innovation and comprehensive collaboration, made progress in key projects and gained solid results in strengthening the foundation.

¹ Calculated in RMB

Increased efforts to serve the national strategy and the real economy. We formulated indicator system for serving the national strategy, and unveiled 15 measures to facilitate stable economic growth in 5 aspects. We make joint contribution to the “The Belt and Road” initiative by underwriting a total of 424 major projects along the route and providing risk protection of more than RMB700.0 billion. We made new progress in expanding businesses in the Greater Bay Area, issued the cross-border motor insurance industry “Macau Cars Travelling to Guangdong” first policy, innovatively developed exclusive products and services in the Greater Bay Area to facilitate the connectivity of the Greater Bay Area. We provided support in the real economy, and increased financial support for national strategic science and technology sectors, strategic emerging industries and major livelihood construction projects, with new investment of RMB53.0 billion during the year. TPG devoted efforts in rural revitalisation, receiving the highest ranking “Good” in the evaluation of targeted poverty alleviation performance among centrally-administered state-owned units for the first time. Achieving rapid growth in green insurance and green investment, and was selected in the Fortune China ESG Impact List.

Positive progress has been made in the ecosystem construction. The “Taiping Town · Haitang Family” in Sanya has been put into operation, “Taiping Town · Mumian Family” in Guangzhou targeting the Greater Bay Area will be officially opened in May, the construction of “Taiping Town · Furong Family” in Chengdu will be completed soon ; Beijing’s elder care project has been advancing in an orderly manner, the “self-owned + cooperative” elderly community reached 32, geographically covering all the areas in the east, south, west, north and central, and functionally across medical care, health care and tourism care, effectively meeting the needs of high net-worth customers for pension services driving the sales of long-term high value life insurance policies; the Taiping Medical and Health Equity Investment Fund is operating steadily, the Taiping Science and Technology Innovation Equity Investment Fund was established, and the Medical Health & Elder Care Ecological Alliance and Fintech Ecological Alliance continued growing, actively empowering the principal insurance business.

Reform and innovation continuously deepened. We adhered to innovation and change to seek breakthroughs, continued to deepen the reform of systems and mechanisms, and achieved substantive progress in the reform of some key areas that are critical to high-quality development. Scientific and technological innovation has been deepened, and innovation and development achievements have been emerging. The Group held a scientific and technological innovation conference, launched the digital transformation plan, and held the first science and technology innovation competition and micro-innovation competition, resulting in a number of gold-bearing scientific and technological innovation projects. We have made breakthroughs in synergy innovation, the Group’s comprehensive synergy committee is officially in operation, unveiled the comprehensive synergistic five-year development action plan, and established synergy mechanisms covering provincial-level linkage, performance appraisal and incentive profit-sharing, and set up a comprehensive synergy business development fund to further leashed the potential of business synergy.

Strengthening of foundation solidly progressed. In terms of institution construction, we coordinated the construction of new institutions and the upgrading of old institutions, and focused on the transformation and upgrading of weak institutions. In terms of consolidating the management foundation, we perfected the objective-oriented budget management system and mechanism, and improved the scientific and refined level of budget management. We also comprehensively carried out cost reduction and efficiency enhancement, and continued improving the input-output efficiency. In terms of science and technology infrastructure, we completed the construction of three platforms in accordance with IFRS17, which have been launched in major specialised companies, and set up the Group's new-generation of core system on schedule. In terms of customer service, we successfully held the third “China Taiping Customer Festival” and the second “China Taiping Day” and launched the technology-enabled customer experience center “China Taiping · Home of Lucky Elephant”, and held the first consumer rights protection conference. The awareness and ability of “Serving the People” has been continuously enhanced.

Risk prevention and control capabilities continued enhancing. We implemented the comprehensive risk management capability enhancement project, issued the Basic System for Comprehensive Risk Management and a series of supporting management measures, and consolidated the “multiple pillars” of the Group's comprehensive risk management. We comprehensively strengthened the construction of the risk management and control mechanism in the investment field, upgraded the Group's investment management system, established a “unified management, distributed operation” credit rating system, and conducted independent risk assessment of investment projects and continued to monitor public opinions on a regular basis. We continued to carry out comprehensive risk screening, found out the bottom of risks, developed response plans, resolutely curbed new risks, and achieved effective results in mitigation of existing risks.

OPPORTUNITIES AND CHALLENGES

In 2023, the external environment will remain severe and complex. China's economy has strong resilience, great potential, full vitality, and the fundamentals characterised by long-term sustainability remain unchanged. In 2023, the central government will vigorously implement positive policies such as expanding consumption and investment and accelerating the construction of a modern industrial system, the economy is expected to stabilise and recover, which will drive the development of the insurance industry. The country attaches great importance to the role of insurance in ensuring people's livelihood, continues to deepen the supply-side structural reform of insurance and promotes the continuous standardisation of market order by the “strict regulation”, and therefore the insurance awareness of the whole society has been significantly enhanced, all of which are conducive to the sustained development of the industry. We are firmly optimistic about the development prospects of China's economy and the transformation and upgrading of China's insurance industry.

China Taiping has political advantages of central financial enterprises, brand advantages of national insurance with a long history, first mover advantage of international operation, competitive advantages of ecosystem construction and market-oriented system and mechanism advantages, which are good foundation and conditions for accelerating high-quality development. We shall face up to difficulties, strengthen our confidence in development, maintain our strategic confidence, look at the situation with a more positive attitude, and work harder to adapt to and change the situation, turn pressure into momentum, turn challenges into opportunities, and go all out in promoting the Group's high-quality development to achieve new results.

DEVELOPMENT PROSPECTS

2023 is a critical year for the implementation of China Taiping's high-quality development strategy. The overall requirements for China Taiping's business development are as follows: adhere to pursuing progress while ensuring stability, uphold fundamental principles and break new ground, value orientation, strengthening fundamentals and risk prevention, promote effective improvement in quality and reasonable growth in quantity of the business and strive to create a new situation of the Group's high-quality development. We will remain the strategy determination on promoting high-quality business development; improve mechanisms and proactively align ourselves with serving the national strategies; implement policies in a coordinated manner to effectively prevent and mitigate financial risks; tap our potential and accelerate the construction of the ecosystem; strengthen innovation, comprehensively promote the upgrade of technology operation service; keep a down-to-earth and steady path to international development; strengthen the foundation and continuously consolidate the foundation of operation and management to strive to make new achievements in serving the national strategy, make new progress in high-quality business development, make new breakthroughs in ecosystem construction, upgrade comprehensive synergy to a new level, create a new pattern of international development, new improvements in customer services and make new achievements in risk prevention and mitigation, 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 always cared and supported the development of China Taiping! I would also like to extend my sincere gratitude to all the staff of Taiping for their hard work!

WANG Sidong
Chairman

Hong Kong, 28 March 2023

Management Review and Analysis

2022 Business Operations and Consolidated Results

Scale of Insurance Business Continued Growing, Core Business Foundation Further Consolidated

- Total premiums written and policy fees reached HK\$265.0 billion, increased by 0.9% over the Last Year
- Profit attributable to owners was HK\$2.797 billion, decreased by 62.8% over the Last Year
- Owners' equity was HK\$75.506 billion, decreased by 14.3% over the last year-end
- Total assets were HK\$1,409.4 billion, increased by 2.2% over the last year-end
- Group embedded value per share attributable to owners was HK\$55.11, decreased by 9.0% over the last year-end figure of HK\$60.536, while TPL's embedded value increased by 1.1% over the end of Last Year, increased by 10.4% in terms of RMB

PRC Domestic Insurance Business¹ Progressed Steadily, with Business Quality Improved over the Last Year

- Direct premium of the PRC domestic life insurance² increased by 4.1% over the Last Year, outperformed the market
- TPL's first year premium increased by 20.0% over the Last Year, with first year premium from individual insurance increased by 28.6% over the Last Year, first year premium from bancassurance increased by 29.7%, agent manpower increased by 1.6% over the beginning of the year against trend; new business value outperformed most peers; four persistency ratios of the individual agency and bancassurance channels maintained in the industry leading position for consecutive years
- Group employee benefit business increased by 16.1% over the Last Year, with short term insurance business increased by 15.3% over the Last Year, long term insurance business increased by 17.5% over the Last Year
- PRC domestic property and casualty insurance business grew steadily, with the combined ratio optimised by 6.4 percentage points over the Last Year, achieving a turnaround from underwriting loss to underwriting profit; the persistency ratio of motor insurance increased by 6.5 percentage points over the Last Year
- Pension assets under management was amounted to RMB587.8 billion, with annuity entrusted assets balance of RMB357.7 billion, increased by RMB35.2 billion over the last year-end

¹ Calculated in RMB

² Including TPL and TPP

2022 Business Operations and Consolidated Results (Continued)

Proportion of Overseas Insurance Business Reached a New High, Underwriting Efficiency Maintained at Good Level

- CTPI (HK)'s premium income increased by 4.3% over the Last Year, achieving continual underwriting profit
- TPL (HK)'s premium income increased by 26.7% over the Last Year, with market influence continued increasing; its Macau subsidiary TPL (Macau)'s development accelerated, premium income increased by 104.6% over the Last Year
- TP Macau's market share continued to be No. 1, maintaining outstanding underwriting result, "Macau Cars Travelling to Guangdong" launched smoothly
- TP UK's actively adjust its business structure, continued consolidating the foundation of underwriting profitability
- TP Singapore's premium income from property and casualty insurance increased by 4.6% over the Last Year, maintaining underwriting profit
- TP Indonesia's premium income increased by 10.5% over the Last Year, both local and Chinese enterprises business achieved a substantial growth over the Last Year, with underwriting results maintained at an outstanding level
- TPRE's property and casualty reinsurance premium income increased by 21.8% over the Last Year, with a reduction of underwriting loss

Net Investment Income Enhanced, Investment Business Developed Steadily

- Steady growth in investment scale, net investment income enhanced. At the end of 2022, the total investment assets of the Group were HK\$1,218.2 billion, increased by 1.4% over the last year-end, increased by 10.8% in terms of RMB, net investment income was HK\$48.573 billion, representing an increase of 8.9% over the Last Year
- Strengthen the research and judgment of the market situation, the equities beat the market benchmarks. In 2022, the Group established an investment research center to strengthen capital market research and judgment. Facing an unfavorable market environment, we strengthened tactical operations and product selection, benefited from the balanced allocation in the cross-border market, the Group's overall equity performance is better than the CSI 300 Total Return Index, the overseas equities portfolio significantly outperformed the Hang Seng Index by 16.5 percentage points
- The professional capabilities of investment institutions were improved, and the third-party asset management business expanded. In 2022, the Group continued promoting the professional transformation of investment institutions and improving their professional capabilities and management levels. The scale of third-party entrusted assets managed by the Group was HK\$1,092.8 billion, representing a growth of 5.3% over the last year-end
- Consolidating the foundation for investment control to promote high-quality development of investment. In 2022, the Group further improved a number of investment management mechanisms, strengthened information systems construction, enhanced centralised investment monitoring capabilities, preventing material risks and systemic risks, which promoted the high-quality development of the investment business

2022 Business Operations and Consolidated Results (Continued)

Strategic Clients Cooperation and Cross-selling Business Progressed Steadily

- As at the end of 2022, China Taiping had established strategic client cooperation relationships with 110 large clients and these strategic clients have contributed total premium of HK\$56.889 billion and new payment from pension of HK\$40.833 billion
- In 2022, our domestic cross-selling initiatives achieved HK\$9.996 billion insurance sales, including HK\$7.548 billion of property insurance sales through TPL, HK\$1.981 billion of pension sales through TPL, HK\$277 million of property insurance sales through TPP, HK\$103 million pension sales through TPI and HK\$86.64 million of life insurance sales through TPI

Social Influence Steadily Increasing, Brand Influence Continued Strengthening

- In 2022, China Taiping served our customers with enthusiasm, actively carried out brand campaigns and took the initiative to serve national strategies. As a result, our social influence steadily increased and our brand influence continuously enhanced
- The Company is a core subsidiary of TPG. TPG's 11 subsidiaries were rated "A" by international leading rating agencies; TPG's ranking in the "Fortune Global 500" was 334th, moving up 10 places compared to last year, 31st in Insurance 100 by Brand Finance and 45th in China's 500 Most Valuable Brands by World Brand Lab. TPG has awarded the highest ranking "Good" in the evaluation of assistance for targeted poor areas performance among 305 centrally-administered state-owned units, and was selected in the Fortune China ESG Impact List

Digital Transformation Solidly Progressed

- We released the work plan for "1+N" digital transformation and commenced the second phase project of the Wuhan Data Center. IFRS17 has been integrated into our three major platforms and has been adopted by the principal professional companies. The three-year transformation plan of the new generation core systems including life insurance, property and casualty insurance, pension, overseas has been completed. We launched an integrated service platform "Fuxiang Taiping" App for our enterprise customers, Taiping Tong was upgraded to 3.0, innovative service modules such as home-based elderly care, Taiping Wealth Management, "Asset Management – Family Office" were online and our Human-machine integrated digital service platform has been applied in 105 procedures and scenarios
- The Group held a scientific and technological innovation conference and organised science and technology innovation competition and micro-innovation competition. The number of member enterprises in the fintech ecological alliance reached 31. The insurance technology laboratory obtained 52 new patents, and intelligent technology sharing platform has provided 110 million services in total. We launched innovative products such as "Taiping Health Guardian" and "Taiping Encyclopedia". "Vehicle Insurance Credit" supported loss reduction of over 2 million dollars. The product matrix of the Group has been successfully established and the mobile self-service policy service, "Speed Compensation" service have been upgraded; launched "Taiping I-claim" motor insurance claim service for the first time in the industry, and over 70% of the claims were paid within 20 minutes after vehicle loss occurred
- Under the theme of "Wonderful life, Together with Taiping", we held the third "Lucky Elephant Festival · China Taiping Customer Festival" and organised over 73,000 events with the number of participants reaching 50 million. The first "China Taiping · Home of Lucky Elephant" customer service experience center commenced operation. The development of net promoter score (NPS) system of the Group was completed. The Group convened its first consumer rights protection conference and organised over 9,000 events in relation to consumer rights protection. The concept of customer first, consumer protection for everyone and serving the people is deeply rooted in the Group

CONSOLIDATED FINANCIAL RESULTS

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

For the year ended 31 December, HK\$ million

	2022	2021	Change
Total premiums written and policy fees	264,995.08	262,549.26	+0.9%
Profit before taxation	1,498.27	10,913.84	-86.3%
Profit after taxation	5,538.36	10,952.37	-49.4%
Net profit attributable to the owners	2,796.61	7,513.70	-62.8%
Basic earnings per share (HK\$)	0.778	2.091	-1.313 dollars
Final dividend proposed at 26 HK cents per share (2021: 46 HK cents per share)	934.44	1,653.25	-43.5%

At 31 December, HK\$ million

	2022	2021	Change
Total assets	1,409,365.57	1,378,641.97	+2.2%
Total equity	98,686.18	113,455.96	-13.0%
Owners' equity	75,505.99	88,066.83	-14.3%
- Per share (HK\$)	21.009	24.504	-3.495 dollars
Return on equity (ROE)	5.22%	9.52%	-4.30pts
Group embedded value	265,722.86	285,888.15	-7.1%
Owners' group embedded value	198,070.86	217,569.12	-9.0%
- Per share (HK\$)	55.111	60.536	-5.425 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

	2022	2021	Change
Life insurance	5,958.27	11,115.59	-46.4%
Pension and group life insurance	306.84	377.30	-18.7%
PRC domestic property and casualty insurance	746.40	(381.96)	N/A
Overseas property and casualty insurance	123.91	17.98	+589.2%
Reinsurance	61.42	9.63	+537.8%
Asset management business	961.41	742.92	+29.4%
Others ¹	(2,619.89)	(929.09)	+182.0%
Net profit from operations	5,538.36	10,952.37	-49.4%
Non-controlling interests	(2,741.75)	(3,438.67)	-20.3%
Net profit attributable to the owners	2,796.61	7,513.70	-62.8%

¹ 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

	2022	2021
Total equity as at 1 January	113,455.96	116,613.06
Net profit recognised in statement of profit or loss	5,538.36	10,952.37
Net changes in available-for-sale investment reserve	(9,331.06)	(14,154.34)
Revaluation gain arising from reclassification of own-use properties into investment properties	70.28	64.29
Exchange differences arising from translation of financial statements of foreign and non-foreign operations	(8,180.91)	2,965.24
Capital injection made to a subsidiary	-	5.45
Dividend declared by subsidiaries to non-controlling interests	(1,213.20)	(1,553.55)
Dividend declared to shareholders	(1,653.25)	(1,437.61)
Disposal of a subsidiary	-	1.05
Total equity as at 31 December	98,686.18	113,455.96
Attributable to:		
Owners of the Company	75,505.99	88,066.83
Non-controlling interests	23,180.19	25,389.13
	98,686.18	113,455.96

CONSOLIDATED INVESTMENT PERFORMANCE

Assets Management Business

Asset Management within the Group

In 2022, the economic outlook was facing increased risks as the COVID-19 pandemic continued to spread around the world, the Federal Reserve rate hiked and balance sheet reduction process was accelerated, the world's financial environment has tightened and the conflict between Russia and Ukraine and its spillover effects compounded inflationary pressures. In 2022, the GDP of the United States recorded a year-on-year growth of 2.2%, which decreased by 3.8 percentage point over the last year, and the inflation rate remained at the high level, with the annual average core CPI of 6.2%, which was significantly higher than the data in the same period last year. The economic recovery momentum of the euro zone has weakened. In the first three quarters, GDP grew by 5.6%, 4.3% and 2.4% year-on-year, respectively, showing a significant slowdown in growth. The Japanese economic growth slowed down, with a year-on-year growth of 1.2% in the first three quarters, which significantly decreased as compared to average growth of 2.3% in the last year. The employment remained stable, the average unemployment rate was at a very low level of 2.6%. China's GDP exceeded RMB120 trillion, with a year-on-year growth of 3.0%. The national economy continued to grow despite the pressure and the total economy reached a higher level.

In 2022, global stock market swung drastically with major indices falling. Specifically, there was a decrease of 19.8% in CSI 300 Total Return Index, a decrease of 12.5% in Hang Seng Index, a decrease of 18.1% in US S&P 500 Index, a decrease of 9.0% in Euro Stoxx 50 and a decrease of 9.4% in Nikkei 225.

In respect of the bond market, the US bond market was impacted by persistently high inflation and the rate hikes by the Federal Reserve, the yield-to-maturity of 2-year treasury bonds has increased from 0.73% at the beginning of the year to 4.41%, the yield-to-maturity of 10-year treasury bonds has increased from 1.52% at the beginning of the year to 3.88%, significant inversion of long-term and short-term interest rates. PBOC maintained its prudent monetary policy, and market liquidity remained "Reasonable and Sufficient", the general yields remained stable, the yield-to-maturity of 10-year treasury bonds has increased slightly from 2.77% at the beginning of the year to 2.84%, while the yield-to-maturity of 10-year AAA corporate bond yields increase slightly from 3.68% by 2bp to 3.70%.

The Group improved its investment system and mechanism, established an investment research center, strengthen research-driven investment. In the midst of the challenging market environment, dedicated to optimised its investment portfolio and strengthening risk management and control standards. In 2022, the Group maintained a stable proportion of equity asset allocation, repurchase by borrowings to increasing the allocation of fixed-income assets to improve portfolio return, placing more emphasis on long-term investment, value investment and responsible investment during product selection and strictly control risk exposures, and thereby achieving stable investment results.

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

	2022	2021 <i>(restated)</i>	Change
Net investment income ¹	48,573.45	44,596.93	+8.9%
<i>Including: Share of results of associates and joint ventures</i> ²	24.63	609.43	-96.0%
Net realised and unrealised investment gains ³	(8,549.38)	14,239.85	N/A
Total investment income	40,024.07	58,836.78	-32.0%
Net investment yield	4.02%	4.06%	-0.04pt
Total investment yield ⁴	3.31%	5.35%	-2.04pts

¹ 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.

² Including the income generated from asset management products, funds etc., that has been classified as share of results of associates and joint ventures.

³ Including the income from the spread of investment securities, gain or loss on changes in fair value and impairment loss of investment assets.

⁴ 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 8.9% from HK\$44.597 billion (*restated*) in 2021 to HK\$48.573 billion in 2022. Adversely affected by the sharp drop in the capital market, the realised and unrealised investment gain changed from HK\$14.240 billion in 2021 to a loss of HK\$8.549 billion in 2022.

By the combined effects of the above factors, the total investment income of investment assets of the Group amounted to HK\$40.024 billion in 2022, decreased by 32.0% over the HK\$58.837 billion (*restated*) in 2021; the total investment yield decreased by 2.04 percentage points from 5.35% in 2021 to 3.31% in 2022.

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

	2022	% of Total	2021 (restated)	% of Total
By investment category				
Fixed income				
Debt securities	686,621.92	56.4%	624,049.47	51.9%
Term deposits	74,455.95	6.1%	84,874.92	7.1%
Debt products	87,698.17	7.2%	118,896.21	9.9%
Other fixed income investments	84,587.33	7.0%	88,223.06	7.3%
Equity investments				
Equity securities	138,663.41	11.4%	136,185.71	11.3%
Investment funds	54,065.34	4.4%	47,930.33	4.0%
Other equity investments	16,275.75	1.3%	36,463.08	3.0%
Long-term equity investments	26,897.67	2.2%	20,679.53	1.7%
Investment properties	21,830.93	1.8%	22,439.67	1.9%
Cash, cash equivalents and others				
Cash and cash equivalents	39,948.62	3.3%	34,041.58	2.9%
Securities purchased under resale agreements/securities sold under repurchase agreements	(12,827.17)	-1.1%	(12,449.34)	-1.0%
Total invested asset	1,218,217.92	100.0%	1,201,334.22	100.0%

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 increased from 76.2% (restated) in 2021 year-end to 76.7% in 2022 year-end. The proportion of equity investments to total investment assets decreased from 18.3% (restated) in 2021 year-end to 17.1% in 2022 year-end.

Finance Lease Business of the Group

As at the end of 2022, the financial leasing assets of TSFL were approximately HK\$44.6 billion, decreased by 13.0% over the 2021 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 0.41% and 0.90%, 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 2022, stock investments and fund investments held by the Group amounted to approximately HK\$138.7 billion and HK\$54.1 billion, representing approximately 9.8% and 3.8% 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 2022, debt securities held by the Group amounted to approximately HK\$686.6 billion, representing approximately 48.7% of the total assets, of which 84.8% were PRC domestic bonds investment. Within the PRC domestic 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 15.2% of debt securities held by the Group, 89.2% of them were investment grade bonds with international ratings of BBB- or higher.

Good Credit Status for Alternative Investments

As at the end of 2022, alternative investments held by the Group amounted to approximately HK\$152.7 billion, representing approximately 10.8% of the total assets. From which the credit ratings of the PRC domestic financial investment debt products remained relatively high, products rated AAA accounted for 97.2%, products rated AA+ accounted for 2.8%. 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 2022, real estate financial investment debt products of approximately HK\$28.0 billion, represented only 2.0% of the total assets, the ratio decreased by 0.2 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 2022, purchased external debt financial products of about HK\$52.9 billion, represented 3.8% of the total assets, the ratio decreased by 1.5 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 2022, the Group actively expanded its asset management business, the third-party entrusted investment assets under management maintained its growth. As at the end of 2022, the total third-party entrusted investment assets managed by the Group amounted to HK\$1,092.8 billion, increased by 5.3% over the last year-end.

As at the end of 2022, TPAM (including TP Fund) recorded a total management fee income (including consultancy fee) before taxation of HK\$2.149 billion, including HK\$1.070 billion derived from assets outside of the Group, which accounted for 49.8% 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\$1,122 million (2021: HK\$1,714 million). The loss after taxation from life insurance business of TP Singapore was HK\$508 million (2021: loss after tax HK\$146 million), which was primarily due to decline in the fair value of bonds investment caused by rising interest rates.

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

	2022	2021	Change
Direct premiums written and premium deposits	188,991.14	188,134.62	+0.5%
Less: Premium deposits of universal life products	9,015.15	8,314.75	+8.4%
Premium deposits of unit-linked products	452.81	485.97	-6.8%
Premium deposits of other products	376.63	254.84	+47.8%
Direct premiums written recognised in statement of profit or loss	179,146.55	179,079.06	+0.0%
Inward reinsurance premiums	1.19	523.42	-99.8%
Policy fees	174.46	147.71	+18.1%
Net premiums written and policy fees	176,354.99	176,477.98	-0.1%
Net earned premiums and policy fees	176,587.54	175,878.82	+0.4%
Net policyholders' benefits	(56,187.68)	(42,314.99)	+32.8%
Net commission and handling fee expenses	(14,556.84)	(15,814.35)	-8.0%
Change in life insurance contract liabilities, net of reinsurance	(122,106.06)	(139,425.65)	-12.4%
Total investment income	37,561.69	48,373.90	-22.4%
Administrative and other expenses	(16,397.95)	(19,205.54)	-14.6%
Profit before taxation	3,960.50	10,806.62	-63.4%
Profit after taxation	8,347.03	11,475.13	-27.3%
Profit attributable to the owners	6,268.62	8,617.82	-27.3%

LIFE INSURANCE BUSINESS (Continued)

At 31 December, HK\$ million

	2022	2021	Change
Total assets	1,051,335.98	1,016,841.36	+3.4%
Total equity	61,106.56	69,275.01	-11.8%

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

	2022	2021	Change
Market share ¹	4.8%	4.8%	-
Number of provincial branches	38	38	-
Number of sub-branches and marketing centers	1,375	1,369	+6
Number of customers			
- Individual	15,743,273	14,886,564	+856,709
- Corporate	816	833	-17
Distribution network			
- Number of individual agents	391,069	385,038	+6,031
- Number of bancassurance outlets	73,632	72,909	+723
Agent monthly regular premiums (RMB) ²	13,280	13,040	+240
Persistency ratios – 13th month ³			
- Individual	93.0%	95.0%	-2.0pts
- Bancassurance	96.7%	97.0%	-0.3pt
Compound persistency ratios – 25th month ³			
- Individual	91.8%	92.4%	-0.6pt
- Bancassurance	96.1%	94.8%	+1.3pts

¹ Derived according to the premiums published by the CBIRC.

² Based on regular premiums and number of active agents.

³ 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\$8,347 million, decreased by 27.3% from HK\$11,475 million in the Last Year. It was mainly because of the 750-day treasury bond moving average yield curve shifted downward and the continued volatility in the capital market, which resulted in a decrease in investment income compared to the Last Year.

Direct Premiums Written and Premium Deposits

TPL's direct premiums written recognised in the consolidated statement of profit or loss grew by 0.04% to HK\$179,147 million from HK\$179,079 million in the Last Year.

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

For the year ended 31 December 2022, 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	122,078.03	7,252.55	429.47	150.48	129,910.53	68.7%
Bancassurance	49,150.72	1,762.60	23.34	1.22	50,937.88	27.0%
Group	493.75	-	-	224.93	718.68	0.4%
Other channels ¹	7,424.05	-	-	-	7,424.05	3.9%
	<u>179,146.55</u>	<u>9,015.15</u>	<u>452.81</u>	<u>376.63</u>	<u>188,991.14</u>	<u>100%</u>

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 ¹	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>100.0%</u>

¹ Other Channels mainly consisted of telemarketing.

LIFE INSURANCE BUSINESS *(Continued)*

During the Year, premiums distributed through the individual agency force channel decreased to HK\$122,078 million from HK\$126,189 million in the Last Year, representing a decrease of 3.3%. Driven by the business pace, the active agency force monthly per capita regular premiums increased to RMB13,280 during the Year (31 December 2021: RMB13,040).

In the bancassurance channel, premium increased to HK\$49,151 million from HK\$44,943 million in the Last Year, representing an increase of 9.4%. Within this, renewal year bancassurance regular premium increased to HK\$37,380 million from HK\$35,549 million in the Last Year, representing an increase of 5.2%.

The persistency ratios remained stable and at the forefront of the industry. The persistency ratios were at 93.0% and 96.7% at the 13th month, and the compound persistency ratios were 91.8% and 96.1% 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

	2022	% of Total	2021	% of Total
Single Premium	9,562.83	7.8%	162.86	0.1%
Regular Premium				
– First Year	17,633.37	14.5%	21,730.46	17.2%
– Renewal Year	94,881.83	77.7%	104,295.81	82.7%
	122,078.03	100.0%	126,189.13	100.0%

Bancassurance

	2022	% of Total	2021	% of Total
Single Premium	126.80	0.3%	117.14	0.3%
Regular Premium				
– First Year	11,643.59	23.7%	9,276.71	20.6%
– Renewal Year	37,380.33	76.0%	35,549.16	79.1%
	49,150.72	100.0%	44,943.01	100.0%

Group

	2022	% of Total	2021	% of Total
Group Insurance	493.75	100.0%	713.81	100.0%

Other Channels

	2022	% of Total	2021	% of Total
Single Premium	423.72	5.7%	111.65	1.5%
Regular Premium				
– First Year	1,441.48	19.4%	3,547.20	49.1%
– Renewal Year	5,558.85	74.9%	3,574.26	49.4%
	7,424.05	100.0%	7,233.11	100.0%

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

	2022	% of Total	2021	% of Total
1 - 9 years	10,281.36	58.3%	14,037.59	64.6%
10 - 19 years	3,495.38	19.8%	1,820.62	8.4%
20 - 29 years	3,789.22	21.5%	5,657.59	26.0%
30 years+	67.41	0.4%	214.66	1.0%
	17,633.37	100.0%	21,730.46	100.0%

Individual first year regular premium - by feature

	2022	% of Total	2021	% of Total
Short-term savings	6,164.02	35.0%	5,424.04	25.0%
Long-term savings	324.13	1.8%	1,004.76	4.6%
Long-term protection	11,132.07	63.1%	8,213.60	37.8%
Others	13.15	0.1%	7,088.06	32.6%
	17,633.37	100.0%	21,730.46	100.0%

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

Bancassurance first year regular premium - by payment term

	2022	% of Total	2021	% of Total
1 - 9 years	10,735.56	92.2%	7,530.61	81.2%
10 - 14 years	812.98	7.0%	1,494.62	16.1%
Others	95.05	0.8%	251.48	2.7%
	11,643.59	100.0%	9,276.71	100.0%

LIFE INSURANCE BUSINESS (Continued)

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

For the year ended 31 December, HK\$ million

	2022	% of Total	2021	% of Total
Participating	37,041.59	20.6%	51,134.05	28.6%
Annuity	39,761.53	22.2%	38,134.03	21.3%
Long-term health	39,182.66	21.9%	41,821.29	23.4%
Traditional life	51,389.11	28.7%	34,471.22	19.2%
Accident and short-term health	11,754.36	6.6%	13,502.84	7.5%
Universal life	15.81	0.0%	14.63	0.0%
Investment-linked	1.49	0.0%	1.00	0.0%
Total	179,146.55	100.0%	179,079.06	100.0%

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

For the year ended 31 December, HK\$ million

	2022	% of Total		2021	% of Total
Shandong	16,803.13	9.4%	Shandong	17,014.53	9.5%
Sichuan	16,284.09	9.1%	Sichuan	16,664.55	9.3%
Zhejiang	10,197.63	5.7%	Hubei	9,634.83	5.4%
Hubei	9,675.68	5.4%	Zhejiang	9,556.37	5.3%
Guangdong	9,078.80	5.1%	Heilongjiang	9,412.09	5.3%
Others	117,107.22	65.3%	Others	116,796.69	65.2%
Total	179,146.55	100.0%	Total	179,079.06	100.0%

Highlights on Embedded Value

The embedded value of TPL (expressed in terms of HKD) increased 1.1% to HK\$242,627 million from HK\$240,105 million at the end of Last Year. The new business value after cost of capital for the Year decreased to HK\$7,458 million from HK\$9,104 million of the Last Year, representing a decrease of 18.1% (decreased by 10.5% 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

	2022	2021	Change
Surrenders and net claims	29,110.89	28,409.61	+2.5%
Annuity, dividends and maturity payments	24,682.44	11,673.84	+111.4%
Interest allocated to investment and reinsurance contracts	2,394.35	2,231.54	+7.3%
	56,187.68	42,314.99	+32.8%

Financial Strength and Solvency Margin

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

At 31 December, RMB million

	2022	2021
Available Capital	166,142	214,315
Minimum Capital	85,796	102,974
Comprehensive Solvency Ratio	194%	208%

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

	2022	2021	Change
Direct premiums written and premium deposits	20,424.92	20,019.63	+2.0%
Less: Premium deposits of universal life products	3.78	3,899.92	-99.9%
Direct premiums written recognised in statement of profit or loss	20,421.14	16,119.71	+26.7%
Loss after taxation	(1,742.34)	(19.87)	+8,668.7%

At 31 December, HK\$ million

	2022	2021	Change
Total assets	102,273.35	97,335.00	+5.1%
Total equity	1,783.30	3,111.14	-42.7%
Number of individual agents	2,865	3,016	-151
TPL (HK) regulatory solvency margin ratio ¹	204%	208%	-4pts

¹ Based on local regulations.

Operating Result

The life insurance business operated by TPL (HK) produced a net operating loss of HK\$1,742 million during the Year (2021: net operating loss of HK\$20 million), representing a deterioration of 8,668.7% compared to the Last Year. The decrease compared to the Last Year was mainly due to the loss on disposal of risky assets, and recognition of impairment loss on financial assets in the Year.

Direct Premiums Written

TPL (HK)'s direct premiums written recognised in the consolidated statement of profit or loss increased by 26.7% to HK\$20,421 million from HK\$16,120 million in the Last Year. The growth was mainly due to the performance of renewal premiums were in line with expectations.

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

	2022	2021	Change
Direct premiums written	9,061.21	8,082.22	+12.1%
Net premiums written	8,318.65	7,419.16	+12.1%
Net earned premiums	8,335.36	7,380.49	+12.9%
Net policyholders' benefits	(4,690.43)	(4,217.17)	+11.2%
Net commission and handling fee expenses	(456.49)	(466.51)	-2.1%
Change in insurance contract liabilities, net of reinsurance	(2,374.47)	(1,901.54)	+24.9%
Total investment income	977.12	826.06	+18.3%
Pension administration fee income	1,024.90	1,756.95	-41.7%
Agency fee income	4.52	5.64	-19.9%
Administrative and other expenses	(2,469.22)	(2,969.75)	-16.9%
Profit before taxation	306.97	453.06	-32.2%
Profit after taxation and attributable to the owners	306.84	377.30	-18.7%

At 31 December, HK\$ million

	2022	2021	Change
Total assets	25,152.30	24,114.36	+4.3%
Total equity	3,603.48	4,161.27	-13.4%

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

	2022	2021	Change
Annuity invested assets (<i>HK\$ million</i>)	118,393	179,099	-33.9%
Annuity entrusted assets (<i>HK\$ million</i>)	171,288	173,748	-1.4%
Number of enterprises in funds and schemes	10,809	10,450	+359
Number of branches	46	46	-

PENSION AND GROUP LIFE INSURANCE BUSINESSES (Continued)

Operating Profit

The pension and group life insurance business recorded a net operating profit of HK\$307 million during the Year (2021: HK\$377 million), representing a decrease of 18.7% compared to the Last Year. It was mainly due to the decrease in the income of performance management fees and the proactive reduction in the scale of Old-age Security Management Business, which was influenced by the performance of pension investments, and the decline in the income of personal old-age security management fees.

Direct Premiums Written

TPP's direct premiums written for the Year increased by 12.1% to HK\$9,061 million from HK\$8,082 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

	2022	2021
Available capital	4,657	4,154
Minimum capital	2,076	1,621
Comprehensive solvency ratio	224%	256%

PRC DOMESTIC 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

	2022	2021	Change
Direct premiums written	32,920.53	33,144.32	-0.7%
Net premiums written	28,427.27	30,766.54	-7.6%
Net earned premiums	28,121.05	30,518.51	-7.9%
Net claims incurred	(18,548.40)	(21,652.42)	-14.3%
Underwriting expenses	(6,858.66)	(6,623.93)	+3.5%
Net commission and handling fee expenses	(2,569.85)	(4,065.93)	-36.8%
Underwriting profit/(loss)	144.14	(1,823.77)	N/A
Total investment income	1,065.75	1,802.30	-40.9%
Share of results of associates	(54.00)	(2.30)	+2,247.8%
Other income	158.61	100.56	+57.7%
Other miscellaneous expenses	(296.61)	(437.77)	-32.2%
Finance costs	(150.98)	(176.03)	-14.2%
Profit/(loss) before taxation	866.91	(537.00)	N/A
Profit/(loss) after taxation and attributable to the owners	746.40	(381.96)	N/A
Retained ratio	86.4%	92.8%	-6.4pts
Loss ratio ¹	66.0%	70.9%	-4.9pts
Expense ratio ¹	33.5%	35.0%	-1.5pts
Combined ratio ²	99.5%	105.9%	-6.4pts

At 31 December, HK\$ million

	2022	2021	Change
Total assets	47,718.65	43,982.91	+8.5%
Total equity	7,572.46	8,043.47	-5.9%

¹ Both the loss ratio and expense ratio were based on net earned premiums.

² The combined ratio was the sum of the loss ratio and the expense ratio.

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

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

	2022	2021	Change
Market share ¹	1.9%	2.0%	-0.1pt
Number of provincial branches	33	33	-
Number of sub-branches and marketing centers	881	806	+75
Number of customers			
- Individual	8,098,149	7,851,413	+246,736
- Corporate	454,600	440,862	+13,738
Number of direct sales representatives	11,945	11,449	+496

¹ Derived according to the premiums published by the CBIRC.

Operating Result

The property and casualty insurance business operated by TPI produced a net operating profit of HK\$746 million during the Year (2021: net operating loss of HK\$382 million).

PRC DOMESTIC PROPERTY AND CASUALTY INSURANCE BUSINESS (Continued)

Direct Premiums Written

TPI's direct premiums written decreased by 0.7% to HK\$32,921 million from HK\$33,144 million in the Last Year. Excluding the impact of exchange rates, TPI's direct premiums increased by 2.8% over the Last Year, in terms of RMB. The detailed breakdown of TPI's direct premiums written was as follows:

For the year ended 31 December, HK\$ million

Business Line	2022	% of Total	2021	% of Total
Motor	20,984.25	63.7%	21,063.67	63.6%
Marine	674.97	2.1%	748.11	2.2%
Non-marine	11,261.31	34.2%	11,332.54	34.2%
	32,920.53	100.0%	33,144.32	100.0%

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

For the year ended 31 December, HK\$ million

		2022	% of Total			2021	% of Total
Shandong	2,862.04	8.7%	Guangdong	3,078.24	9.3%		
Guangdong	2,557.24	7.8%	Shandong	2,522.75	7.6%		
Sichuan	2,544.20	7.7%	Sichuan	2,151.55	6.5%		
Shanghai	1,994.65	6.1%	Shanghai	1,895.97	5.7%		
Hebei	1,765.40	5.4%	Beijing	1,820.80	5.5%		
Others	21,197.00	64.3%	Others	21,675.01	65.4%		
Total	32,920.53	100.0%	Total	33,144.32	100.00%		

Financial Strength and Solvency Margin

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

At 31 December, RMB million

	2022	2021
Available Capital	9,521	9,380
Minimum Capital	5,115	4,352
Comprehensive Solvency Ratio	186%	216%

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

	2022	2021	Change
Direct premiums written			
CTPI (HK)	2,314.84	2,218.54	+4.3%
TP Macau	781.52	903.98	-13.5%
TP UK	498.38	727.32	-31.5%
TP Singapore ¹	738.89	706.73	+4.6%
TP Indonesia	424.62	384.39	+10.5%
Underwriting profit/(loss)			
CTPI (HK)	47.77	52.80	-9.5%
TP Macau	131.33	80.30	+63.5%
TP UK	(51.30)	51.98	N/A
TP Singapore ¹	18.75	51.30	-63.5%
TP Indonesia	17.03	17.64	-3.5%
Profit/(loss) after taxation			
CTPI (HK)	120.93	95.42	+26.7%
TP Macau	116.81	111.10	+5.1%
TP UK	(109.38)	(276.31)	-60.4%
TP Singapore ¹	(38.31)	57.42	N/A
TP Indonesia	28.82	16.70	+72.6%
Combined ratio			
CTPI (HK)	98.2%	98.0%	+0.2pt
TP Macau	69.6%	81.6%	-12.0pts
TP UK	118.7%	54.2%	+64.5pts
TP Singapore ¹	97.2%	91.7%	+5.5pts
TP Indonesia	66.0%	64.6%	+1.4pts

¹ 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

	2022	2021	Change
Regulatory solvency margin ratio ¹			
CTPI (HK)	991%	1,026%	-35pts
TP Macau	340%	293%	+47pts
TP UK	157%	171%	-14pts
TP Singapore	151%	175%	-24pts
TP Indonesia	215%	179%	+36pts

¹ 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

	2022	2021	Change
Direct premiums written	17,749.96	18,237.58	-2.7%
Underwriting loss (non-life)	(284.05)	(368.25)	-22.9%
Profit after taxation	61.42	9.63	+537.8%
Profit attributable to the owners	46.07	7.22	+538.1%
Non-life reinsurance business: Combined ratio	102.6%	103.9%	-1.3pts

At 31 December

	2022	2021	Change
Regulatory solvency margin ratio ¹	315%	278%	+37pts

¹ Based on the local regulations.

REINSURANCE BUSINESS *(Continued)*

Operating Profit

The reinsurance business produced a net operating profit after tax of HK\$61.42 million during the Year (2021: HK\$9.63 million). The growth compared to the Last Year was mainly due to the increase in the risk-free interest rate of the US dollar, which led a positive impact on operating profit by the rise in the discount rate of life insurance reserves.

Direct Premiums Written

TPre's direct premiums written for the Year decreased by 2.7% to HK\$17,750 million from HK\$18,238 million in the Last Year. The combined ratio of the non-life reinsurance business was 102.6% (2021: 103.9%). The underwriting loss was HK\$284 million (2021: underwriting loss of HK\$368 million).

TPre's life reinsurance business achieved premiums of HK\$4,000 million (2021: HK\$6,953 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

	2022	2021	Change
Direct premiums written	8,471.85	6,654.56	+27.3%
Profit after taxation	170.91	152.16	+12.3%

At 31 December, HK\$ million

	2022	2021	Change
Net assets	2,787.77	3,012.83	-7.5%

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

	2022	2021
Available capital	2,432	2,459
Minimum capital	1,437	1,169
Comprehensive solvency ratio	169%	210%

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 and increased registered capital by TPL in January 2022, is 56.3% owned by TPAM and 38.5% owned by TPL. 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

	2022	2021	Change
Management fee income	1,882.77	2,311.90	-18.6%
Profit after taxation	961.42	742.92	+29.4%
Profit attributable to the owners	744.97	600.96	+24.0%

At 31 December, HK\$ million

	2022	2021	Change
Assets under management	1,471,624	1,314,841	+11.9%

Operating Profit

The asset management business produced a net operating profit of HK\$961 million during the Year (2021: HK\$743 million), representing an increase of 29.4% compared to the Last Year.

LIQUIDITY AND FINANCIAL RESOURCES

The Group's cash and bank deposits as at 31 December 2022 amounted to HK\$114,405 million (2021: HK\$118,916 million).

FINANCIAL LEVERAGE

The interest-bearing notes and bank facilities drawn as at 31 December 2022 amounted to HK\$27,044 million and HK\$60,467 million (2021: HK\$32,798 million and HK\$60,146 million), respectively. As of 31 December 2022, CTIH's consolidated financial leverage ratio (calculated by debt over the summation of debt plus equity) was 47.0% (2021: 45.0%).

CAPITAL STRUCTURE

CTIH did not issue new Shares during the Year and 2021.

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 2022, the Group had a total of 68,386 employees (2021: 68,446 employees), a decrease of 60 employees. Total staff costs (excluding retirement plans contributions) for the Year amounted to HK\$15,789 million (2021: HK\$18,000 million), a decrease of 12.3%. 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 2022.

OUTLOOK

Pursuing Progress While Ensuring Stability, Upholding Fundamental Principles and Breaking New Ground, Strive to Create a New Situation in High-Quality Development

2023 is the middle year for the implementation of the 14th Five-Year Plan and the key year of the implementation of the high-quality development strategy. China Taiping will adhere to pursuing progress while ensuring stability, uphold fundamental principles and break new ground, value orientation, strengthening fundamentals and risk prevention. Promote the effective enhancement in quality and reasonable growth in quantity of our business; vigorously develop inclusive finance, ageing finance and green finance, and seize development opportunities in serving the national strategies; promote the deeper, tighter and more efficient linkage of insurance service resources such as elderly care, medical care, financial technology, and strive to build an advanced insurance ecosystem with Taiping characteristics; explore comprehensive synergy potential and make better use of the synergy advantages; seize new opportunities for development in Hong Kong & Macau, focus on high-standard “Going Global” and high-quality “Bringing In”, in order to consolidate our characteristics and advantages in internationalisation; commit to improving our capabilities on customer management by upholding the principle of “customer first” and expedite the progress of digital transformation; enhance asset and liability management, investment capabilities development and capital control; solidly advance comprehensive risk management and stick to the bottom line that no major risk shall occur. In this year, China Taiping will strengthen its confidence in development, maintain its strategy determination and strive to create a new situation of the Group’s high-quality development with outstanding results of operations.

PRC Domestic Life Insurance Business – TPL

- Continue to follow the fundamental logics for the development of life insurance business, vigorously promote high-quality organisation development and effectively utilise our resources empowerment to promote the enhancement of agency force in both quality and quantity, and thus creating more outstanding “insurance entrepreneurs”
- Integrate high-quality resources such as “Insurance +” medical health & elder care and technologies, interpreting the value of insurance by service depth and strive to satisfy the demands of the people for better life

PRC Domestic Property and Casualty Insurance Business – TPI

- Seize incremental market opportunities, actively develop new energy vehicle insurance market, develop innovative green insurance, products in relation to new types of infrastructure and new urbanisation initiatives and major projects, promote the implementation of government blanket insurance projects and policy-based business
- Improve the pricing and risk management of innovative products, optimise pricing strategies, enhance expense management, improve the performance in cost reduction and efficiency enhancement and maintain underwriting profitability

Group Life Insurance and Pension Business – TPP

- Seize the development opportunities of the third pillar of pension, accelerate the development of personal pension and commercial pension business and continue to enhance Taiping-annuity entrusted business
- For group insurance business, focus on the main business of pension, establish the brand of government business, strengthen the competitiveness of employee benefit business, achieve breakthroughs in worksite business and promote the growth of scale and value together

OUTLOOK *(Continued)*

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

- TPL (HK) will adhere to prudent operation, focus on long-term sustainable and healthy development, realise the organic integration of balanced risk control, capital efficiency optimisation and profit growth, continuously optimise the business structure, enhance development quality and enhance the Company's value creation ability
- TPL (Macau) will further deepen its business transformation, continue to strengthen the operation of bank outlets and realise sustainable high-value development
- TP Singapore's life insurance business will adhere to value orientation, integrate property and casualty insurance and life insurance, enhance asset and liability management, improve capital utilisation efficiency and build a life insurance operational ecosystem driven by product, channel and investment

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

- CTPI (HK) will enhance product innovation, reinforce the fine management of local business, increase efforts in expanding cross-border business, expand the Chinese enterprise customer base, continue to increase market share and improve underwriting profitability
- TP Macau will continue to strengthen customer service and the exploration of pipeline potential, consolidate informatisation construction, collaborate with the institutions within the Group in Macau to make use of the advantages on integrated financial services to consolidate its leading position in the market
- TP UK will consolidate the foundation of corporate management, enhance risk management and control capabilities, continue to develop the local Chinese and Chinese enterprise market, optimise the existing niche market business, enhance the digital operating level and improve its underwriting performance
- TP Singapore's property and casualty insurance will further expand local business, explore the growth potential of Chinese enterprise business, enhance market analysis and fine management, and further improve the underwriting profitability
- TP Indonesia will strengthen its underwriting risk control, optimise its business portfolio, continuously improve capability of serving Chinese customers, actively develop Chinese business market and ensure healthy business development

Reinsurance Business – TPre, TPre (China) and TPRB

- TPre will seize the opportunities in the hardened global reinsurance market, accelerate the optimisation of business structure, enhance the ability to coordinate domestic and overseas resources, strengthen the reinsurance risk management and control capabilities, and increase the value contribution
- TPre (China) will steadily expand its business presence, focus on high-quality business expansion and continue to improve innovation, technology empowerment level and profitability
- TPRB will continue to strengthen the development of professional capabilities, enhance reinsurance ranking and market research capabilities, actively expand the field of characteristic professional service, continuously improve average customer productivity and promote steady and healthy business development

OUTLOOK (Continued)

INVESTMENT

- In 2023, despite the COVID-19 pandemic's disturbances to the economic recovery are starting to ease, the global economic growth is expected to continue to slow down in 2023 due to the tightening global financial environment. 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 down to 2.2% in 2023. Among major economies, the economic growth of the United States and Europe is expected to slow down to varying degrees, and the China's economy still faces the triple pressure of "shrinking demand, supply shock and weakening expectations", however has strong resilience, great potential and full vitality. As China's various policies continue to work, its economy is expected to pick up in 2023
- The slowdown in global economic growth will restrict the growth of corporate profits, and high overseas interest rates will put pressure on risk asset prices in the valuation. It is expected that as US's economic growth slows down and inflation pressure continues to fall, the long-term interest rates of the US treasury bonds will gradually fall. However, the Federal Reserve rate hikes will continue due to strong employment, and it is difficult to turn to rate cut before more economic data deteriorate. It is expected that the short-term interest rates will remain at a high level for a period of time. China's macroeconomic policies in 2023 focuses on stable growth, and adheres to the principle of "Taking Stability as the Priority, and Seeking Progress while Maintaining Stability". Under the background of moderate economic recovery, the interest rates are expected to slightly increase as compared with that in 2022
- The Group will pay close attention to the global major countries (regions) economic and market trends, 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, strictly control credit risks, and fully improve the investment return
- Adhered to the philosophy of "Taiping for Your Peaceful Life", and in accordance with the principles of "Long-term Investment, Value Investment and Responsible Investment", the Group strives to realise the high-quality development of its investment business, 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 2022 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 2022 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 2022	At 31 December 2021
Adjusted Net Worth ¹	139,643	158,730
Value of in-force business before cost of capital for TPL	149,744	150,108
Cost of capital for TPL	(23,664)	(22,950)
Group Embedded Value	265,723	285,888
Attributable to:		
Owners of the Company	198,071	217,569
Non-controlling interests	67,652	68,319
Group Embedded Value	265,723	285,888

¹ 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 2022 was RMB237.362 billion (31 December 2021: RMB233.742 billion).

Embedded Value of TPL

1 EMBEDDED VALUE

HK\$ million

	At 31 December 2022	At 31 December 2021
Adjusted Net Worth	116,547	112,947
Value of in-force business before cost of capital	149,744	150,108
Cost of capital	(23,663)	(22,950)
Embedded Value	242,627	240,105
Attributable to:		
Owners of the Company	182,213	180,319
Non-controlling interests	60,414	59,786
Embedded Value	242,627	240,105

Embedded Value measured in RMB at 31 December 2022 was RMB216.732 billion (31 December 2021: RMB196.309 billion), among them, the Adjusted Net Worth was RMB104.108 billion (31 December 2021: RMB92.345 billion).

2 NEW BUSINESS VALUE

HK\$ million

	For the Past 12 Months as of 31 December 2022	For the Past 12 Months as of 31 December 2021
New Business Value before cost of capital	12,060	13,835
Cost of capital	(4,602)	(4,730)
New Business Value after cost of capital	7,458	9,104

Note: Figures may not match totals due to rounding.

New Business Value measured in RMB for 2022 was RMB6.662 billion (2021: RMB7.444 billion).

New business margin of TPL for the year 2022 was 18.7% (2021: 24.1%), from which the new business margin for individual business was 24.9% (2021: 32.3%), new business margin for bancassurance business was 5.6% (2021: 9.3%).

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 2022	For the Past 12 Months as of 31 December 2021
Individual	6,493	7,866
Bancassurance	634	869
Others ¹	331	369
	7,458	9,104

¹ 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 2022.

	<i>notes</i>	<i>HK\$ million</i>
Embedded Value as at 31 December 2021		240,105
Expected return on Embedded Value	<i>a</i>	17,071
New Business Value	<i>b</i>	7,458
Minimum capital dispersion effect	<i>c</i>	2,625
Assumption and model change	<i>d</i>	4,731
Other experience variance and exchange rate impact	<i>e</i>	(25,432)
Capital injection or dividend to shareholders	<i>f</i>	(3,930)
Embedded Value as at 31 December 2022		242,627

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 2022.
- (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 2022.

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% (2021:11.0%) 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 (2021: 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 (2021: 100%).

Embedded Value of TPL (Continued)

5 SENSITIVITY TESTING

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

At 31 December 2022, HK\$ million

Assumptions	Value of in-force business after cost of capital	New business value after cost of capital
Base scenario	126,080	7,458
Investment return and risk discount rate increased by 50bp every year	143,766	9,343
Investment return and risk discount rate decreased by 50bp every year	106,570	5,346
10% increase in mortality rates	125,077	7,353
10% decrease in mortality rates	127,092	7,564
10% increase in morbidity rates	122,578	7,370
10% increase in lapse rates	126,459	7,174
10% decrease in lapse rates	125,649	7,742
10% increase in expense ratio assumption	124,941	7,335

Consolidated Statement of Profit or Loss
for the year ended 31 December 2022
(Expressed in Hong Kong dollars)

	Notes	2022 \$'000	2021 \$'000
Income			
Total premiums written and policy fees	4	264,995,077	262,549,260
Less: Premiums ceded to reinsurers		(11,027,499)	(10,835,446)
Net premiums written and policy fees		253,967,578	251,713,814
Change in unearned premium provisions, net of reinsurance		(1,283,450)	(1,218,133)
Net earned premiums and policy fees		252,684,128	250,495,681
Net investment income	5(a)	48,548,821	43,987,502
Net realised investment gains/(losses)	5(b)	(20,623)	20,022,440
Net unrealised investment gains/(losses) and impairment	5(c)	(8,528,761)	(5,782,586)
Other income/(expenses)	6	5,694,290	7,134,579
Total income		298,377,855	315,857,616
Benefits, losses and expenses			
Net policyholders' benefits	7(a)	(102,545,094)	(85,908,107)
Net commission and handling fee expenses	7(b)	(22,248,614)	(24,106,866)
Administrative and other expenses		(31,026,823)	(34,418,746)
Change in life insurance contract liabilities, net of reinsurance	7(c)	(137,960,243)	(158,737,955)
Total benefits, losses and expenses		(293,780,774)	(303,171,674)
		4,597,081	12,685,942
Share of results of associates and joint ventures		24,631	609,426
Finance costs	8(a)	(3,123,440)	(2,381,532)
Profit before taxation	8	1,498,272	10,913,836
Income tax credits/(charges)	11(a)	4,040,084	38,537
Profit after taxation		5,538,356	10,952,373
Attributable to:			
Owners of the Company		2,796,608	7,513,701
Non-controlling interests		2,741,748	3,438,672
		5,538,356	10,952,373
		<i>dollars</i>	<i>dollars</i>
Earnings per share attributable to the owners of the Company	13		
Basic		0.778	2.091
Diluted		0.778	2.091

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 2022

(Expressed in Hong Kong dollars)

	2022 \$'000	2021 \$'000
Profit after taxation	5,538,356	10,952,373
Other comprehensive income:		
Items that will not be reclassified to profit or loss:		
Revaluation gain arising from reclassification of own-use properties to investment properties		
- Revaluation gain arising during the year	79,654	74,467
- Net deferred tax	(9,377)	(10,179)
Exchange differences on translation of the financial statements of subsidiaries, associates and joint ventures which are not foreign operations	(8,118,105)	2,981,072
Items that may be subsequently reclassified to profit or loss:		
Exchange differences on translation of the financial statements of foreign operations	(62,793)	(15,830)
Available-for-sale securities		
- Net fair value changes during the year including the impact of impairment and disposal	(11,946,145)	(18,524,245)
- Net deferred tax	2,615,081	4,369,902
Total comprehensive income for the year	(11,903,329)	(172,440)
Attributable to:		
Owners of the Company	(10,904,953)	(1,143,013)
Non-controlling interests	(998,376)	970,573
	(11,903,329)	(172,440)

Consolidated Statement of Financial Position

as at 31 December 2022

(Expressed in Hong Kong dollars)

	Notes	At 31 December 2022 \$'000	At 31 December 2021 \$'000
Assets			
Statutory deposits	14	6,028,949	5,543,578
Fixed assets			
- Property and equipment	15(a)	34,083,236	32,944,714
- Investment properties	15(b)	21,830,927	22,439,672
- Right-of-use assets	15(c)	7,149,124	8,211,004
		63,063,287	63,595,390
Goodwill	16(a)	719,253	723,948
Intangible assets	16(b)	261,408	261,408
Interests in associates and joint ventures	18	26,897,674	20,679,533
Deferred tax assets	31(a)	12,401,044	5,502,790
Investments in debt and equity securities	19	983,324,596	963,524,800
Securities purchased under resale agreements	36	14,259,168	6,923,758
Amounts due from group companies	20(a)	2,059,864	2,051,643
Insurance debtors	21	22,591,615	20,064,258
Reinsurers' share of insurance contract provisions	22	14,984,854	13,333,198
Policyholder account assets in respect of unit-linked products	45	1,371,609	1,603,338
Finance lease receivables	23	44,616,648	51,294,691
Other assets	24	108,409,979	110,166,726
Pledged and restricted bank deposits	25	1,519,922	1,405,678
Deposits at banks with original maturity more than three months		64,589,930	72,021,332
Cash and cash equivalents	26	42,265,766	39,945,905
		1,409,365,566	1,378,641,974
Liabilities			
Life insurance contract liabilities	27	950,548,913	887,816,852
Unearned premium provisions	28	25,468,476	24,796,028
Provision for outstanding claims	29	33,753,561	30,678,062
Investment contract liabilities	30	76,274,781	86,490,951
Deferred tax liabilities	31(a)	1,879,530	1,818,084
Interest-bearing notes	32	27,044,216	32,797,725
Bank borrowings	38	60,467,029	60,145,506
Lease liabilities		1,793,124	2,230,327
Securities sold under repurchase agreements	36	27,086,339	19,373,099
Amounts due to group companies	20(b)	19,005	19,733
Insurance creditors	33	72,788,355	80,045,507
Other payables and accruals	34	32,004,015	37,313,707
Current taxation		1,369,556	1,471,983
Insurance protection fund	35	182,486	188,450
		1,310,679,386	1,265,186,014
Net assets		98,686,180	113,455,960

Consolidated Statement of Financial Position (Continued)

as at 31 December 2022

(Expressed in Hong Kong dollars)

	<i>Notes</i>	At 31 December 2022 \$'000	At 31 December 2021 \$'000
Capital and reserves attributable to the owners of the Company			
Share capital	39	40,771,408	40,771,408
Reserves	40	34,734,578	47,295,424
		75,505,986	88,066,832
Non-controlling interests	40	23,180,194	25,389,128
Total equity		<u>98,686,180</u>	<u>113,455,960</u>

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

Consolidated Statement of Changes in Equity
for the year ended 31 December 2022
(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
Balance at 1 January 2022	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
Profit for the year	-	-	-	-	-	-	2,796,608	2,796,608	2,741,748	5,538,356
Other comprehensive income for the year, net of deferred tax	-	-	-	(6,226,413)	(7,538,344)	63,196	-	(13,701,561)	(3,740,124)	(17,441,685)
Total comprehensive income	-	-	-	(6,226,413)	(7,538,344)	63,196	2,796,608	(10,904,953)	(998,376)	(11,903,329)
Dividend declared to shareholders	-	-	-	-	-	-	(1,653,249)	(1,653,249)	-	(1,653,249)
Dividend declared by subsidiaries to non-controlling interests	-	-	-	-	-	-	-	-	(1,213,202)	(1,213,202)
Acquisition of additional interest in a subsidiary	-	(2,644)	-	-	-	-	-	(2,644)	2,644	-
Balance at 31 December 2022	40,771,408	(5,618,303)	(6,842,218)	(4,180,915)	(7,726,607)	1,479,780	57,622,841	75,505,986	23,180,194	98,686,180

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 2022
(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
Balance at 1 January 2021		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	12	-	-	-	-	-	-	(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
Balance at 31 December 2021		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 Cash Flows
for the year ended 31 December 2022
(Expressed in Hong Kong dollars)

	2022 \$'000	2021 \$'000
Operating activities		
Profit before taxation	1,498,272	10,913,836
Adjustments for:		
- Depreciation of property and equipment	2,366,801	2,346,042
- Depreciation of right-of-use assets	1,049,664	1,110,404
- Deficit on revaluation of investment properties	371,727	493,813
- Finance costs	3,123,440	2,381,532
- Dividend income	(8,865,926)	(6,445,166)
- Interests income	(38,838,484)	(36,700,408)
- Share of results of associates and joint ventures	(24,631)	(609,426)
- (Gain)/loss on disposal of property and equipment	(1,754)	4,692
- Loss/(gain) on disposal of investment properties	4,130	(28,419)
- 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	(4,132,663)	(16,182,318)
- Recognition of impairment on investments in debt and equity securities	4,552,487	2,045,122
- Recognition of impairment losses on insurance debtors and other assets	116,790	384,086
- Provision for finance lease receivables	224,824	316,225
- Recognition of impairment losses on interest in associates	136,483	248,322
- Loss/(gain) on disposal of associates	70,643	(753,159)
Operating loss before changes in working capital	(38,348,197)	(40,474,822)

Consolidated Statement of Cash Flows (Continued)
for the year ended 31 December 2022
(Expressed in Hong Kong dollars)

	2022 \$'000	2021 \$'000
Increase in held-for-trading securities	(109,036)	(22,565,399)
Decrease in securities designated at fair value through profit or loss	109,833	11,115
Increase in insurance debtors and other assets	(1,723,512)	(2,303,271)
(Increase)/decrease in reinsurers' share of insurance contract provisions	(2,319,005)	1,192,951
Decrease/(increase) in policyholder account assets in respect of unit-linked products	99,660	(115,457)
Decrease/(increase) in finance lease receivables	2,122,044	(7,900,715)
Increase in loans and advances	(3,986,368)	(11,200,186)
Increase in life insurance contract liabilities	147,008,434	159,191,134
Increase in unearned premium provisions	2,605,502	150,834
Increase in provision for outstanding claims	5,069,061	4,720,037
Increase in bank borrowings for finance lease receivables	2,685,899	7,583,590
(Decrease)/increase in investment contract liabilities	(4,807,776)	7,778,597
(Decrease)/increase in insurance creditors and other payables and accruals	(12,705,620)	5,063,590
(Decrease)/increase in insurance protection fund	(5,964)	17,942
Cash generated from operations	<u>95,694,955</u>	<u>101,149,940</u>
Income tax paid	(675,908)	(2,518,852)
Net cash from operating activities	<u>95,019,047</u>	<u>98,631,088</u>

Consolidated Statement of Cash Flows (Continued)
for the year ended 31 December 2022
(Expressed in Hong Kong dollars)

	2022 \$'000	2021 \$'000
Investing activities		
Increase in pledged and restricted bank deposits	(114,244)	(173,715)
(Increase)/decrease in statutory deposits	(907,008)	929,964
Decrease/(increase) in deposits at banks with original maturity more than three months	1,590,662	(10,633,187)
Increase in amounts due from group companies	(8,221)	(14,353)
Payment for purchase of securities classified as loans and receivables	(14,621,559)	(10,833,418)
Proceeds from redemption of loans and receivables	38,041,452	25,083,334
Payment for purchase of held-to-maturity debt securities	(90,700,686)	(130,199,217)
Proceeds from redemption of held-to-maturity debt securities	30,780,447	26,501,140
Payment for purchase of available-for-sale securities	(251,965,968)	(240,113,128)
Proceeds from sale of available-for-sale securities	176,904,173	226,612,077
Increase in securities purchased under resale agreements	(8,195,212)	(2,062,094)
Increase/(decrease) in securities sold under repurchase agreements	8,339,852	(19,103,843)
Interests income received	37,184,486	35,830,100
Dividend income received	8,865,926	6,445,166
Payment for purchase of property and equipment	(6,296,178)	(4,079,390)
Proceeds from sale of property and equipment	1,236,043	110,019
Payment for purchase of investment properties	(1,519,879)	(2,794,220)
Proceeds from sale of investment properties	18,969	28,419
Proceeds from sale of property held for sale	27,680	-
Payment for purchase of leasehold land	-	(76,246)
Payment for purchase of associates and joint ventures	(11,140,885)	(6,670,404)
Dividend received from associates and joint ventures	842,378	392,752
Sale proceeds from disposal of associates and joint ventures	1,339,229	4,997,152
Net cash inflow from acquisition of subsidiaries	-	202,956
Net cash used in investing activities	<u>(80,298,543)</u>	<u>(99,620,136)</u>

Consolidated Statement of Cash Flows (Continued)
for the year ended 31 December 2022
(Expressed in Hong Kong dollars)

	<i>Notes</i>	2022 \$'000	2021 \$'000
Financing activities			
Decrease in amounts due to group companies		(728)	(337)
Proceeds from interest-bearing notes issued		5,816,388	19,265,215
Redemption of interest-bearing notes		(9,329,276)	(2,408,681)
Proceeds from bank borrowings		15,750,000	2,850,700
Repayment of bank borrowings		(14,599,754)	(3,503,470)
Repayment of the lease liabilities		(1,016,986)	(1,188,687)
Capital injections made to a subsidiary by non-controlling shareholders		-	5,449
Dividend paid by subsidiaries to non-controlling interests		(1,213,202)	(1,553,547)
Interest paid		(3,513,318)	(2,971,150)
Dividend paid	12	(1,653,249)	(1,437,607)
Net cash generated from/(used in) financing activities		(9,760,125)	9,057,885
Effect of changes in exchange rates		(2,640,518)	570,678
Net increase in cash and cash equivalents		2,319,861	8,639,515
Cash and cash equivalents at 1 January	26	39,945,905	31,306,390
Cash and cash equivalents at 31 December	26	42,265,766	39,945,905

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 49.

(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 49.

(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.

Changes in fair value of available-for-sale financial assets in participating contracts issued by the Group and attributable to policyholders shall be recognised in life insurance contract liabilities using reasonable methods, whereas the part attributable to shareholders of the Group shall be recognised in other comprehensive income.

(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.

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

Significant Accounting Policies *(Continued)*

(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.

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.

1 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Significant Accounting Policies (Continued)

(e) Basis of consolidation (Continued)

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.

(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.

1 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Significant Accounting Policies (Continued)

(f) Associates and joint ventures (Continued)

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)

(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.

(r) Short term employee benefits and contributions to defined contribution retirement plans

Salaries, annual bonuses, paid annual leave, contributions to defined contribution retirement plans and the cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

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.

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 2022

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”).

Amendment to HKFRS 3	Reference to the Conceptual Framework
Amendment to HKFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021
Amendment to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use
Amendment to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018-2020

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

HKFRS 9	Financial Instruments ¹
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Note:

¹ 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 2022 and 2021:

	Fair value as at 31 December 2022 \$'000	Fair value as at 31 December 2021 \$'000
Held-for-trading financial assets (A)	78,327,390	83,843,184
Financial assets that are managed and whose performance is evaluated on a fair value basis (B)	75,807	189,925
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)	635,179,812	628,585,234
- Financial assets with contractual terms that do not meet SPPI terms (D)	287,364,295	284,656,652
Total	1,000,947,304	997,274,995

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 2022 and 2021:

	Fair value changes for the year ended 31 December	
	2022	2021
	\$'000	\$'000
Held-for-trading financial assets (A)	(3,512,056)	(3,377,469)
Financial assets that are managed and whose performance is evaluated on a fair value basis (B)	(57,225)	133,818
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)	(4,243,001)	10,866,839
- Financial assets with contractual terms that do not meet SPPI terms (D)	(27,000,151)	(8,871,823)
Total	<u>(34,812,433)</u>	<u>(1,248,635)</u>

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:

	Carrying amount as at 31 December 2022 \$'000	Carrying amount as at 31 December 2021 \$'000
AAA	377,950,476	493,331,166
AA+	-	978,474
A- and others	132,750,239	4,613,772
Total	510,700,715	498,923,412
	Fair value as at 31 December 2022 \$'000	Fair value as at 31 December 2021 \$'000
AAA	397,128,585	521,926,865
AA+	-	1,010,936
A- and others	144,796,910	4,687,783
Total	541,925,495	527,625,584

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:

	Carrying amount as at 31 December 2022 \$'000	Carrying amount as at 31 December 2021 \$'000
A+ and above	17,143,296	20,466,158
A	10,477,782	7,827,807
A- and others	83,512,177	69,540,405
Total	<u>111,133,255</u>	<u>97,834,370</u>
	Fair value as at 31 December 2022 \$'000	Fair value as at 31 December 2021 \$'000
A+ and above	13,679,106	20,921,026
A	8,924,315	8,177,392
A- and others	70,650,896	71,861,232
Total	<u>93,254,317</u>	<u>100,959,650</u>

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.

2 INSURANCE, FINANCIAL AND CAPITAL RISK MANAGEMENT (Continued)

(b) Underwriting strategy (Continued)

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.

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.

2 INSURANCE, FINANCIAL AND CAPITAL RISK MANAGEMENT (Continued)

(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>	Before reinsurance		After reinsurance	
	Year ended 31 December		Year ended 31 December	
	2022	2021	2022	2021
0-200	89.24%	88.54%	96.48%	96.43%
201-500	9.87%	10.72%	3.47%	3.52%
>500	0.89%	0.74%	0.05%	0.05%
	100.00%	100.00%	100.00%	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 2022 and 2021.

TPI

	Year ended 31 December 2022				
	Gross written premiums \$'000	Inward reinsurance premiums \$'000	Premiums ceded to reinsurers \$'000	Net written premiums \$'000	Ceding ratio %
Motor	20,984,250	54	2,444,949	18,539,355	11.7%
Marine	674,969	5,007	218,852	461,124	32.2%
Non-marine	11,261,312	421,660	2,256,184	9,426,788	19.3%
Total	32,920,531	426,721	4,919,985	28,427,267	14.8%

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%
Total	33,144,320	542,708	2,920,489	30,766,539	8.7%

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 2022				
	Gross written premiums \$'000	Inward reinsurance premiums \$'000	Premiums ceded to reinsurers \$'000	Net written premiums \$'000	Ceding ratio %
Motor	611,375	-	42,235	569,140	6.9%
Marine	314,581	47,822	189,507	172,896	52.3%
Non-marine	1,388,885	1,134,798	691,594	1,832,089	27.4%
Total	2,314,841	1,182,620	923,336	2,574,125	26.4%

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%
Total	2,218,540	1,332,847	950,577	2,600,810	26.8%

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)

(iii) 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 2022 and 2021.

By business line:

	% to total gross premiums written	
	2022	2021
General business	77.5%	42.9%
Life business	22.5%	57.1%
	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 2022 \$ '000	At 31 December 2021 \$ '000
Financial assets		
- held-to-maturity investments	506,443,539	480,972,964
- available-for-sale investments	311,379,700	276,328,789
- held-for-trading investments	77,221,537	82,561,989
- designated at fair value through profit or loss	75,807	189,925
- loans and receivables		
- investment funds	505,842	4,574,922
- debt products	87,698,171	118,896,211
- statutory deposits	6,028,949	5,543,578
- securities purchased under resale agreements	14,259,168	6,923,758
- amounts due from group companies	2,059,864	2,051,643
- other assets	105,588,093	106,376,846
- finance lease receivables	44,616,648	51,294,691
- pledged and restricted bank deposits	1,519,922	1,405,678
- deposits at banks with original maturity more than three months	64,589,930	72,021,332
- cash and cash equivalents	42,265,766	39,945,905
	<u>1,264,252,936</u>	<u>1,249,088,231</u>
Policyholder account assets in respect of unit-linked products (<i>Note 45</i>)	1,371,609	1,603,338
	<u>1,265,624,545</u>	<u>1,250,691,569</u>

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 2022 \$'000	At 31 December 2021 \$'000
Financial liabilities at fair value through profit or loss		
- investment contract liabilities	1,371,609	1,603,338
Financial liabilities measured at amortised cost		
- investment contract liabilities	74,903,172	84,887,613
- interest-bearing notes	27,044,216	32,797,725
- bank borrowings	60,467,029	60,145,506
- lease liabilities	1,793,124	2,230,327
- securities sold under repurchase agreements	27,086,339	19,373,099
- amounts due to group companies	19,005	19,733
	<u>191,312,885</u>	<u>199,454,003</u>
	<u>192,684,494</u>	<u>201,057,341</u>

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 \$135,886.60 million, \$44,271.26 million and \$20.52 million respectively (2021: \$98,742.97 million, \$44,250.19 million and \$83.35 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 2022 (2021: 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 2021.

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 \$208,498.13 million (2021: \$216,003.65 million), representing approximately 17% (2021: approximately 18%) 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 2022, with all other variables held constant, would increase/decrease the Group's profit before tax by \$3,300.56 million and fair value reserve by \$17,549.26 million (2021: increase/decrease the Group's profit before tax by \$3,841.84 million and fair value reserve by \$17,758.53 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 2022				
	RMB \$'000	USD \$'000	HKD \$'000	Other foreign currencies \$'000	Total \$'000
Financial and insurance assets:					
Statutory deposits	10,824	168,548	119,923	126,701	425,996
Investments in debt and equity securities	4,465,054	124,545,455	2,005,685	119,422	131,135,616
- debt securities and debt products	1,439,677	121,983,288	100,000	27,019	123,549,984
- equity securities / investment funds	3,025,377	2,562,167	1,905,685	92,403	7,585,632
Amounts due from group companies	13,541	-	-	-	13,541
Other assets	117,423	2,423,000	611,440	10,267	3,162,130
Insurance debtors	3,442,284	2,384,554	45,290	965,763	6,837,891
Reinsurers' share of insurance contract provisions	288,068	1,634,334	76,564	732,052	2,731,018
Pledged and restricted banks deposits	-	340,073	-	-	340,073
Deposits at banks with original maturity more than three months	163,204	403,975	176,980	-	744,159
Cash and cash equivalents	539,082	4,634,846	336,105	611,824	6,121,857
	9,039,480	136,534,785	3,371,987	2,566,029	151,512,281

2 INSURANCE, FINANCIAL AND CAPITAL RISK MANAGEMENT (Continued)

(f) Financial risk (Continued)

(i) Market risk (Continued)

(c) Foreign exchange risk (Continued)

	At 31 December 2022				
	RMB	USD	HKD	Other foreign currencies	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Financial and insurance liabilities:					
Investment contract liabilities	2,675,048	3,599,498	-	-	6,274,546
Interest-bearing notes	-	2,339,026	-	-	2,339,026
Life insurance contract liabilities	772,288	24,436,242	4,802,837	-	30,011,367
Unearned premium provisions	1,174,654	744,957	4,943	482,991	2,407,545
Provision for outstanding claims	1,950,740	2,998,514	5,009	3,863,017	8,817,280
Insurance creditors	298,611	12,940,245	5,686,047	89,631	19,014,534
Amounts due to group companies	19,005	-	-	-	19,005
	6,890,346	47,058,482	10,498,836	4,435,639	68,883,303
Net assets/(liabilities)	2,149,134	89,476,303	(7,126,849)	(1,869,610)	82,628,978

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				
	RMB	USD	HKD	Other foreign currencies	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Financial and insurance assets:					
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
	<u>11,098,709</u>	<u>129,652,785</u>	<u>6,664,554</u>	<u>2,206,561</u>	<u>149,622,609</u>
Financial and insurance liabilities:					
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
	<u>6,389,775</u>	<u>51,186,734</u>	<u>8,417,580</u>	<u>3,546,319</u>	<u>69,540,408</u>
Net assets/(liabilities)	<u>4,708,934</u>	<u>78,466,051</u>	<u>(1,753,026)</u>	<u>(1,339,758)</u>	<u>80,082,201</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 2022		At 31 December 2021	
	\$ '000	% of Total	\$ '000	% of Total
Statutory deposits and deposits with banks	112,884,645	10.4%	117,510,815	11.1%
Investments in debt securities and debt products	774,320,088	71.1%	742,945,684	70.2%
Reinsurers' share of insurance contract provisions	14,984,854	1.4%	13,333,198	1.3%
Insurance debtors	22,591,615	2.1%	20,064,258	1.9%
Finance lease receivables	44,616,648	4.1%	51,294,691	4.8%
Securities purchased under resale agreements	14,259,168	1.3%	6,923,758	0.7%
Other assets	105,588,093	9.6%	106,376,846	10.0%
	<u>1,089,245,111</u>	<u>100.0%</u>	<u>1,058,449,250</u>	<u>100.0%</u>

The distribution of investments in debt securities by class for 31 December 2022 and 2021 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 90% of the debt securities are with ratings of investment grade.

As at 31 December 2022, debt securities held by the Group mainly comprised of PRC domestic bonds. Majority of investment graded of the PRC domestic 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 2022. 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; and also excludes provision for outstanding claims since they do not have contractual cash flow at maturity. 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 2022				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	1,035,591	8,505,831	25,963,934	35,505,356	27,044,216
Bank borrowings	31,856,532	31,185,261	1,660,796	64,702,589	60,467,029
Lease liabilities	842,998	1,000,727	44,143	1,887,868	1,793,124
Investment contract liabilities	10,714,781	15,000,036	141,897,617	167,612,434	76,274,781
Securities sold under repurchase agreements	27,087,658	-	-	27,087,658	27,086,339
Amounts due to group companies	19,005	-	-	19,005	19,005
Insurance creditors	30,339,206	54,636	-	30,393,842	30,393,842
	<u>101,895,771</u>	<u>55,746,491</u>	<u>169,566,490</u>	<u>327,208,752</u>	<u>223,078,336</u>

	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
Insurance creditors	27,740,467	112,977	-	27,853,444	27,853,444
	<u>163,625,316</u>	<u>22,535,004</u>	<u>105,284,663</u>	<u>291,444,983</u>	<u>228,910,785</u>

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 \$98.69 billion (2021: \$113.46 billion), interest-bearing notes of \$27.04 billion (2021: \$32.80 billion) and bank borrowings of \$60.47 billion (2021: \$60.15 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 2022

	Accident year					Total \$'000
	2018 \$'000	2019 \$'000	2020 \$'000	2021 \$'000	2022 \$'000	
<i>Estimate of cumulative claims</i>						
At the end of accident year	14,445,900	13,840,929	16,751,106	22,462,501	18,799,939	
One year later	14,029,188	14,384,248	16,910,608	20,642,130	-	
Two years later	15,124,399	14,997,157	15,447,852	-	-	
Three years later	15,820,836	13,727,838	-	-	-	
Four years later	14,674,860	-	-	-	-	
Estimate of cumulative claims	14,674,860	13,727,838	15,447,852	20,642,130	18,799,939	83,292,619
Cumulative payments to date	(14,324,071)	(13,508,910)	(14,794,254)	(18,215,131)	(10,703,338)	(71,545,704)
Liabilities recognised in the consolidated statement of financial position	350,789	218,928	653,598	2,426,999	8,096,601	11,746,915
Liabilities in respect of accident years 2017 and earlier						932,353
Total liabilities included in the consolidated statement of financial position						<u>12,679,268</u>

For the year ended 31 December 2021

	Accident year					Total \$'000
	2017 \$'000	2018 \$'000	2019 \$'000	2020 \$'000	2021 \$'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>

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 2022

	Accident year					Total
	2018 \$'000	2019 \$'000	2020 \$'000	2021 \$'000	2022 \$'000	
<i>Estimate of cumulative claims</i>						
At the end of accident year	12,267,135	12,014,214	14,429,907	21,422,187	16,980,007	
One year later	11,915,878	12,563,167	15,108,821	19,206,770	-	
Two years later	12,827,492	13,178,036	13,699,894	-	-	
Three years later	13,430,056	12,089,719	-	-	-	
Four years later	12,498,916	-	-	-	-	
Estimate of cumulative claims	12,498,916	12,089,719	13,699,894	19,206,770	16,980,007	74,475,306
Cumulative payments to date	(12,165,340)	(11,923,166)	(13,199,443)	(17,133,379)	(10,071,493)	(64,492,821)
Liabilities recognised in the consolidated statement of financial position	333,576	166,553	500,451	2,073,391	6,908,514	9,982,485
Liabilities in respect of accident years 2017 and earlier						749,509
Total liabilities included in the consolidated statement of financial position						<u>10,731,994</u>

For the year ended 31 December 2021

	Accident year					Total
	2017 \$'000	2018 \$'000	2019 \$'000	2020 \$'000	2021 \$'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>

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 2022

	Accident year					Total \$'000
	2018 \$'000	2019 \$'000	2020 \$'000	2021 \$'000	2022 \$'000	
<i>Estimate of cumulative claims</i>						
At the end of accident year	2,335,527	2,161,739	2,827,517	1,977,656	2,033,839	
One year later	2,250,962	2,024,358	2,255,299	1,909,768	-	
Two years later	2,186,594	1,935,649	2,042,965	-	-	
Three years later	2,119,210	1,750,869	-	-	-	
Four years later	2,075,765	-	-	-	-	
Estimate of cumulative claims	2,075,765	1,750,869	2,042,965	1,909,768	2,033,839	9,813,206
Cumulative payments to date	(1,909,080)	(1,448,766)	(1,257,532)	(854,061)	(361,904)	(5,831,343)
Liabilities recognised in the consolidated statement of financial position	166,685	302,103	785,433	1,055,707	1,671,935	3,981,863
Liabilities in respect of accident years 2017 and earlier						183,411
Total liabilities included in the consolidated statement of financial position						<u>4,165,274</u>

For the year ended 31 December 2021

	Accident year					Total \$'000
	2017 \$'000	2018 \$'000	2019 \$'000	2020 \$'000	2021 \$'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>

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 2022

	Accident year					Total
	2018	2019	2020	2021	2022	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<i>Estimate of cumulative claims</i>						
At the end of accident year	1,332,987	1,425,108	1,619,386	1,379,796	1,404,935	
One year later	1,266,623	1,314,996	1,478,119	1,292,968	-	
Two years later	1,227,102	1,243,668	1,350,029	-	-	
Three years later	1,184,967	1,181,561	-	-	-	
Four years later	1,155,607	-	-	-	-	
Estimate of cumulative claims	1,155,607	1,181,561	1,350,029	1,292,968	1,404,935	6,385,100
Cumulative payments to date	(1,068,251)	(1,028,286)	(1,077,251)	(700,083)	(335,245)	(4,209,116)
Liabilities recognised in the consolidated statement of financial position	87,356	153,275	272,778	592,885	1,069,690	2,175,984
Liabilities in respect of accident years 2017 and earlier						116,786
Total liabilities included in the consolidated statement of financial position						<u>2,292,770</u>

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>

2 INSURANCE, FINANCIAL AND CAPITAL RISK MANAGEMENT (Continued)

(h) Claims development (Continued)

Analysis of claims development – gross of reinsurance for TPRe

For the year ended 31 December 2022

	Underwriting year					Total \$'000
	2018 \$'000	2019 \$'000	2020 \$'000	2021 \$'000	2022 \$'000	
<i>Estimate of cumulative claims</i>						
At the end of underwriting year	3,000,706	3,098,357	3,085,021	3,733,197	3,579,841	
One year later	5,998,606	6,654,205	6,309,820	7,593,661	-	
Two years later	6,383,784	7,072,800	6,686,306	-	-	
Three years later	6,566,691	6,764,930	-	-	-	
Four years later	6,544,921	-	-	-	-	
Estimate of cumulative claims	6,544,921	6,764,930	6,686,306	7,593,661	3,579,841	31,169,659
Cumulative payments to date	(5,895,887)	(5,584,989)	(4,599,145)	(3,339,219)	(430,945)	(19,850,185)
Liabilities recognised in the consolidated statement of financial position	649,034	1,179,941	2,087,161	4,254,442	3,148,896	11,319,474
Liabilities in respect of underwriting years 2017 and earlier						1,206,974
Total liabilities included in the consolidated statement of financial position						<u>12,526,448</u>

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

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.

2 INSURANCE, FINANCIAL AND CAPITAL RISK MANAGEMENT (Continued)

(h) Claims development (Continued)

Analysis of claims development – net of reinsurance for TPR

For the year ended 31 December 2022

	Underwriting year					Total \$'000
	2018 \$'000	2019 \$'000	2020 \$'000	2021 \$'000	2022 \$'000	
<i>Estimate of cumulative claims</i>						
At the end of underwriting year	2,496,571	2,641,710	2,761,383	3,273,561	3,258,335	
One year later	4,862,406	5,575,753	5,518,968	6,525,353	-	
Two years later	5,129,708	5,936,863	5,780,020	-	-	
Three years later	5,299,290	5,697,032	-	-	-	
Four years later	5,299,028	-	-	-	-	
Estimate of cumulative claims	5,299,028	5,697,032	5,780,020	6,525,353	3,258,335	26,559,768
Cumulative payments to date	(4,805,881)	(4,816,088)	(4,126,979)	(3,030,067)	(415,960)	(17,194,975)
Liabilities recognised in the consolidated statement of financial position	493,147	880,944	1,653,041	3,495,286	2,842,375	9,364,793
Liabilities in respect of underwriting years 2017 and earlier						1,040,029
Total liabilities included in the consolidated statement of financial position						<u>10,404,822</u>

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

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.

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 domestic 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 2022

	Year ended 31 December 2022									
	Life insurance \$'000	PRC domestic 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
Income										
Total premiums written and policy fees	200,916,917	33,347,252	6,251,460	17,853,014	9,061,211	-	(2,434,777)	264,995,077		
Less: Premiums ceded to reinsurers	(3,374,831)	(4,919,985)	(2,282,886)	(1,881,040)	(742,557)	-	2,173,800	(11,027,499)		
Net premiums written and policy fees	197,542,086	28,427,267	3,968,574	15,971,974	8,318,654	-	(260,977)	253,967,578		
Change in unearned premium provisions, net of reinsurance	227,456	(306,222)	27,480	(1,292,523)	16,705	-	43,654	(1,283,450)		
Net earned premiums and policy fees	197,769,542	28,121,045	3,996,054	14,679,451	8,335,359	-	(217,323)	252,684,128		
Net investment income (note (i))	42,918,456	1,187,523	418,305	1,871,492	705,401	1,261,331	186,313	48,548,821		
Net realised investment gains/(losses) (note (ii))	3,391,377	(51,227)	(41,204)	75,665	312,060	181,096	(3,888,390)	(20,623)		
Net unrealised investment gains/(losses) and impairment (note (iii))	(7,371,045)	(70,547)	(258,522)	(497,684)	(40,338)	(475,651)	185,026	(8,528,761)		
Other income	2,028,987	158,613	19,087	(386,320)	1,118,530	7,780,224	(5,024,831)	5,694,290		
Segment income	238,737,317	29,345,407	4,133,720	15,742,604	10,431,012	8,747,000	(8,759,205)	298,377,855		
Benefits, losses and expenses										
Net policyholders' benefits	(62,968,270)	(18,548,403)	(2,338,718)	(14,074,358)	(4,690,433)	-	75,088	(102,545,094)		
Net commission and handling fee expenses	(15,728,273)	(2,569,854)	(847,280)	(4,146,474)	(456,491)	(549)	1,500,307	(22,248,614)		
Administrative and other expenses	(17,032,262)	(7,155,255)	(795,270)	(472,629)	(2,469,219)	(6,040,115)	2,937,927	(31,026,823)		
Change in life insurance contract liabilities, net of reinsurance	(138,620,044)	-	-	3,038,440	(2,374,468)	-	(4,171)	(137,960,243)		
Total benefits, losses and expenses	(234,348,849)	(28,273,512)	(3,981,268)	(15,655,021)	(9,990,611)	(6,040,664)	4,509,151	(293,780,774)		
Share of results of associates and joint ventures	4,388,468	1,071,895	152,452	87,583	440,401	2,706,336	(4,250,054)	4,597,081		
Finance costs	(2,323,271)	(54,002)	-	-	(62,951)	(42,198)	2,507,053	24,631		
Profit before taxation	(844,416)	(150,983)	(12,768)	(6,094)	(70,479)	(2,303,526)	264,826	(3,123,440)		
Income tax credits/(charges)	1,220,781	866,910	139,684	81,489	306,971	360,612	(1,478,175)	1,498,272		
Profit after taxation	4,737,485	(120,510)	(15,778)	(20,065)	(132)	(535,338)	(5,578)	4,040,084		
Non-controlling interests	5,958,266	746,400	123,906	61,424	306,839	(174,726)	(1,483,753)	5,538,356		
Profit attributable to owners of the Company								(2,741,748)		
								<u>2,796,608</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)

a. Segmental statement of profit or loss for 2022 (Continued)

	Year ended 31 December 2022							Total \$ '000
	Life insurance \$ '000	PRC domestic 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):</i> Net investment income								
Interests income from debt securities								
- Held-to-maturity	19,193,214	174,427	123,872	1,203,086	-	66,801	(2,252)	20,759,148
- Available-for-sale	3,328,444	96,133	45,260	275,119	296,033	11,797	(257)	4,052,529
- Held-for-trading	100,580	1,464	50,183	3,060	19	70,205	976,682	1,202,193
- Designated at fair value through profit or loss	-	-	1,663	-	-	-	-	1,663
Interests income from debt products								
- Loans and receivables	4,617,209	301,429	5,501	61,321	201,866	58,474	205,237	5,451,037
Dividend income from equity securities								
- Available-for-sale	5,787,080	176,073	35,746	137,104	42,913	43,150	16	6,222,082
- Held-for-trading	31,926	-	5,635	-	-	13,291	254,920	305,772
Dividend income from investment funds								
- Available-for-sale	2,181,415	73,590	361	50,156	10,862	31,186	(490,094)	1,857,476
- Held-for-trading	415,346	36,758	513	4,934	17,156	17,885	(44,701)	447,891
- Designated at fair value through profit or loss	-	-	-	-	-	32,705	-	32,705
Interests income from investment funds								
- Loans and receivables	-	-	7,180	3,301	-	17,952	-	28,433
Bank deposits and other interests income	7,402,370	307,254	38,169	157,651	135,111	65,455	(207,875)	7,898,135
Net rental income receivable from investment properties	187,730	28,696	104,222	6,068	13,969	846,395	(342,669)	844,411
Net interest income/(expenses) on securities sold/purchased under repurchase/resale agreements	(326,858)	(8,301)	-	(30,308)	(12,528)	(13,965)	(162,694)	(554,654)
	<u>42,918,456</u>	<u>1,187,523</u>	<u>418,305</u>	<u>1,871,492</u>	<u>705,401</u>	<u>1,261,331</u>	<u>186,313</u>	<u>48,548,821</u>

3 SEGMENT INFORMATION (Continued)

a. Segmental statement of profit or loss for 2022 (Continued)

	Year ended 31 December 2022							Total \$ '000
	Life insurance \$ '000	PRC domestic 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):</i> Net realised investment gains/(losses)								
Debt securities								
- Held-to-maturity	(317,194)	-	(19,387)	98,382	-	5	-	(238,194)
- Available-for-sale	636,516	13,141	(6,866)	(25,449)	170,139	3,611	(111)	790,981
- Held-for-trading	(174,559)	(13,868)	(12,344)	206	182	7,293	(35,069)	(228,159)
Equity securities								
- Available-for-sale	3,128,779	(24,977)	(376)	16,529	141,739	157,792	(1,671)	3,417,815
- Held-for-trading	(37,389)	-	(1,280)	-	-	-	(3,946,270)	(3,984,939)
Investment funds								
- Available-for-sale	208,080	(25,523)	(856)	(16,867)	-	(2,915)	142	162,061
- Held-for-trading	17,787	-	(95)	2,864	-	19,440	94,589	134,585
Losses on disposal of associates	(70,643)	-	-	-	-	-	-	(70,643)
Losses on disposal of investment properties	-	-	-	-	-	(4,130)	-	(4,130)
	<u>3,391,377</u>	<u>(51,227)</u>	<u>(41,204)</u>	<u>75,665</u>	<u>312,060</u>	<u>181,096</u>	<u>(3,888,390)</u>	<u>(20,623)</u>
<i>Note (iii):</i> Net unrealised investment gains/(losses) and impairment								
Debt securities								
- Held-for-trading	(519,684)	(23,115)	(146,126)	(73,289)	132	(30,321)	(751,561)	(1,543,964)
- Designated at fair value through profit or loss	-	-	(1,233)	-	-	-	-	(1,233)
Equity securities								
- Held-for-trading	(7,210)	135	(7,212)	-	-	26,292	(1,279,585)	(1,267,580)
Investment funds								
- Held-for-trading	(1,510,302)	-	(4,440)	-	(320)	(5,218)	784,502	(735,778)
- Designated at fair value through profit or loss	(1,175,560)	-	-	-	-	(54,283)	1,173,851	(55,992)
Deficit on revaluation of investment properties	(120,253)	(33,782)	(27,251)	(6,640)	(13,983)	(275,410)	105,592	(371,727)
Impairment loss recognised:								
- Available-for-sale debt securities, equity securities and investment funds	(3,292,358)	(15,621)	(41,632)	(114,623)	(11,289)	(37,023)	152,248	(3,360,298)
- Loans and receivables debt products and investment funds	(152,203)	1,836	(24,634)	(109,273)	(14,878)	(96,138)	(21)	(395,311)
- Held-to-maturity debt securities	(593,475)	-	(5,994)	(193,859)	-	(3,550)	-	(796,878)
	<u>(7,371,045)</u>	<u>(70,547)</u>	<u>(258,522)</u>	<u>(497,684)</u>	<u>(40,338)</u>	<u>(475,651)</u>	<u>185,026</u>	<u>(8,528,761)</u>

3 SEGMENT INFORMATION (Continued)

b. Segmental statement of financial position for 2022

	At 31 December 2022							
		PRC domestic property insurance	Overseas property and casualty insurance		Pension and group life insurance	Other businesses	Inter- segment elimination and adjustment	Total
	Life insurance \$ '000	\$ '000	\$ '000	Reinsurance \$ '000	\$ '000	\$ '000	\$ '000	\$ '000
Statutory deposits	2,685,574	1,903,120	301,321	462,546	671,689	4,699	-	6,028,949
Fixed assets								
- Property and equipment	4,453,152	1,062,701	490,383	27,620	469,999	22,086,158	5,493,223	34,083,236
- Investment properties	4,580,564	527,175	3,115,269	227,060	250,786	20,157,177	(7,027,104)	21,830,927
- Right-of-use assets	1,877,209	569,918	21,889	107,163	182,391	5,224,508	(833,954)	7,149,124
Investments in debt and equity securities								
- Debt securities (note (i))	589,105,888	8,529,567	5,919,985	33,462,364	9,421,377	4,135,687	36,047,049	686,621,917
- Equity securities (note (ii))	126,752,756	5,471,922	611,427	1,853,520	2,096,324	3,343,392	14,809,824	154,939,165
- Investment funds (note (iii))	78,874,856	3,708,786	132,034	1,520,281	595,830	2,292,371	(33,058,815)	54,065,343
- Debt products (note (iv))	74,760,050	5,482,790	100,000	1,245,195	3,614,499	1,488,102	1,007,535	87,698,171
Cash and bank deposits	79,250,732	6,170,378	1,809,724	5,846,340	4,289,324	4,376,132	6,632,988	108,375,618
Goodwill	-	-	-	-	-	50,736	668,517	719,253
Intangible assets	-	-	-	-	-	-	261,408	261,408
Interests in associates and joint ventures	38,629,527	2,658,003	-	-	541,169	2,855,774	(17,786,799)	26,897,674
Reinsurers' share of insurance contract provisions	3,073,938	4,460,646	4,049,452	3,790,293	404,749	-	(794,224)	14,984,854
Policyholder account assets in respect of unit-linked products	1,371,609	-	-	-	-	-	-	1,371,609
Finance lease receivables	-	-	-	-	-	44,616,648	-	44,616,648
Other segment assets	134,766,182	7,173,641	2,351,412	13,293,193	2,614,161	6,166,006	(6,642,925)	159,721,670
Segment assets	1,140,182,037	47,718,647	18,902,896	61,835,575	25,152,298	116,797,390	(1,223,277)	1,409,365,566
Life insurance contract liabilities	924,294,030	-	-	17,761,391	9,031,392	-	(537,900)	950,548,913
Unearned premium provisions	3,612,075	13,573,867	1,945,573	4,266,492	1,850,481	-	219,988	25,468,476
Provision for outstanding claims	1,029,790	11,632,604	7,147,443	13,078,028	1,342,007	-	(476,311)	33,753,561
Investment contract liabilities	69,311,993	-	97,551	5,011,762	1,853,475	-	-	76,274,781
Interest-bearing notes	16,868,815	3,358,447	-	-	-	6,816,954	-	27,044,216
Bank borrowings	-	-	-	-	-	62,348,179	(1,881,150)	60,467,029
Lease liabilities	1,691,310	507,873	22,691	112,164	194,140	157,733	(892,787)	1,793,124
Securities sold under repurchase agreements	10,542,358	635,771	248,320	2,012,526	788,905	858,306	12,000,153	27,086,339
Other segment liabilities	68,307,848	10,437,628	1,959,929	8,573,649	6,488,417	14,731,413	(2,255,937)	108,242,947
Segment liabilities	1,095,658,219	40,146,190	11,421,507	50,816,012	21,548,817	84,912,585	6,176,056	1,310,679,386
Non-controlling interests								(23,180,194)
Net assets attributable to the owners of the Company								75,505,986

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 2022 (Continued)

	At 31 December 2022							Total \$'000
	Life insurance \$'000	PRC domestic 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): Debt securities</i>								
By category:								
- Held-to-maturity	471,415,761	4,159,710	3,129,925	25,898,619	-	1,839,524	-	506,443,539
- Available-for-sale	112,957,253	4,158,999	1,463,072	7,448,783	9,408,735	449,757	-	135,886,599
- Held-for-trading	4,732,874	210,858	1,306,472	114,962	12,642	1,846,406	36,047,049	44,271,263
- Designated at fair value through profit or loss	-	-	20,516	-	-	-	-	20,516
	<u>589,105,888</u>	<u>8,529,567</u>	<u>5,919,985</u>	<u>33,462,364</u>	<u>9,421,377</u>	<u>4,135,687</u>	<u>36,047,049</u>	<u>686,621,917</u>
<i>Note (ii): Equity securities</i>								
By category:								
- Available-for-sale	126,160,101	5,471,922	521,712	1,853,520	2,078,847	3,209,005	(2,172,570)	137,122,537
- Held-for-trading	592,655	-	89,715	-	17,477	134,387	16,982,394	17,816,628
	<u>126,752,756</u>	<u>5,471,922</u>	<u>611,427</u>	<u>1,853,520</u>	<u>2,096,324</u>	<u>3,343,392</u>	<u>14,809,824</u>	<u>154,939,165</u>
<i>Note (iii): Investment funds</i>								
By category:								
- Available-for-sale	37,910,330	1,652,535	28,956	1,274,420	491,197	608,468	(3,595,342)	38,370,564
- Held-for-trading	19,049,955	2,056,251	43,078	22,477	104,633	1,407,418	(7,550,166)	15,133,646
- Designated at fair value through profit or loss	21,914,571	-	-	-	-	54,027	(21,913,307)	55,291
- Loans and receivables	-	-	60,000	223,384	-	222,458	-	505,842
	<u>78,874,856</u>	<u>3,708,786</u>	<u>132,034</u>	<u>1,520,281</u>	<u>595,830</u>	<u>2,292,371</u>	<u>(33,058,815)</u>	<u>54,065,343</u>
<i>Note (iv): Debt products</i>								
By category:								
- Loans and receivables	74,760,050	5,482,790	100,000	1,245,195	3,614,499	1,488,102	1,007,535	87,698,171

3 SEGMENT INFORMATION (Continued)

c. Segmental statement of profit or loss for 2021

	Year ended 31 December 2021							
	Life insurance	PRC domestic property and casualty insurance	Overseas property and casualty insurance	Reinsurance	Pension and group life insurance	Other businesses	Inter-segment elimination and adjustment	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Income								
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
Benefits, losses and expenses								
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)
	9,286,319	(358,674)	138,359	71,144	489,215	2,865,776	193,803	12,685,942
Share of results of associates and joint ventures	1,296,818	(2,301)	-	-	26,930	5,796	(717,817)	609,426
Finance costs	(182,491)	(176,027)	(8,972)	(4,623)	(63,087)	(2,225,365)	279,033	(2,381,532)
Profit before taxation	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
Profit after taxation	11,115,593	(381,959)	17,982	9,627	377,296	56,489	(242,655)	10,952,373
Non-controlling interests								(3,438,672)
Profit attributable to owners of the Company								7,513,701

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 2021 (Continued)

	Year ended 31 December 2021							Total \$'000
	Life insurance \$'000	PRC domestic 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	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)
	<u>38,631,501</u>	<u>1,192,034</u>	<u>381,990</u>	<u>1,693,071</u>	<u>649,386</u>	<u>1,265,155</u>	<u>174,365</u>	<u>43,987,502</u>

3 SEGMENT INFORMATION (Continued)

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

	Year ended 31 December 2021							Total \$'000
	Life insurance \$'000	PRC domestic 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	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)	-
Loss on disposal of an associate	753,159	-	-	-	-	-	-	753,159
Gains on disposal of investment properties	-	-	-	-	-	28,419	-	28,419
	<u>15,835,046</u>	<u>613,598</u>	<u>19,444</u>	<u>(11,837)</u>	<u>204,135</u>	<u>496,210</u>	<u>2,865,844</u>	<u>20,022,440</u>
<i>Note (iii): Net unrealised investment gains/(losses) and impairment</i>								
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								
- Designated at fair value through profit or loss	-	-	-	-	-	-	-	-
- 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)
	<u>(2,869,333)</u>	<u>(3,334)</u>	<u>(233,288)</u>	<u>(281,334)</u>	<u>(27,463)</u>	<u>(318,467)</u>	<u>(2,049,367)</u>	<u>(5,782,586)</u>

3 SEGMENT INFORMATION (Continued)

d. Segmental statement of financial position for 2021

	At 31 December 2021							Total \$'000
	Life insurance \$'000	PRC domestic 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
Segment assets	1,098,615,968	43,982,907	19,186,495	62,817,565	24,114,363	128,981,731	942,945	1,378,641,974
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
Segment liabilities	1,046,054,013	35,939,435	11,405,023	51,092,439	19,953,096	94,158,607	6,583,401	1,265,186,014
Non-controlling interests								(25,389,128)
Net assets attributable to the owners of the Company								<u>88,066,832</u>

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 2021 (Continued)

	At 31 December 2021							
	Life insurance \$'000	PRC domestic 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
<i>Note (i): Debt securities</i>								
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
	<u>528,213,444</u>	<u>7,534,628</u>	<u>5,035,300</u>	<u>35,440,581</u>	<u>7,630,850</u>	<u>3,801,562</u>	<u>36,393,108</u>	<u>624,049,473</u>
<i>Note (ii): Equity securities</i>								
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
	<u>135,905,326</u>	<u>4,705,522</u>	<u>754,600</u>	<u>2,691,001</u>	<u>1,165,433</u>	<u>3,970,053</u>	<u>23,456,848</u>	<u>172,648,783</u>
<i>Note (iii): Investment funds</i>								
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
	<u>72,151,189</u>	<u>2,669,652</u>	<u>1,528,134</u>	<u>2,888,162</u>	<u>222,639</u>	<u>2,381,755</u>	<u>(33,911,198)</u>	<u>47,930,333</u>
<i>Note (iv): Debt products</i>								
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)

Geographical distribution:

Approximately 89% (2021: 89%) 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 2022			Total \$'000
	PRC			
	Hong Kong and Macau	Hong Kong (other than and Macau)	Rest of the world	
	\$'000	\$'000	\$'000	
Non-current assets (other than financial instruments, deferred tax assets, rights arising under insurance contracts and interests in associates and joint ventures)	12,993,676	50,375,075	675,197	64,043,948

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

Information about major customers:

There were no customers for the year ended 31 December 2022 and 2021 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 2022					Total \$'000
	Life insurance contracts \$'000	PRC domestic 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	200,688,933	33,232,653	6,035,100	15,803,456	8,905,618	264,665,760
Policy fees	226,266	-	-	103,051	-	329,317
	<u>200,915,199</u>	<u>33,232,653</u>	<u>6,035,100</u>	<u>15,906,507</u>	<u>8,905,618</u>	<u>264,995,077</u>

	Year ended 31 December 2021					Total \$'000
	Life insurance contracts \$'000	PRC domestic 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>

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

	Year ended 31 December 2022				Total \$'000
	Individual \$'000	Bancassurance \$'000	Group \$'000	Reinsurance and other channels \$'000	
Single Premium	10,171,728	183,602	-	1,441,813	11,797,143
Regular Premium					
– First Year	19,128,372	14,272,990	-	1,447,504	34,848,866
– Renewal Year	101,052,960	46,821,553	-	5,665,951	153,540,464
Group Insurance	-	-	502,460	-	502,460
	<u>130,353,060</u>	<u>61,278,145</u>	<u>502,460</u>	<u>8,555,268</u>	<u>200,688,933</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 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>

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

	2022 \$'000	% of Total	2021 \$'000	% of Total
1 - 9 years	13,996,181	73.10%	16,482,840	67.20%
10 - 19 years	2,319,918	12.10%	1,851,771	7.50%
20 - 29 years	2,764,328	14.50%	5,980,562	24.40%
30 years+	47,945	0.30%	220,695	0.90%
	<u>19,128,372</u>	<u>100.00%</u>	<u>24,535,868</u>	<u>100.00%</u>

By Feature

	2022 \$'000	% of Total	2021 \$'000	% of Total
Short term savings	6,385,726	33.40%	7,404,930	30.20%
Long term savings	1,571,556	8.20%	1,783,911	7.30%
Long term protection	11,157,690	58.30%	8,258,513	33.70%
Others	13,400	0.10%	7,088,514	28.80%
	<u>19,128,372</u>	<u>100.00%</u>	<u>24,535,868</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

	2022 \$'000	% of Total	2021 \$'000	% of Total
1 - 9 years	12,994,114	91.00%	12,234,398	87.30%
10 - 14 years	1,183,571	8.30%	1,494,624	10.70%
Others	95,305	0.70%	292,364	2.00%
	<u>14,272,990</u>	<u>100.00%</u>	<u>14,021,386</u>	<u>100.00%</u>

5 INVESTMENT INCOME

	Year ended 31 December	
	2022 \$'000	2021 \$'000
Net investment income (note (a))	48,548,821	43,987,502
Net realised investment gains/(losses) (note (b))	(20,623)	20,022,440
Net unrealised investment gains/(losses) and impairment (note (c))	<u>(8,528,761)</u>	<u>(5,782,586)</u>
	<u>39,999,437</u>	<u>58,227,356</u>

5 INVESTMENT INCOME (Continued)

	Year ended 31 December	
	2022	2021
	\$'000	\$'000
(a) Net investment income		
Interests income from debt securities (<i>note (i)</i>):		
- Held-to-maturity	20,759,148	18,304,861
- Available-for-sale	4,052,529	3,228,217
- Held-for-trading	1,202,193	1,091,462
- Designated at fair value through profit or loss	1,663	3,180
	26,015,533	22,627,720
Interests income from debt products (<i>note (i)</i>):		
- Loans and receivables	5,451,037	6,913,023
Dividend income from equity securities (<i>note (ii)</i>):		
- Available-for-sale	6,222,082	5,040,229
- Held-for-trading	305,772	220,082
	6,527,854	5,260,311
Dividend income from investment funds (<i>note (iii)</i>):		
- Available-for-sale	1,857,476	787,156
- Held-for-trading	447,891	304,917
- Designated at fair value through profit or loss	32,705	92,782
	2,338,072	1,184,855
Interests income from investment funds (<i>note (iii)</i>):		
- Loans and receivables	28,433	175,405
Bank deposits and other interests income	7,898,135	7,290,343
Gross rental income receivable from investment properties	859,881	857,662
Less: direct outgoings	(15,470)	(15,734)
Net rental income receivable from investment properties	844,411	841,928
Net interest expenses on securities sold/purchased under repurchase/resale agreements	(554,654)	(306,083)
	48,548,821	43,987,502

5 INVESTMENT INCOME (Continued)

	Year ended 31 December	
	2022	2021
	\$'000	\$'000
(a) Net investment income (Continued)		
Notes:		
(i) Interests income from debt securities and debt products:		
Listed	8,046,503	7,436,366
Unlisted	23,420,067	22,104,377
	31,466,570	29,540,743
(ii) Dividend income from equity securities:		
Listed	5,768,979	4,091,443
Unlisted	758,875	1,168,868
	6,527,854	5,260,311
(iii) Interests income and dividend income from investment funds:		
Listed	24,587	44,611
Unlisted	2,341,918	1,315,649
	2,366,505	1,360,260

5 INVESTMENT INCOME (Continued)

	Year ended 31 December	
	2022	2021
	\$'000	\$'000
(b) Net realised investment gains/(losses)		
Debt securities (<i>note (i)</i>):		
- Held-to-maturity	(238,194)	245,478
- Available-for-sale	790,981	644,242
- Held-for-trading	(228,159)	324,417
	324,628	1,214,137
Equity securities (<i>note (ii)</i>):		
- Available-for-sale	3,417,815	14,409,263
- Held-for-trading	(3,984,939)	2,621,830
	(567,124)	17,031,093
Investment funds (<i>note (iii)</i>):		
- Available-for-sale	162,061	883,335
- Held-for-trading	134,585	112,297
	296,646	995,632
(Losses)/gains on disposal of investment properties	(4,130)	28,419
(Losses)/gains on disposal of interest in associates	(70,643)	753,159
	(20,623)	20,022,440

5 INVESTMENT INCOME (Continued)

	Year ended 31 December	
	2022	2021
	\$'000	\$'000
<hr/>		
(b) Net realised investment gains/(losses) (Continued)		
Notes:		
(i) Net realised investment gains on debt securities and debt products:		
Listed	(396,792)	1,020,828
Unlisted	721,420	193,309
	<hr/> 324,628	<hr/> 1,214,137
(ii) Net realised investment gains on equity securities:		
Listed	(3,282,150)	17,009,599
Unlisted	2,715,026	21,494
	<hr/> (567,124)	<hr/> 17,031,093
(iii) Net realised investment gains/(losses) on investment funds:		
Listed	6,256	(718)
Unlisted	290,390	996,350
	<hr/> 296,646	<hr/> 995,632

5 INVESTMENT INCOME (Continued)

	Year ended 31 December	
	2022 \$ '000	2021 \$ '000
(c) Net unrealised investment gains/(losses) and impairment		
Debt securities (<i>note (i)</i>):		
- Held-for-trading	(1,543,964)	303,770
- Designated at fair value through profit or loss	(1,233)	(1,622)
	(1,545,197)	302,148
Equity securities (<i>note (ii)</i>):		
- Held-for-trading	(1,267,580)	(2,721,200)
Investment funds (<i>note (iii)</i>):		
- Held-for-trading	(735,778)	(960,039)
- Designated at fair value through profit or loss	(55,992)	135,440
	(791,770)	(824,599)
Deficit on revaluation of investment properties	(371,727)	(493,813)
Impairment loss recognised:		
- Available-for-sale debt securities, equity securities and investment funds	(3,360,299)	(234,185)
- Loans and receivables debt products and investment funds	(395,311)	(1,579,968)
- Held-to-maturity debt securities	(796,877)	(230,969)
	<u>(8,528,761)</u>	<u>(5,782,586)</u>

5 INVESTMENT INCOME (Continued)

	Year ended 31 December	
	2022	2021
	\$'000	\$'000
(c) Net unrealised investment gains/(losses) and impairment (Continued)		
Notes:		
(i) Net unrealised investment gains/(losses) on debt securities:		
Listed	(1,265,356)	251,503
Unlisted	(279,841)	50,645
	(1,545,197)	302,148
(ii) Net unrealised investment gains/(losses) on equity securities:		
Listed	(1,267,580)	(2,721,200)
(iii) Net unrealised investment losses on investment funds:		
Listed	(4,439)	(1,233)
Unlisted	(787,331)	(823,366)
	(791,770)	(824,599)

6 OTHER INCOME

	Year ended 31 December	
	2022	2021
	\$'000	\$'000
Interests from finance lease receivables	2,321,254	2,517,729
Income from provision of pension administration services	1,024,904	1,756,948
Income from provision of asset management and securities broking services	586,887	702,086
Income from operating lease	1,143,916	950,109
Income from provision of advisory services	228,822	329,168
Income from provision of property management services	138,794	138,003
Income from provision of agency and insurance intermediary services	166,153	200,026
Income from sales of inventories	245,576	209,641
Government subsidies	206,088	173,567
Net gain/(loss) on disposal of property and equipment	1,754	(4,692)
Net exchange gains/(loss)	(468,854)	583,225
Provision for finance lease receivables	(224,824)	(316,225)
Recognition of impairment losses on insurance debtors and other assets	(116,790)	(384,086)
Recognition of impairment loss on interest in associates	(136,483)	(248,322)
Others	577,093	527,402
	<u>5,694,290</u>	<u>7,134,579</u>

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

(a) Net policyholders' benefits

	Year ended 31 December 2022					Total \$'000
	Life insurance contracts \$'000	PRC domestic property and casualty insurance contracts \$'000	Overseas property and casualty insurance contracts \$'000	Reinsurance contracts \$'000	Pension and group life insurance contracts \$'000	
Claims and claim adjustment expenses	13,004,499	20,166,237	3,175,692	14,149,964	5,079,488	55,575,880
Surrenders	18,431,767	-	-	714,926	92,360	19,239,053
Annuity, dividends and maturity payments	29,097,989	-	-	-	35,152	29,133,141
Interest allocated to investment and reinsurance contracts	4,452,001	-	-	229,170	860	4,682,031
	64,986,256	20,166,237	3,175,692	15,094,060	5,207,860	108,630,105
Less: Reinsurers' and retrocessionaires' share	(2,001,789)	(1,512,765)	(894,161)	(1,219,063)	(457,233)	(6,085,011)
	62,984,467	18,653,472	2,281,531	13,874,997	4,750,627	102,545,094

	Year ended 31 December 2021					Total \$'000
	Life insurance contracts \$'000	PRC domestic property and casualty insurance contracts \$'000	Overseas property and casualty insurance contracts \$'000	Reinsurance contracts \$'000	Pension and group life insurance contracts \$'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
	51,084,530	22,913,578	2,334,943	11,507,707	4,723,276	92,564,034
Less: Reinsurers' and retrocessionaires' share	(3,564,706)	(882,761)	(524,632)	(1,236,663)	(447,165)	(6,655,927)
	47,519,824	22,030,817	1,810,311	10,271,044	4,276,111	85,908,107

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

(b) Net commission and handling fee expenses

	Year ended 31 December 2022					Total \$'000
	Life insurance contracts \$'000	PRC domestic 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	16,130,936	3,155,793	1,280,580	3,946,622	216,057	24,729,988
Reinsurance commission and handling fee income	(561,418)	(1,008,146)	(396,093)	(405,446)	(110,271)	(2,481,374)
Net commission and handling fee expenses	15,569,518	2,147,647	884,487	3,541,176	105,786	22,248,614

	Year ended 31 December 2021					Total \$'000
	Life insurance contracts \$'000	PRC domestic 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

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

	Year ended 31 December 2022					Total \$'000
	Life insurance contracts \$'000	PRC domestic 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	138,820,492	-	-	(3,286,516)	2,378,972	137,912,948
Less: Reinsurers' share	(170,382)	-	-	222,181	(4,504)	47,295
	138,650,110	-	-	(3,064,335)	2,374,468	137,960,243

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 2021					Total \$'000	
	Life insurance contracts \$'000	PRC domestic 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)	
	<u>153,450,423</u>	<u>-</u>	<u>-</u>	<u>3,385,988</u>	<u>1,901,544</u>	<u>158,737,955</u>	

8 PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging:

	Year ended 31 December	
	2022 \$'000	2021 \$'000
(a) Finance costs:		
Interests on bank borrowings	1,931,029	1,821,503
Interests on interest-bearing notes	1,129,799	458,728
Interests on lease liabilities	62,612	101,301
	<u>3,123,440</u>	<u>2,381,532</u>
(b) Staff costs (including directors' remuneration):		
Salaries, wages, bonuses and other benefits	15,789,323	18,000,157
Contributions to defined contribution retirement plans	2,039,608	1,924,868
	<u>17,828,931</u>	<u>19,925,025</u>
(c) Other items:		
Auditor's remuneration		
- Audit and assurance services	34,178	21,270
- Non-audit services	7,735	5,694
Depreciation of property and equipment	2,366,801	2,346,042
Depreciation of right-of-use assets	1,049,664	1,110,404

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	
	2022	2021
	\$'000	\$'000
Current tax		
Provision for the year	1,374,973	2,054,528
(Over)/under-provision in respect of prior years	(705,653)	590,070
	669,320	2,644,598
Deferred tax <i>(note)</i>		
Origination and reversal of temporary differences	(4,709,404)	(2,683,135)
	(4,040,084)	(38,537)

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% (2021: 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% (2021: 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% (2021: 25%).

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

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

	Year ended 31 December	
	2022 \$'000	2021 \$'000
Profit before taxation	1,498,272	10,913,836
Notional tax on profit before taxation	773,228	2,493,620
Tax effect of non-deductible expenses	383,982	245,966
Tax effect of non-taxable income	(4,591,518)	(2,942,929)
Tax effect of temporary differences not recognised	(126,073)	(844,182)
Effect of tax concession granted to the businesses of reinsurance with offshore risks	(23,555)	(39,152)
Tax effect of tax losses not recognised	294,502	506,121
Utilisation of tax losses not previously recognised	(45,362)	(49,382)
Tax effect of different tax rates of group entities operating in other jurisdictions	365	1,331
(Over)/under provision in prior years	(705,653)	590,070
Income tax credits	(4,040,084)	(38,537)

12 DIVIDENDS

The final dividend of ordinary shareholders of the Company in respect of the year ended 31 December 2021 recognised as distribution of \$0.46 per ordinary share, in an aggregate amount of \$1,653,249,000 during the Year.

Subsequent to the end of reporting period, a final dividend in respect of the year ended 31 December 2022 of \$0.26 (2021: \$0.46) 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	
	2022	2021
	\$'000	\$'000
Profit attributable to owners of the Company	2,796,608	7,513,701
Weighted average number of ordinary shares	3,594,018,538	3,594,018,538
Basic earnings per share (<i>HK\$ per share</i>)	0.778	2.091

No diluted earnings per share has been presented for the years 2022 and 2021 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 \$5,208,619,000 (2021: \$5,138,013,000) 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 \$126,701,000 (2021: \$83,135,000) 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 \$3,274,000 (2021: \$3,578,000) 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 \$1,709,000 (2021: \$1,698,000) 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 2022 is 3.13% (2021: 0.08%).
- (e) A subsidiary of the Group has deposited a sum of \$2,990,000 (2021: \$3,713,000) 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 \$685,656,000 (2021: \$313,441,000) 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
Cost or valuation:							
At 1 January 2021	14,856,316	900,877	3,233,894	4,016,870	388,920	6,855,040	30,251,917
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 (<i>Note 15(b)</i>)	(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 (<i>Note 15(b)</i>)	7,017,463	-	-	-	-	-	7,017,463
Capitalisation of leasehold land depreciation (<i>Note 15(c)</i>)	-	262,198	-	-	-	-	262,198
Transfer from land and buildings to other assets (<i>Note 24</i>)	(30,241)	-	-	-	-	-	(30,241)
At 31 December 2021	23,210,455	1,160,514	3,637,287	4,790,247	395,478	9,352,201	42,546,182
Exchange adjustments	(941,080)	(142,601)	(285,469)	(327,551)	(34,788)	(694,638)	(2,426,127)
Additions	-	1,057,243	541,292	647,410	13,003	4,047,850	6,306,798
Disposals	-	-	(250,939)	(82,982)	(30,931)	(1,512,813)	(1,877,665)
Transfer from land and buildings to completed investment properties (<i>Note 15(b)</i>)	(189,928)	-	-	-	-	-	(189,928)
Transfer from completed investment properties to land and buildings (<i>Note 15(b)</i>)	180,044	-	-	-	-	-	180,044
Capitalisation of leasehold land depreciation (<i>Note 15(c)</i>)	-	114,632	-	-	-	-	114,632
Transfer from land and buildings to other assets	(52,580)	-	-	-	-	-	(52,580)
At 31 December 2022	22,206,911	2,189,788	3,642,171	5,027,124	342,762	11,192,600	44,601,356

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
Accumulated depreciation and impairment:							
At 1 January 2021	1,811,924	-	1,850,855	2,369,911	236,740	959,941	7,229,371
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)
At 31 December 2021	2,377,630	-	2,423,096	2,993,176	268,343	1,539,223	9,601,468
Exchange adjustments	(140,199)	-	(210,835)	(252,042)	(26,094)	(118,512)	(747,682)
Charge for the year	522,115	-	514,779	656,322	47,229	626,356	2,366,801
Written back on disposal	-	-	(56,176)	(75,866)	(23,871)	(487,463)	(643,376)
Transfer from land and buildings to completed investment properties (Note 15(b))	(47,882)	-	-	-	-	-	(47,882)
Transfer from land and buildings to other assets	(11,209)	-	-	-	-	-	(11,209)
At 31 December 2022	2,700,455	-	2,670,864	3,321,590	265,607	1,559,604	10,518,120
Net book value:							
At 31 December 2022	19,506,456	2,189,788	971,307	1,705,534	77,155	9,632,996	34,083,236
At 31 December 2021	20,832,825	1,160,514	1,214,191	1,797,071	127,135	7,812,978	32,944,714

As at 31 December 2022, land and buildings of \$9,463,000 (2021: \$8,684,000) 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 2022, operating lease assets of \$4,048,259,000 (2021: \$2,443,714,000) 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
Valuation:			
At 1 January 2021	18,792,109	-	18,792,109
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	22,292,900	146,772	22,439,672
Exchange adjustments	(1,757,805)	(17,649)	(1,775,454)
Additions	1,459,698	60,181	1,519,879
Write-off	(23,099)	-	(23,099)
Deficit on revaluation	(371,727)	-	(371,727)
Transfer from investment properties under construction to completed investment properties	189,304	(189,304)	-
Surplus on revaluation upon transfer from land and buildings to completed investment properties	79,654	-	79,654
Transfer from land and buildings to completed investment properties (Note 15(a))	142,046	-	142,046
Transfer from completed investment properties to land and buildings (Note 15(a))	(180,044)	-	(180,044)
At 31 December 2022	21,830,927	-	21,830,927

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 2022 and 2021 by independent firm of surveyors. A revaluation deficit of \$371,727,000 (2021: revaluation deficit of \$493,813,000) has been recognised in the consolidated statement of profit or loss (Note 5(c)).

As at 31 December 2022, investment properties of \$49,989,000 (2021: \$50,696,000) 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 2022 \$'000	Fair value at 31 December 2021 \$'000	Valuation technique(s)	Significant unobservable inputs	Range of unobservable inputs	Correlation of unobservable inputs to fair value
Completed commercial property units	Level 3	20,695,684	21,084,183	Mixed approach	Yield	2.05% - 9%	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	\$62,488 - \$94,207 per square meter	The higher the price, the higher the fair value
Completed residential property units	Level 3	364,423	366,616	Income approach	Yield	1.5% - 9%	The higher the yield, the lower the fair value
					Market unit rent	\$3 - \$685 per square meter	The higher the rent, the higher the fair value
Completed industrial property units	Level 3	770,820	842,101	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
		<u>21,830,927</u>	<u>22,439,672</u>				

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
Cost:						
At 1 January 2021	6,212,508	4,825,768	4,270	6,312	2,670	11,051,528
Exchange adjustments	184,928	128,328	118	(1)	79	313,452
Additions	76,246	1,325,154	335	62	601	1,402,398
Expiry/termination of lease contracts	-	(1,372,947)	(450)	(16)	-	(1,373,413)
At 31 December 2021	6,473,682	4,906,303	4,273	6,357	3,350	11,393,965
Exchange adjustments	(542,546)	(398,412)	(362)	(58)	(284)	(941,662)
Additions	-	1,013,760	960	4,035	1,250	1,020,005
Expiry/termination of lease contracts	-	(1,474,516)	(763)	(3,307)	(1,504)	(1,480,090)
At 31 December 2022	5,931,136	4,047,135	4,108	7,027	2,812	9,992,218
Accumulated depreciation:						
At 1 January 2021	402,459	2,370,453	1,236	2,345	1,428	2,777,921
Exchange adjustments	13,716	74,075	51	(33)	51	87,860
Charge for the year	8,244	1,098,396	1,116	2,071	577	1,110,404
Expiry/termination of lease contracts	-	(1,054,239)	(457)	(726)	-	(1,055,422)
Depreciation of leasehold land capitalised in construction-in-progress (Note 15(a))	262,198	-	-	-	-	262,198
At 31 December 2021	686,617	2,488,685	1,946	3,657	2,056	3,182,961
Exchange adjustments	(52,778)	(300,402)	(198)	(37)	(200)	(353,615)
Charge for the year	30,369	1,015,427	1,169	2,002	697	1,049,664
Expiry/termination of lease contracts	-	(1,146,314)	(665)	(2,463)	(1,106)	(1,150,548)
Depreciation capitalised in construction-in-progress (Note 15(a))	114,632	-	-	-	-	114,632
At 31 December 2022	778,840	2,057,396	2,252	3,159	1,447	2,843,094
Net book value:						
At 31 December 2022	5,152,296	1,989,739	1,856	3,868	1,365	7,149,124
At 31 December 2021	5,787,065	2,417,618	2,327	2,700	1,294	8,211,004

15 FIXED ASSETS (Continued)

(c) Right-of-use assets (Continued)

	Year ended 31 December	
	2022	2021
	\$'000	\$'000
Expense relating to short-term leases	117,801	191,630
Expense relating to lease of low-value assets, excluding short-term leases of low-value assets	1,511	1,531

16 GOODWILL AND INTANGIBLE ASSETS

(a) Goodwill

	\$'000
Cost:	
At 1 January 2021	1,091,192
Exchange adjustments	2,923
At 31 December 2021	1,094,115
Exchange adjustments	(8,668)
At 31 December 2022	1,085,447
Impairment loss:	
At 1 January 2021	368,827
Exchange adjustments	1,340
At 31 December 2021	370,167
Exchange adjustments	(3,973)
At 31 December 2022	366,194
Net book value:	
At 31 December 2022	719,253
At 31 December 2021	723,948

16 GOODWILL AND INTANGIBLE ASSETS (Continued)

(b) Intangible assets

	<u>\$'000</u>
Cost:	
At 1 January 2021, At 31 December 2021 and At 31 December 2022	<u>261,408</u>
Amortisation/Impairment:	
At 1 January 2021, At 31 December 2021 and At 31 December 2022	<u>-</u>
Net book value:	
At 31 December 2022 and At 31 December 2021	<u><u>261,408</u></u>

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 2022, the valuation of the trade name is determined based on the future cash flows estimated by TPI and discounted at 14% (2021: 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 2022 and 2021 were allocated to cash generating units in the following operating segments:

	At 31 December 2022		
	Goodwill	Intangible assets	Total
	\$ '000	\$ '000	\$ '000
Life insurance	154,909	-	154,909
Property and casualty insurance	148,738	261,408	410,146
Other businesses	415,606	-	415,606
	719,253	261,408	980,661

	At 31 December 2021		
	Goodwill	Intangible assets	Total
	\$ '000	\$ '000	\$ '000
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

The recoverable amount of the cash generating units containing goodwill or intangible assets was determined as the higher of the value-in-use or fair value less costs of disposal 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 (2021: 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.

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 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))	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	85.06%	Asset management business in PRC
Taiping Reinsurance Company Limited	Hong Kong	\$8,822,445,630	75%	Reinsurance business in Hong Kong
Taiping Reinsurance (China) Company Limited (note (ii))	PRC	RMB1,500,000,000	75%	Reinsurance business in PRC
China Taiping Insurance (HK) Company Limited (note (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 (note (iv))	Hong Kong	\$6,800,000,000	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 (note (v))	Macau	MOP600,000,000	100%	Life insurance business in Macau

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 (Singapore) PTE. Ltd.	Singapore	SGD210,000,000	100%	Property and casualty and life insurance in Singapore
China Taiping Insurance (UK) Company Limited (note (vi))	United Kingdom	GBP100,000,000	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
China Taiping Insurance (LU) S.A. (note (vii))	Luxembourg	EUR10,000,000	100%	Property and casualty insurance in Luxembourg
Taiping Senior Living Investments Co. Ltd. (note (ii))	PRC	RMB2,570,000,000	75.10%	Elderly care investment and asset management
Taiping Senior Living Management Co. Ltd. (note (ii))	PRC	RMB100,000,000	75.10%	Elderly care investment and asset management
Taiping Senior Health Services (Chengdu) Co.,Ltd. (note (ii) & (note (viii)))	PRC	RMB753,000,000	75.10%	Elderly care investment and asset management
Taiping Healthcare (Guangzhou) Company Limited (note (ii) & note (ix))	PRC	RMB780,000,000	75.10%	Elderly care investment and asset management
Taiping Real Estate (Shanghai) Company Limited (note (ii))	PRC	RMB980,000,000	90.29%	Property investment
Dragon Jade Industrial District Management (Shenzhen) Co., Ltd. (note (ii))	PRC	RMB111,660,000	100%	Property investment
Taiping Real Estate (Suzhou Industrial Park) Co. Ltd. (note (ii))	PRC	RMB776,310,000	85.06%	Property investment
Taiping Real Estate (Beijing) Co. Ltd. (note (ii))	PRC	RMB276,779,700	75.10%	Property investment
Taiping Real Estate (Nanning) Co. Ltd. (note (ii))	PRC	RMB376,000,000	80.08%	Property investment
北京太平廣安置業有限公司 (note (ii))	PRC	RMB2,200,000,000	75.10%	Property investment
Taiping Real Estate (Hangzhou) Co. Ltd. (note (ii))	PRC	RMB1,750,000,000	81.57%	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 (Hainan) Co. Ltd. <i>(note (ii))</i>	PRC	RMB1,200,000,000	75.10%	Property investment
Taiping Real Estate (Guangzhou) Co. Ltd. <i>(note (ii))</i>	PRC	RMB2,160,000,000	81.42%	Property investment
Taiping Real Estate (Jinan) Co. Ltd. <i>(note (ii))</i>	PRC	RMB650,000,000	83.57%	Property investment
Taiping Real Estate (Tianjin) Co. Ltd. <i>(note (ii))</i>	PRC	RMB945,000,000	87.55%	Property investment
Taiping Real Estate (Hefei) Co. Ltd. <i>(note (ii))</i>	PRC	RMB193,000,000	75.10%	Property investment
Taiping & Sinopec Financial Leasing Co. Ltd. <i>(note (ii))</i>	PRC	RMB5,000,000,000	37.55%	Financial leasing
Taiping Fund Management Company Limited <i>(note (ii) & note (x) & Note 17(c))</i>	PRC	RMB650,000,000	73.93%	Management of investment funds business in PRC
Taiping Financial Holdings Company Limited <i>(note (iii))</i>	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 <i>(note (i))</i>	Hong Kong	Ordinary \$4,000,000 Deferred \$1,000,000	100%	Insurance broking
China Taiping Insurance Service (Japan) Co., Ltd. <i>(note (xi))</i>	Japan	JPY130,000,000	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 March 2022, the registered capital of TPL(HK) has been increased by \$1,600 million to \$6,800 million. CTIH has contributed such additional capital in cash.
- (v) During 2022, the registered capital of TPL (Macau) has been increased by MOP 500 million to MOP 600 million, TPL (HK), TP (Macau), TPIH (HK) contributed such additional capital in cash in amount of MOP 450 million, MOP 45 million and MOP 5 million respectively, in portion to their respect equity interest in TPL (Macau).
- (vi) In June 2022, the registered capital of TPUK has been increased by GBP 15 million to GBP 100 million. China Taiping International Company Limited has contributed such additional capital in cash.
- (vii) In January 2022, China Taiping Insurance (LU) S.A. was established in Luxembourg by China Taiping International Company Limited. The company is still in the process of applying for insurance license.
- (viii) In September 2022, the registered capital of TSHS (Chengdu) has been increased by RMB 100 million to RMB 753 million. TPL has contributed such additional capital in cash.
- (ix) In December 2022, TPHC (Guangzhou) was established in China by TPL.
- (x) In January 2022, the registered capital of TPFM has been increased by RMB 250 million to RMB 650 million. TPL has contributed such additional capital in cash.
- (xi) In January 2022, the registered capital of TP Japan has been increased by JPY 100 million to JPY 130 million. CTIH has contributed such additional capital in cash.

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 2022	2021
Investment holding	Hong Kong	30	30
	Macau	1	1
	PRC	1	1
		32	32
Insurance broker	PRC	1	1
Insurance broker	United Kingdom	2	2
Financial advisory services	Hong Kong	1	1
Financial leasing	PRC	50	42
Inactive	Hong Kong	12	12
Inactive	PRC	2	2
Nominee services	Hong Kong	1	1
Medical services	PRC	1	1
Money lending and property investment	Hong Kong	3	3
Property investment	Hong Kong	16	16
Property investment	PRC	3	3
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
		134	126

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	
		2022	2021	At 31 December		2022	2021
				2022	2021		
				\$'000	\$'000	\$'000	\$'000
Taiping Life Insurance Company Limited	PRC	24.90%	24.90%	2,085,619	2,851,860	15,083,325	17,105,488
Taiping & Sinopec Financial Leasing Co. Ltd.	PRC	62.45%	62.45%	502,662	470,867	4,913,323	4,936,997
Taiping Reinsurance Company Limited	Hong Kong	25.00%	25.00%	15,356	2,418	2,762,627	2,939,018
Individually insignificant subsidiaries with non-controlling interests						420,919	407,625
						<u>23,180,194</u>	<u>25,389,128</u>

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

	At 31 December	
	2022 \$ '000	2021 \$ '000
Total assets	1,051,335,981	1,016,841,358
Total liabilities	990,229,424	947,566,348
Net assets	<u>61,106,557</u>	<u>69,275,010</u>
	Year ended 31 December	
	2022 \$ '000	2021 \$ '000
Total premiums written	<u>179,147,735</u>	<u>179,602,483</u>
Total income	214,041,321	227,736,729
Total expenses	205,694,291	216,261,594
Profit for the year	8,347,030	11,475,135
Other comprehensive income for the year	(12,402,070)	(10,161,175)
Total comprehensive income for the year	<u>(4,055,040)</u>	<u>1,313,960</u>
Total comprehensive income allocated to non-controlling interests	<u>(1,005,415)</u>	<u>321,603</u>
Dividends paid to non-controlling interests	<u>1,016,748</u>	<u>1,438,054</u>
Net cash inflow from operating activities	105,973,766	105,966,972
Net cash outflow used in investing activities	(93,998,359)	(84,285,689)
Net cash outflow used in financing activities	(4,549,680)	(18,761,594)
Net cash inflow	<u>7,425,727</u>	<u>2,919,689</u>

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	
	2022 \$'000	2021 \$'000
Total assets	56,530,691	63,746,732
Total liabilities	47,642,541	54,674,879
Net assets	<u>8,888,150</u>	<u>9,071,853</u>
	Year ended 31 December	
	2022 \$'000	2021 \$'000
Total income	3,415,797	3,403,327
Total expenses	2,610,894	2,650,306
Profit for the year	804,903	753,021
Other comprehensive income for the year	(790,448)	248,828
Total comprehensive income for the year	<u>14,455</u>	<u>1,001,849</u>
Total comprehensive income allocated to non-controlling interests	<u>87,128</u>	<u>604,170</u>
Dividends paid to non-controlling interests	<u>110,802</u>	<u>67,684</u>
Net cash inflow/(outflow) from operating activities	5,782,253	(562,425)
Net cash outflow used in investing activities	(3,125,052)	(2,263,674)
Net cash (inflow)/outflow used in financing activities	(4,778,749)	4,552,864
Net cash (inflow)/outflow	<u>(2,121,548)</u>	<u>1,726,765</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	
	2022 \$'000	2021 \$'000
Total assets	61,866,518	62,848,509
Total liabilities	50,816,011	51,092,438
Net assets	<u>11,050,507</u>	<u>11,756,071</u>
	Year ended 31 December	
	2022 \$'000	2021 \$'000
Total income	15,742,605	17,801,322
Total expenses	15,681,180	17,791,694
Profit for the year	61,425	9,628
Other comprehensive income for the year	(766,989)	(327,382)
Total comprehensive income for the year	<u>(705,564)</u>	<u>(317,754)</u>
Total comprehensive income allocated to non-controlling interests	<u>(176,391)</u>	<u>(79,439)</u>
Net cash (inflow)/outflow used in operating activities	(5,090,714)	4,925,569
Net cash inflow/(outflow) from investing activities	5,920,081	(5,016,622)
Net cash outflow from financing activities	(305,759)	(78,537)
Net cash inflow/(outflow)	<u>523,608</u>	<u>(169,590)</u>

17 SUBSIDIARIES (Continued)

(c) Change in ownership in subsidiaries

During the year ended 31 December 2022, the Group acquired 3.27% additional interest in TP Fund at a consideration of RMB250,000,000 (equivalent to \$279,871,000), and the Group's interest in TP Fund increased to 94.77%, which is then accounted for as an equity transaction. An amount of \$69,688,000 (being the proportionate share of the carrying amount of TP Fund) has been transferred in non-controlling interests. The difference of \$2,644,000 between the increase in carrying amount of the non-controlling interests and the cost of additional interest acquired has been recognised in capital reserve.

(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 was 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 was 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 were 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.

18 INTERESTS IN ASSOCIATES AND JOINT VENTURES

(a) Interests in associates

	At 31 December	
	2022	2021
	\$'000	\$'000
Unlisted shares, at cost	25,624,547	16,666,775
Share of post-acquisition profits and other comprehensive income, net of dividends received	(6,499)	2,605,794
	<u>25,618,048</u>	<u>19,272,569</u>

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		Principal activities
		At 31 December		
		2022	2021	
Shanghai Rural Commercial Bank Co., Ltd. <i>(Note)</i>	PRC	4.30%	4.30%	Banking
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.

	At 31 December	
	2022 \$'000	2021 \$'000
Total assets	1,434,503,701	1,416,848,114
Net assets	114,001,330	114,684,304
	Year ended 31 December	
	2022 \$'000	2021 \$'000
Total income	29,811,630	29,082,385
Net income for the year	12,766,247	11,676,863
Dividend received from the associate	144,795	129,918

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	
	2022 \$'000	2021 \$'000
Net assets of the associate	114,001,330	114,684,304
Proportion of the Group's shareholders' interests in the associate	4.30%	4.30%
Share of net assets of the associate	4,904,337	4,933,719
Fair value and other adjustments since acquisition of associate	(40,538)	(127,149)
Carrying amount of the Group's interests in the associate	4,863,799	4,806,570

As at the date of this report, the financial statements of Shanghai Rural Commercial Bank Co., Ltd for the year ended 31 December 2022 are not yet issued. The financial information presented in the above table is extracted from its published 2022 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.

	At 31 December	
	2022	2021
	\$'000	\$'000
Total assets	1,484,422	1,518,698
Total liabilities	415,704	308,586
Net assets	<u>1,068,718</u>	<u>1,210,112</u>
	Year ended 31 December	
	2022	2021
	\$'000	\$'000
Total income	<u>709,854</u>	<u>329,656</u>
Net loss for the year	(38,760)	(96,347)
Other comprehensive income for the year	(2,126)	47,816
Total comprehensive income for the year	<u>(40,886)</u>	<u>(48,531)</u>

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	
	2022 \$'000	2021 \$'000
Net assets of the associate	1,068,718	1,210,112
Proportion of the Group's shareholders' interests in the associate	48%	48%
Share of net assets of the associate	512,985	580,854
Remeasurement of retained interest upon recognition of interests in the associate	793,881	867,355
Impairment loss recognised	(383,519)	(334,799)
Carrying amount of the Group's interests in the associate	923,347	1,113,410

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

	Year ended 31 December	
	2022	2021
	\$'000	\$'000
The Group's share of net profit/(loss) for the year	(482,718)	328,873
The Group's share of other comprehensive income for the year	(1,019,810)	309,833
The Group's share of total comprehensive income for the year	<u>(1,502,528)</u>	<u>638,706</u>

(b) Interests in joint ventures

	At 31 December	
	2022	2021
	\$'000	\$'000
Unlisted shares, at cost	1,610,707	1,610,707
Share of post-acquisition profits and other comprehensive income, net of dividends received	(331,081)	(203,743)
	<u>1,279,626</u>	<u>1,406,964</u>

No joint venture is individually material to the Group as at 31 December 2022.

Aggregate information of joint ventures that are not individually material

	Year ended 31 December	
	2022	2021
	\$'000	\$'000
The Group's share of net profit/(loss) for the year	(49,248)	49,857
The Group's share of other comprehensive income for the year	(78,089)	24,480
The Group's share of total comprehensive income for the year	<u>(127,337)</u>	<u>74,337</u>

19 INVESTMENTS IN DEBT AND EQUITY SECURITIES

	At 31 December 2022 \$'000	At 31 December 2021 \$'000
Debt securities (<i>Note (i)</i>)	686,621,917	624,049,473
Equity securities (<i>Note (ii)</i>)	154,939,165	172,648,783
Investment funds (<i>Note (iii)</i>)	54,065,343	47,930,333
Debt products (<i>Note (iv)</i>)	87,698,171	118,896,211
	<u>983,324,596</u>	<u>963,524,800</u>
	At 31 December 2022 \$'000	At 31 December 2021 \$'000
<i>Note (i)</i> Debt securities		
Held-to-maturity:		
- Listed in Hong Kong	19,755,266	19,070,707
- Listed outside Hong Kong	118,581,095	114,229,535
- Unlisted	368,107,178	347,672,722
	<u>506,443,539</u>	<u>480,972,964</u>
Issued by:		
Government and central banks	297,367,059	257,601,564
Banks and other financial institutions	104,414,849	116,811,031
Corporate entities	104,661,631	106,560,369
	<u>506,443,539</u>	<u>480,972,964</u>

19 INVESTMENTS IN DEBT AND EQUITY SECURITIES (Continued)

	At 31 December 2022 \$'000	At 31 December 2021 \$'000
<i>Note (i) Debt securities (Continued)</i>		
Available-for-sale:		
- Listed in Hong Kong	6,519,587	8,402,351
- Listed outside Hong Kong	37,835,953	29,293,045
- Unlisted	91,531,059	61,047,578
	<u>135,886,599</u>	<u>98,742,974</u>
Issued by:		
Government and central banks	26,236,753	20,018,747
Banks and other financial institutions	61,190,267	30,697,775
Corporate entities	48,459,579	48,026,452
	<u>135,886,599</u>	<u>98,742,974</u>
Held-for-trading:		
- Listed in Hong Kong	607,085	1,210,826
- Listed outside Hong Kong	22,951,104	24,438,818
- Unlisted	20,713,074	18,600,541
	<u>44,271,263</u>	<u>44,250,185</u>
Issued by:		
Government and central banks	839,016	794,671
Banks and other financial institutions	25,959,769	27,169,881
Corporate entities	17,472,478	16,285,633
	<u>44,271,263</u>	<u>44,250,185</u>

19 INVESTMENTS IN DEBT AND EQUITY SECURITIES (Continued)

	At 31 December 2022 \$'000	At 31 December 2021 \$'000
<i>Note (i) Debt securities (Continued)</i>		
Designated at fair value through profit or loss:		
- Listed in Hong Kong	-	21,710
- Listed outside Hong Kong	20,516	61,640
	20,516	83,350
Issued by:		
Corporate entities	20,516	83,350
Total debt securities	686,621,917	624,049,473

The held-to-maturity debt securities include an amount of \$13,471,810,000 (2021: \$7,874,760,000) 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)

	At 31 December 2022 \$'000	At 31 December 2021 \$'000
<i>Note (ii)</i> Equity securities		
Available-for-sale:		
- Listed in Hong Kong	59,329,982	52,181,466
- Listed outside Hong Kong	61,973,676	58,818,091
- Unlisted, at fair value	15,818,338	36,462,531
- Unlisted, at cost (<i>note</i>)	541	546
	<u>137,122,537</u>	<u>147,462,634</u>
Held-for-trading:		
- Listed in Hong Kong	1,085,423	1,055,307
- Listed outside Hong Kong	16,731,205	24,130,842
	<u>17,816,628</u>	<u>25,186,149</u>
Total equity securities	<u>154,939,165</u>	<u>172,648,783</u>

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)

	At 31 December 2022 \$'000	At 31 December 2021 \$'000
<i>Note (iii)</i> Investment funds		
Available-for-sale:		
- Listed in Hong Kong	1,181,564	1,219,652
- Listed outside Hong Kong	1,235,635	426,701
- Unlisted, at fair value	35,953,365	28,476,828
	<u>38,370,564</u>	<u>30,123,181</u>
Held-for-trading:		
- Listed outside Hong Kong	1,883,668	3,279,963
- Unlisted	13,249,978	9,845,692
	<u>15,133,646</u>	<u>13,125,655</u>
Designated at fair value through profit or loss:		
- Unlisted	55,291	106,575
Loans and receivables:		
- Unlisted	505,842	4,574,922
Total investment funds	<u>54,065,343</u>	<u>47,930,333</u>

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)

	At 31 December 2022 \$'000	At 31 December 2021 \$'000
<i>Note (iv)</i> Debt products		
Loans and receivables:		
- Unlisted	87,698,171	118,896,211

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 2023 to 2033 (2021: 2022 to 2033) and bear interest ranging from 1% to 12% (2021: 1% to 12%) per annum. As at 31 December 2022, the majority of debt products held by the Group had PRC domestic 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 2022, 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 \$239 billion as at 31 December 2022 (2021: \$325 billion).

19 INVESTMENTS IN DEBT AND EQUITY SECURITIES (Continued)

Analysed for reporting purposes as:

	At 31 December 2022 \$'000	At 31 December 2021 \$'000
Held-to-maturity		
- Current	13,471,810	7,874,760
- Non-current	492,971,729	473,098,204
Available-for-sale		
- Current	175,498,046	163,420,832
- Non-current	135,881,654	112,907,957
Held-for-trading		
- Current	77,221,537	82,561,989
Designated at fair value through profit or loss		
- Current	75,807	189,925
Loans and receivables		
- Current	28,017,150	39,162,000
- Non-current	60,186,863	84,309,133
	<u>983,324,596</u>	<u>963,524,800</u>

As at 31 December 2022, investments in debt and equity securities with total carrying amounts of \$7,358,523,000 (2021: \$3,090,035,000) have been pledged in favour of AMCM to guarantee the technical reserves in accordance with the Macau Insurance Ordinance.

As at 31 December 2022, investments in debt and equity securities with total carrying amounts of \$9,975,000 (2021: \$9,918,000) 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 2022 \$'000	At 31 December 2021 \$'000
Amount due from the ultimate holding company	6,976	7,660
Amount due from the immediate holding company	6,565	7,039
Amounts due from fellow subsidiaries	36,231	26,852
	<u>49,772</u>	<u>41,551</u>
Loan to a fellow subsidiary	2,010,092	2,010,092
	<u>2,059,864</u>	<u>2,051,643</u>

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 2022 and 2021.

(b) Due to group companies

	At 31 December 2022 \$'000	At 31 December 2021 \$'000
Amount due to the ultimate holding company	7,601	6,121
Amount due to the immediate holding company	11,404	13,612
	<u>19,005</u>	<u>19,733</u>

The amounts due to group companies are unsecured, interest free and repayable on demand.

21 INSURANCE DEBTORS

	At 31 December 2022 \$'000	At 31 December 2021 \$'000
Amounts due from insurance customers	20,669,186	18,283,635
Less: allowance for impaired debts	(294,477)	(266,003)
	20,374,709	18,017,632
Deposits retained by cedants	2,216,906	2,046,626
	<u>22,591,615</u>	<u>20,064,258</u>

As at 31 December 2022, the amounts of insurance debtors included \$14,871,370,000 (2021: \$17,701,149,000), 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 2022 \$'000	At 31 December 2021 \$'000
Neither past due nor impaired		
- Uninvoiced	7,846,685	6,504,934
- Current	8,644,461	9,560,134
Past due but not impaired		
- Less than 3 months	1,827,837	989,871
- More than 3 months but less than 12 months	1,494,409	767,508
- More than 12 months	561,317	195,185
Past due and impaired	294,477	266,003
	<u>20,669,186</u>	<u>18,283,635</u>

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 2022, the amount of impaired debts is \$294,477,000 (2021: \$266,003,000). 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

	2022 \$'000	2021 \$'000
At 1 January	266,003	227,837
Recognition of impairment loss	48,296	29,998
Uncollectible amounts written off	(2,818)	(17)
Exchange difference	(17,004)	8,185
At 31 December	<u>294,477</u>	<u>266,003</u>

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 2022 \$'000	At 31 December 2021 \$'000
Life insurance contract liabilities (Note 27)	3,298,447	3,442,015
Unearned premium provisions (Note 28)	4,373,382	3,326,902
Provision for outstanding claims (Note 29)	7,313,025	6,564,281
	<u>14,984,854</u>	<u>13,333,198</u>

23 FINANCE LEASE RECEIVABLES

	At 31 December 2022 \$'000	At 31 December 2021 \$'000
Finance lease receivables	51,828,391	58,818,853
Less: unearned finance income	(4,699,911)	(4,913,676)
	47,128,480	53,905,177
Less: Provision for impairment losses	(2,511,832)	(2,610,486)
	<u>44,616,648</u>	<u>51,294,691</u>

As at 31 December 2022, finance lease receivables include the amounts of \$4,506,128,000 (2021: \$7,040,507,000) 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 2022 \$'000	At 31 December 2021 \$'000
Less than 1 year	16,794,436	22,582,074
1 to 2 years	12,203,921	14,508,799
2 to 3 years	9,244,807	9,788,972
3 to 4 years	5,532,157	5,428,491
4 to 5 years	3,803,147	3,381,890
More than 5 years	4,249,923	3,128,627
Total undiscounted finance lease receivables	<u>51,828,391</u>	<u>58,818,853</u>

24 OTHER ASSETS

	At 31 December 2022 \$'000	At 31 December 2021 \$'000
Other debtors and deposits	24,782,735	22,919,347
Interest receivables from interest-bearing financial assets	12,631,996	11,832,170
Value-added tax prepaid	1,228,706	1,232,650
Pension management fees receivable	532,980	1,165,926
Guarantee deposits paid	720,591	820,152
Receivables from payment service providers	494,488	675,266
Tax recoverables	37,219	171,289
Deposits for the purchase of property	58,687	69,307
Securities settlement fund	3,419,671	743,008
Prepayments	1,181,190	2,041,318
Inventories (<i>note (i)</i>)	171,607	244,476
Rental and utility deposits	207,331	213,374
Receivables from operating lease (<i>note (ii)</i>)	181,820	181,812
Tax certificate paid to Hong Kong Inland Revenue Department	181,696	174,449
Assets classified as held-for-sale (<i>Note 15</i>)	-	27,680
Others	3,734,753	3,326,470
Loans and advances	84,587,328	88,223,065
	109,370,063	111,142,412
Less: allowance for impaired debts	(960,084)	(975,686)
	<u>108,409,979</u>	<u>110,166,726</u>

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 2022, receivables from operating lease include the amounts of \$2,526,000 (2021: \$64,806,000) 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:

	2022 \$'000	2021 \$'000
At 1 January	975,686	604,168
Impairment losses recognised	68,494	354,089
Impairment losses written off	(17,810)	-
Exchange difference	(66,286)	17,429
At 31 December	<u>960,084</u>	<u>975,686</u>

As at 31 December 2022, the amount of impaired debts is \$960,084,000 (2021: \$975,686,000).

(b) Loans and advances are repayable with the following terms:

	At 31 December 2022 \$'000	At 31 December 2021 \$'000	Interest rate
Secured loans:			
- to policyholders	<u>84,587,328</u>	<u>88,223,065</u>	3.7% - 8.0%
	<u>84,587,328</u>	<u>88,223,065</u>	

25 PLEDGED AND RESTRICTED BANK DEPOSITS

As at 31 December 2022, the deposits at banks of \$646,940,000 (2021: \$612,482,000) 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 2022, the deposits at banks of \$737,089,000 (2021: \$635,536,000) 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 2022, the reserve deposits with the amount of \$135,893,000 (2021: \$157,660,000) are calculated at 5% (2021: 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 2022 \$ '000	At 31 December 2021 \$ '000
Deposits with banks and other financial institutions with original maturity less than three months	3,837,069	7,310,007
Cash at bank and on hand	38,428,697	32,635,898
	<u>42,265,766</u>	<u>39,945,905</u>

27 LIFE INSURANCE CONTRACT LIABILITIES

	2022			2021		
	Gross \$ '000	Reinsurers' share \$ '000	Net \$ '000	Gross \$ '000	Reinsurers' share \$ '000	Net \$ '000
Balance as at 1 January	887,816,852	(3,442,015)	884,374,837	706,785,380	(2,961,477)	703,823,903
Premiums written during the year	195,801,914	(2,392,892)	193,409,022	193,408,541	(3,132,432)	190,276,109
Benefits paid and others	(57,902,555)	2,453,776	(55,448,779)	(34,217,407)	2,679,253	(31,538,154)
Exchange difference	(75,167,298)	82,684	(75,084,614)	21,840,338	(27,359)	21,812,979
Balance as at 31 December	<u>950,548,913</u>	<u>(3,298,447)</u>	<u>947,250,466</u>	<u>887,816,852</u>	<u>(3,442,015)</u>	<u>884,374,837</u>

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 2022 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 2.43% to 4.65% (2021: 2.63% to 4.65%);
- Mortality/morbidity rates based on the China Life Insurance Mortality Table (2010-2013) and China Life Insurance Experience Critical Illness Table (2020); 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 2022	At 31 December 2021
		\$'000	\$'000
Discount rate	+0.25%	23,421,288	20,921,322
Discount rate	-0.25%	(25,368,269)	(22,810,025)
Mortality rate	+10%	(11,325,290)	(10,417,671)
Mortality rate	-10%	11,791,100	10,856,685
Lapse rate	+10%	6,527,280	6,251,404
Lapse rate	-10%	(6,949,858)	(6,715,491)

28 UNEARNED PREMIUM PROVISIONS

	At 31 December 2022			At 31 December 2021		
	Gross \$'000	Reinsurers' share \$'000	Net \$'000	Gross \$'000	Reinsurers' share \$'000	Net \$'000
Life insurance (note (i))	3,612,076	(375,070)	3,237,006	4,387,435	(611,040)	3,776,395
PRC domestic property and casualty insurance (note (ii))	13,568,626	(2,819,680)	10,748,946	13,225,391	(1,360,905)	11,864,486
Overseas property and casualty insurance (note (iii))	3,070,500	(657,093)	2,413,407	2,230,106	(929,506)	1,300,600
Reinsurance (note (iv))	3,366,793	(336,563)	3,030,230	2,942,416	(254,131)	2,688,285
Pension and group life (note (v))	1,850,481	(184,976)	1,665,505	2,010,680	(171,320)	1,839,360
	<u>25,468,476</u>	<u>(4,373,382)</u>	<u>21,095,094</u>	<u>24,796,028</u>	<u>(3,326,902)</u>	<u>21,469,126</u>

Notes:

(i) Analysis of movement in the unearned premium provisions for the life insurance business:

	2022			2021		
	Gross \$'000	Reinsurers' share \$'000	Net \$'000	Gross \$'000	Reinsurers' share \$'000	Net \$'000
Balance as at 1 January	4,387,435	(611,040)	3,776,395	4,730,434	(1,652,521)	3,077,913
Premiums written during the year	11,833,327	(1,248,180)	10,585,147	13,582,350	(1,694,245)	11,888,105
Premiums earned during the year	(12,253,092)	1,439,330	(10,813,762)	(14,057,385)	2,767,853	(11,289,532)
Exchange difference	(355,594)	44,820	(310,774)	132,036	(32,127)	99,909
Balance as at 31 December	<u>3,612,076</u>	<u>(375,070)</u>	<u>3,237,006</u>	<u>4,387,435</u>	<u>(611,040)</u>	<u>3,776,395</u>

(ii) Analysis of movement in the unearned premium provisions for the PRC domestic property and casualty insurance business:

	2022			2021		
	Gross \$'000	Reinsurers' share \$'000	Net \$'000	Gross \$'000	Reinsurers' share \$'000	Net \$'000
Balance as at 1 January	13,225,391	(1,360,905)	11,864,486	12,582,925	(1,179,054)	11,403,871
Premiums written during the year	33,347,252	(4,919,985)	28,427,267	33,687,028	(2,920,490)	30,766,538
Premiums earned during the year	(31,826,251)	3,300,045	(28,526,206)	(33,418,708)	2,780,150	(30,638,558)
Exchange difference	(1,177,766)	161,165	(1,016,601)	374,146	(41,511)	332,635
Balance as at 31 December	<u>13,568,626</u>	<u>(2,819,680)</u>	<u>10,748,946</u>	<u>13,225,391</u>	<u>(1,360,905)</u>	<u>11,864,486</u>

28 UNEARNED PREMIUM PROVISIONS (Continued)

Notes: (Continued)

(iii) Analysis of movement in the unearned premium provisions for the overseas property and casualty insurance business:

	2022			2021		
	Gross \$'000	Reinsurers' share \$'000	Net \$'000	Gross \$'000	Reinsurers' share \$'000	Net \$'000
Balance as at 1 January	2,230,106	(929,506)	1,300,600	2,100,553	(997,191)	1,103,362
Premiums written during the year	6,278,200	(2,309,001)	3,969,199	6,487,998	(2,528,984)	3,959,014
Premiums earned during the year	(5,404,260)	2,540,808	(2,863,452)	(6,326,224)	2,597,679	(3,728,545)
Exchange difference	(33,546)	40,606	7,060	(32,221)	(1,010)	(33,231)
Balance as at 31 December	<u>3,070,500</u>	<u>(657,093)</u>	<u>2,413,407</u>	<u>2,230,106</u>	<u>(929,506)</u>	<u>1,300,600</u>

(iv) Analysis of movement in the unearned premium provisions for the reinsurance business:

	2022			2021		
	Gross \$'000	Reinsurers' share \$'000	Net \$'000	Gross \$'000	Reinsurers' share \$'000	Net \$'000
Balance as at 1 January	2,942,416	(254,131)	2,688,285	2,731,699	(315,344)	2,416,355
Premiums written during the year	13,749,720	(1,698,501)	12,051,219	11,284,668	(1,701,225)	9,583,443
Premiums earned during the year	(13,129,918)	1,605,424	(11,524,494)	(11,130,663)	1,765,199	(9,365,464)
Exchange difference	(195,425)	10,645	(184,780)	56,712	(2,761)	53,951
Balance as at 31 December	<u>3,366,793</u>	<u>(336,563)</u>	<u>3,030,230</u>	<u>2,942,416</u>	<u>(254,131)</u>	<u>2,688,285</u>

(v) Analysis of movement in the unearned premium provisions for pension and group life business:

	2022			2021		
	Gross \$'000	Reinsurers' share \$'000	Net \$'000	Gross \$'000	Reinsurers' share \$'000	Net \$'000
Balance as at 1 January	2,010,680	(171,320)	1,839,360	1,912,040	(166,887)	1,745,153
Premiums written during the year	6,116,864	(658,855)	5,458,009	5,480,261	(580,713)	4,899,548
Premiums earned during the year	(6,106,340)	626,863	(5,479,477)	(5,438,491)	582,075	(4,856,416)
Exchange difference	(170,723)	18,336	(152,387)	56,870	(5,795)	51,075
Balance as at 31 December	<u>1,850,481</u>	<u>(184,976)</u>	<u>1,665,505</u>	<u>2,010,680</u>	<u>(171,320)</u>	<u>1,839,360</u>

29 PROVISION FOR OUTSTANDING CLAIMS

	At 31 December 2022			At 31 December 2021		
	Gross \$'000	Reinsurers' share \$'000	Net \$'000	Gross \$'000	Reinsurers' share \$'000	Net \$'000
Life insurance	1,029,790	(143,693)	886,097	1,409,666	(328,297)	1,081,369
PRC domestic property and casualty insurance (note (i))	11,593,162	(1,784,730)	9,808,432	10,519,150	(1,306,723)	9,212,427
Overseas property and casualty insurance (note (ii))	7,244,429	(3,051,325)	4,193,104	6,639,523	(2,817,681)	3,821,842
Reinsurance (note (iii))	12,544,172	(2,178,860)	10,365,312	10,729,243	(1,922,771)	8,806,472
Pension and group life (note (iv))	1,342,008	(154,417)	1,187,591	1,380,480	(188,809)	1,191,671
	<u>33,753,561</u>	<u>(7,313,025)</u>	<u>26,440,536</u>	<u>30,678,062</u>	<u>(6,564,281)</u>	<u>24,113,781</u>

Notes:

- (i) Analysis of movement in the provision for outstanding claims for the PRC domestic property and casualty insurance business:

	2022			2021		
	Gross \$'000	Reinsurers' share \$'000	Net \$'000	Gross \$'000	Reinsurers' share \$'000	Net \$'000
Balance as at 1 January	10,519,150	(1,306,723)	9,212,427	7,908,941	(1,524,522)	6,384,419
Claims paid during the year	(18,234,312)	1,233,761	(17,000,551)	(21,062,121)	1,584,206	(19,477,915)
Claims incurred / provision during the year (note)	20,378,597	(1,865,649)	18,512,948	23,362,114	(1,316,315)	22,045,799
Exchange difference	(1,070,273)	153,881	(916,392)	310,216	(50,092)	260,124
Balance as at 31 December	<u>11,593,162</u>	<u>(1,784,730)</u>	<u>9,808,432</u>	<u>10,519,150</u>	<u>(1,306,723)</u>	<u>9,212,427</u>

Note: As at 31 December 2022, the balance of provision for outstanding claims includes the provision for agricultural insurance liabilities amounting to \$29,389,000 (2021: \$15,097,000).

- (ii) Analysis of movement in the provision for outstanding claims for the overseas property and casualty insurance business:

	2022			2021		
	Gross \$'000	Reinsurers' share \$'000	Net \$'000	Gross \$'000	Reinsurers' share \$'000	Net \$'000
Balance as at 1 January	6,639,523	(2,817,681)	3,821,842	6,656,333	(2,906,183)	3,750,150
Claims paid during the year	(2,904,351)	842,532	(2,061,819)	(3,050,578)	778,066	(2,272,512)
Claims incurred during the year	3,644,885	(1,147,521)	2,497,364	3,043,147	(691,085)	2,352,062
Exchange difference	(135,628)	71,345	(64,283)	(9,379)	1,521	(7,858)
Balance as at 31 December	<u>7,244,429</u>	<u>(3,051,325)</u>	<u>4,193,104</u>	<u>6,639,523</u>	<u>(2,817,681)</u>	<u>3,821,842</u>

29 PROVISION FOR OUTSTANDING CLAIMS (Continued)

Notes: (Continued)

(iii) Analysis of movement in the provision for outstanding claims for the reinsurance business:

	2022			2021		
	Gross \$'000	Reinsurers' share \$'000	Net \$'000	Gross \$'000	Reinsurers' share \$'000	Net \$'000
Balance as at 1 January	10,729,243	(1,922,771)	8,806,472	8,564,751	(1,813,456)	6,751,295
Claims paid during the year	(12,182,404)	1,129,137	(11,053,267)	(9,481,526)	1,581,092	(7,900,434)
Claims incurred during the year	14,556,765	(1,432,072)	13,124,693	11,530,047	(1,682,523)	9,847,524
Exchange difference	(559,432)	46,846	(512,586)	115,971	(7,884)	108,087
Balance as at 31 December	<u>12,544,172</u>	<u>(2,178,860)</u>	<u>10,365,312</u>	<u>10,729,243</u>	<u>(1,922,771)</u>	<u>8,806,472</u>

(iv) Analysis of movement in the provision for outstanding claims for pension and group life business:

	2022			2021		
	Gross \$'000	Reinsurers' share \$'000	Net \$'000	Gross \$'000	Reinsurers' share \$'000	Net \$'000
Balance as at 1 January	1,380,480	(188,809)	1,191,671	969,973	(193,702)	776,271
Claims paid during the year	(4,997,950)	536,547	(4,461,403)	(4,231,102)	516,536	(3,714,566)
Claims incurred during the year	5,079,490	(517,429)	4,562,061	4,607,232	(506,110)	4,101,122
Exchange difference	(120,012)	15,274	(104,738)	34,377	(5,533)	28,844
Balance as at 31 December	<u>1,342,008</u>	<u>(154,417)</u>	<u>1,187,591</u>	<u>1,380,480</u>	<u>(188,809)</u>	<u>1,191,671</u>

30 INVESTMENT CONTRACT LIABILITIES

(a) Unit-linked products

	2022 \$'000	2021 \$'000
Balance as at 1 January	1,603,338	1,443,637
Premiums received during the year	452,807	485,967
Investment loss allocated to investment contracts	(323,167)	(86,862)
Surrenders and others	(229,300)	(283,648)
Exchange difference	(132,069)	44,244
Balance as at 31 December	<u>1,371,609</u>	<u>1,603,338</u>

30 INVESTMENT CONTRACT LIABILITIES (Continued)

(b) Universal life and other products

	2022 \$'000	2021 \$'000
Balance as at 1 January	84,887,613	75,595,506
Premiums received during the year	12,273,434	16,206,698
Interest allocated to investment contracts, net of management fee	2,809,859	3,070,149
Surrenders and others	(19,855,183)	(11,613,707)
Exchange difference	(5,212,551)	1,628,967
Balance as at 31 December	74,903,172	84,887,613

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 2022	38,674	(2,240,469)	2,035,928	8,027	567,939	(501,930)	2,144,146	1,632,391	3,684,706
(Charged)/credited to consolidated statement of profit or loss	6,028	129,514	461,056	2,112,105	58,300	769,413	(302,285)	1,475,273	4,709,404
(Charged)/credited to other comprehensive income	-	(9,377)	2,615,081	-	-	-	-	-	2,605,704
Exchange difference	(9,759)	196,139	(232,262)	(60,564)	(13,761)	12,522	(64,923)	(305,692)	(478,300)
At 31 December 2022	34,943	(1,924,193)	4,879,803	2,059,568	612,478	280,005	1,776,938	2,801,972	10,521,514
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)/credited 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	38,674	(2,240,469)	2,035,928	8,027	567,939	(501,930)	2,144,146	1,632,391	3,684,706

31 DEFERRED TAX ASSETS AND LIABILITIES (Continued)

(a) Deferred tax assets and liabilities recognised (Continued)

	At 31 December 2022 \$'000	At 31 December 2021 \$'000
Net deferred tax assets recognised in the consolidated statement of financial position	12,401,044	5,502,790
Net deferred tax liabilities recognised in the consolidated statement of financial position	(1,879,530)	(1,818,084)
	<u>10,521,514</u>	<u>3,684,706</u>

(b) Deferred tax assets not recognised

As at 31 December 2022, the Group did not recognise deferred tax assets in respect of certain tax losses of \$6,554,412,000 (2021: \$5,535,391,000) and certain temporary differences of \$365,921,000 (2021: \$445,754,000). \$1,108,232,000 (2021: \$1,108,094,000) 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 2022 \$'000	At 31 December 2021 \$'000
USD notes (<i>note (a)</i>)	2,339,026	4,635,923
RMB notes (<i>note (b)</i>)	4,477,929	12,260,628
RMB capital supplement notes (<i>note (c)</i>)	20,227,261	15,901,174
	<u>27,044,216</u>	<u>32,797,725</u>

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%. Interest on the notes was payable semi-annually in arrears. The notes were listed on The Stock Exchange of Hong Kong Limited and redeemed in November 2022.

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.

- (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. Interest on the notes is payable annually in arrears. The notes were redeemed during the third quarter of 2022.

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 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 were redeemed during the third quarter of 2022.

The notes issued are free of any collateral and guarantee.

32 INTEREST-BEARING NOTES (Continued)

Notes: (Continued)

- (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.

On 14 January 2022, TPL issued 3.45% capital supplement notes at par for the principal amount of RMB5,000,000,000. The notes will mature on 18 January 2032 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.

33 INSURANCE CREDITORS

	At 31 December 2022 \$'000	At 31 December 2021 \$'000
Prepaid premiums received	42,394,513	52,192,063
Amounts due to insurance customers/creditors	13,060,634	13,333,730
Amounts due to insurance intermediaries	11,443,473	8,649,994
Deposits retained from retrocessionaires	5,883,045	5,869,369
Surrender payable	6,690	351
	<u>72,788,355</u>	<u>80,045,507</u>

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 2022 \$'000	At 31 December 2021 \$'000
Current	10,406,043	10,076,491
More than 3 months but less than 12 months	2,520,705	3,177,663
More than 12 months	133,886	79,576
	<u>13,060,634</u>	<u>13,333,730</u>

34 OTHER PAYABLES AND ACCRUALS

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, Ministry of Finance of the PRC and People's Bank of China's Order (2022) No. 7 and the related regulatory rules, 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 2022			
	Held-to- maturity securities \$'000	Available- for-sale securities \$'000	Held-for- trading securities \$'000	Total \$'000
Carrying amount of transferred assets	43,301,840	6,649,545	13,539,255	63,490,640
Carrying amount of associated liabilities - securities sold under repurchase agreements	(12,431,290)	(1,796,159)	(12,858,890)	(27,086,339)
Net position	<u>30,870,550</u>	<u>4,853,386</u>	<u>680,365</u>	<u>36,404,301</u>
	At 31 December 2021			
	Held-to- maturity securities \$'000	Available- for-sale securities \$'000	Held-for- trading securities \$'000	Total \$'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>

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 2022, most of the securities purchased under resale agreements and the securities sold under repurchase agreements will mature within 28 days (2021: within 28 days), with interest rates of 3.5% to 5.5% (2021: 3% to 5%) and 2% to 6% (2021: 0.4% to 5%) 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
Balance at 1 January 2022	19,733	2,230,327	32,797,725	19,849,754	54,897,539
Changes from financing cash flows:					
Decrease in amounts due to group companies	(728)	-	-	-	(728)
Repayment of lease liabilities	-	(1,016,986)	-	-	(1,016,986)
Issuance of interest-bearing notes	-	-	5,816,388	-	5,816,388
Redemption of interest-bearing notes	-	-	(9,329,276)	-	(9,329,276)
Proceeds from bank borrowings	-	-	-	15,750,000	15,750,000
Repayment of bank borrowings	-	-	-	(14,599,754)	(14,599,754)
Total changes from financing cash flows	(728)	(1,016,986)	(3,512,888)	1,150,246	(3,380,356)
Non-cash changes:					
Additions of leases	-	1,020,005	-	-	1,020,005
Write off	-	(329,542)	-	-	(329,542)
Interest expenses on lease liabilities	-	62,612	-	-	62,612
Exchange difference	-	(173,292)	(2,240,621)	-	(2,413,913)
Total non-cash changes	-	579,783	(2,240,621)	-	(1,660,838)
Balance at 31 December 2022	19,005	1,793,124	27,044,216	21,000,000	49,856,345

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 2021	20,070	2,276,506	15,336,285	11,994,433	29,627,294
Changes from financing cash flows:					
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)
Total changes from financing cash flows	(337)	(1,188,687)	16,856,534	(652,770)	15,014,740
Non-cash changes:					
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
Total non-cash changes	-	1,142,508	604,906	8,508,091	10,255,505
Balance at 31 December 2021	19,733	2,230,327	32,797,725	19,849,754	54,897,539

38 BANK BORROWINGS

	At 31 December 2022 \$'000	At 31 December 2021 \$'000
Unsecured		
Bank loans (note (i))	16,400,000	11,349,754
Bank loans for finance lease receivables (note (ii))	33,567,750	33,396,254
	49,967,750	44,746,008
Secured		
Bank loan (note (iii))	4,600,000	8,500,000
Bank loans for finance lease receivables (note (iv))	5,899,279	6,899,498
	60,467,029	60,145,506

38 BANK BORROWINGS (Continued)

The bank borrowings are repayable as follows:

	At 31 December 2022 \$'000	At 31 December 2021 \$'000
Within 1 year	30,067,302	48,350,574
After 1 year but within 5 years	28,938,642	9,715,026
After 5 years	1,461,085	2,079,906
	<u>60,467,029</u>	<u>60,145,506</u>

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 2022, the bank loans are unsecured and carry interest at HIBOR plus 0.64% to HIBOR plus 1.10% (2021: HIBOR plus 0.80% to HIBOR plus 1.15%) per annum, with effective interest rates ranging from 4.85% to 6.07% (2021: 1.00% to 1.40%) per annum.
- (ii) As at 31 December 2022, the bank loans for finance lease receivables are unsecured and carry interest at weighted average interest rates ranging from 2.3% to 4.8% (2021: 0.4% to 4.3%) per annum.
- (iii) As at 31 December 2022, the bank loan is secured by investment properties and the shares of certain subsidiaries and pledged and restricted bank deposits and carry interest at HIBOR plus 1.03% (2021: HIBOR plus 1.20%), with effective interest rates at 5.38% per annum (2021: 1.36%).
- (iv) As at 31 December 2022, the bank loans are secured by operating lease assets, finance 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 2.47% to 6.08% (2021: 1.51% to 4.04%) per annum.

39 SHARE CAPITAL

	2022		2021	
	No. of shares	\$'000	No. of shares	\$'000
Ordinary shares, issued and fully paid:				
At 1 January	3,594,018,538	40,771,408	3,594,018,538	40,771,408
At 31 December	<u>3,594,018,538</u>	<u>40,771,408</u>	<u>3,594,018,538</u>	<u>40,771,408</u>

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
Balance at 1 January 2022	(5,615,659)	(6,842,218)	2,045,498	(188,263)	1,416,584	56,479,482	47,295,424	25,389,128	72,684,552
Profit for the year	-	-	-	-	-	2,796,608	2,796,608	2,741,748	5,538,356
Other comprehensive income for the year:									
Revaluation gain arising from reclassification of own-use properties to investment properties	-	-	-	-	63,196	-	63,196	7,081	70,277
Exchange differences on translation of the financial statements of subsidiaries, associates and joint ventures	-	-	(6,226,413)	-	-	-	(6,226,413)	(1,954,485)	(8,180,898)
Net changes in fair value of available-for-sale securities <i>(Note (i))</i>	-	-	-	(7,538,344)	-	-	(7,538,344)	(1,792,720)	(9,331,064)
Total comprehensive income	-	-	(6,226,413)	(7,538,344)	63,196	2,796,608	(10,904,953)	(998,376)	(11,903,329)
Dividend declared to shareholders	-	-	-	-	-	(1,653,249)	(1,653,249)	-	(1,653,249)
Dividend declared by subsidiaries to non-controlling interests	-	-	-	-	-	-	-	(1,213,202)	(1,213,202)
Acquisition of additional interest in a subsidiary	(2,644)	-	-	-	-	-	(2,644)	2,644	-
Balance at 31 December 2022	(5,618,303)	(6,842,218)	(4,180,915)	(7,726,607)	1,479,780	57,622,841	34,734,578	23,180,194	57,914,772

Note:

(i) Considering the application of shadow accounting, net changes in fair value changes of available-for-sale securities were presented net of an amount of \$6,879,637,000 related to changes in fair value of available-for-sale securities attributable to participating policyholders, net of deferred tax.

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 2021	(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)
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
Balance at 31 December 2021	(5,615,659)	(6,842,218)	2,045,498	(188,263)	1,416,584	56,479,482	47,295,424	25,389,128	72,684,552

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 \$7,161.36 million (2021: \$6,856.08 million) as at 31 December 2022.

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% (2021: 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
At 31 December 2022						
Assets						
Deposits at banks and other financial institutions (including statutory deposits)	1,354,517	19,240,096	15,006,343	38,854,992	-	74,455,948
Pledged and restricted bank deposits	813,045	339,070	367,791	-	16	1,519,922
Debt securities						
-held-to-maturity	-	6,891,119	6,580,691	51,214,764	441,756,965	506,443,539
-available-for-sale	-	4,770,635	8,859,138	47,076,206	75,180,620	135,886,599
-held-for-trading	-	1,685,010	6,209,390	25,202,885	11,173,978	44,271,263
-designated at fair value through profit or loss	-	-	20,516	-	-	20,516
Debt products						
-loans and receivables	-	10,746,161	17,048,531	49,647,249	10,256,230	87,698,171
Securities purchased under resale agreements	-	14,259,168	-	-	-	14,259,168
Loans and advances	70	53	84,587,205	-	-	84,587,328
Finance lease receivables	24,916	602,224	2,333,801	30,104,026	11,551,681	44,616,648
Amounts due from group companies	2,059,864	-	-	-	-	2,059,864
	<u>4,252,412</u>	<u>58,533,536</u>	<u>141,013,406</u>	<u>242,100,122</u>	<u>549,919,490</u>	<u>995,818,966</u>
Liabilities						
Interest-bearing notes	-	-	-	4,477,929	22,566,287	27,044,216
Lease liabilities	-	232,265	598,697	928,302	33,860	1,793,124
Bank borrowings	-	5,900,865	24,166,437	28,938,642	1,461,085	60,467,029
Investment contract liabilities						
- universal life and other products	5,057,381	339,754	742,887	2,511,442	66,251,708	74,903,172
Securities sold under repurchase agreements	-	25,915,359	1,170,980	-	-	27,086,339
Amounts due to group companies	19,005	-	-	-	-	19,005
	<u>5,076,386</u>	<u>32,388,243</u>	<u>26,679,001</u>	<u>36,856,315</u>	<u>90,312,940</u>	<u>191,312,885</u>

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 2021						
Assets						
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
Amounts due from group companies	2,051,643	-	-	-	-	2,051,643
	<u>3,510,153</u>	<u>36,332,851</u>	<u>151,750,755</u>	<u>279,545,453</u>	<u>506,580,224</u>	<u>977,719,436</u>
Liabilities						
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
	<u>2,488,321</u>	<u>38,873,645</u>	<u>41,604,468</u>	<u>20,886,938</u>	<u>95,600,631</u>	<u>199,454,003</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 2022			
	Level 1	Level 2	Level 3	Total
	\$'000	\$'000	\$'000	\$'000
Financial assets				
Investments in debt and equity securities:				
- Available-for-sale	164,939,077	109,492,709	36,947,373	311,379,159
- Held-for-trading	64,056,994	13,108,927	55,616	77,221,537
- Designated at fair value through profit or loss	-	21,780	54,027	75,807
Policyholder account assets in respect of unit-linked products	<u>1,238,244</u>	<u>133,365</u>	<u>-</u>	<u>1,371,609</u>
Financial liabilities				
Investment contract liabilities in respect of unit-linked products	<u>(1,238,244)</u>	<u>(133,365)</u>	<u>-</u>	<u>(1,371,609)</u>

	At 31 December 2021			
	Level 1	Level 2	Level 3	Total
	\$'000	\$'000	\$'000	\$'000
Financial assets				
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>
Financial liabilities				
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>

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 2022	39,993,844	106,251	106,575	40,206,670
Purchases	12,311,970	17,477	1,783	12,331,230
Gains or losses recognised in:				
- profit or loss	-	(68,160)	(54,283)	(122,443)
- other comprehensive income	(1,994,033)	-	-	(1,994,033)
Disposal and others	(10,569,999)	-	-	(10,569,999)
Transfer out of Level 3	(1,394,970)	-	-	(1,394,970)
Exchange difference	(2,890,539)	48	(48)	(2,890,539)
At 31 December 2022	<u>36,947,373</u>	<u>55,616</u>	<u>54,027</u>	<u>37,057,016</u>

	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	<u>950,953</u>	<u>364</u>	<u>711</u>	<u>952,028</u>
At 31 December 2021	<u>39,993,844</u>	<u>106,251</u>	<u>106,575</u>	<u>40,206,670</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)

At 31 December 2022, investments in debt and equity securities classified as available-for-sale with carrying amounts of \$454,625,000 (2021: \$231,955,000) 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 \$365,229,000 (2021: \$516,362,000) were transferred from Level 2 to Level 1 because quoted prices in active markets were available as at 31 December 2022.

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 2022 and 2021 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
At 31 December 2022					
Held-to-maturity debt securities	506,443,539	522,007,682	67,517,370	454,490,312	-
Loans and receivables					
- investment funds	505,842	505,842	-	505,842	-
- debt products	87,698,171	88,650,883	-	1,510,472	87,140,411
Interest-bearing notes	(27,044,216)	(26,935,382)	-	(26,935,382)	-
At 31 December 2021					
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)	-

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 2022 were as follows:

	At 31 December 2022 \$'000	At 31 December 2021 \$'000
Contracted for but not provided		
- property and equipment	1,714,215	3,111,967
- investments	4,560,466	8,367,112
Authorised but not contracted for		
- property and equipment	48,637	59,782
	6,323,318	11,538,861

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 \$31,463,923,000 (2021: \$29,014,183,000).

As at 31 December 2022, the Group had contracted with tenants for the following future minimum lease payments:

	At 31 December 2022 \$'000	At 31 December 2021 \$'000
Within 1 year	2,012,304	1,981,126
After 1 year but within 2 years	1,414,231	1,548,362
After 2 years but within 3 years	877,708	1,035,939
After 3 years but within 4 years	652,465	512,336
After 4 years but within 5 years	596,304	389,834
After 5 years	919,124	1,210,863
	<u>6,472,136</u>	<u>6,678,460</u>

45 POLICYHOLDER ACCOUNT ASSETS IN RESPECT OF UNIT-LINKED PRODUCTS

	At 31 December 2022 \$'000	At 31 December 2021 \$'000
Investments in held-for-trading securities		
- Investment funds	443,639	635,431
- Equity securities	534,167	564,195
- Debt securities	128,047	81,569
Cash and bank balances	195,377	233,787
Money market fund	63,533	56,006
Securities purchased under resale agreements	-	29,591
Other assets	6,846	2,759
	<u>1,371,609</u>	<u>1,603,338</u>

The above assets are held for policyholders of unit-linked products.

46 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 2022 and 2021.

47 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.

48 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 2022.

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.

48 STATEMENT OF FINANCIAL POSITION AND RESERVE OF HOLDING COMPANY
(Continued)

	<i>Note</i>	At 31 December 2022 \$'000	At 31 December 2021 \$'000
Assets			
Fixed assets			
- Property and equipment		57,077	93,519
- Investment properties		279,128	286,617
- Right-of-use assets		243,478	392,198
Interests in subsidiaries		48,947,256	47,111,784
Interests in associates		825,486	895,085
Financial assets at fair value through profit or loss		164,341	229,378
Deferred tax assets		151	104
Amounts due from group companies		7,557,358	7,684,059
Other assets		29,045	34,012
Cash and cash equivalents		911,188	3,204,346
		<u>59,014,508</u>	<u>59,931,102</u>
Liabilities			
Bank borrowings		8,550,000	7,300,000
Lease liabilities		252,998	401,898
Amounts due to group companies		2,632,622	4,987,817
Other payables and accruals		340,425	419,692
Current taxation		977	1,891
		<u>11,777,022</u>	<u>13,111,298</u>
Net assets		<u>47,237,486</u>	<u>46,819,804</u>
Capital and reserves			
Share capital	39	40,771,408	40,771,408
Reserves		6,466,078	6,048,396
Total equity		<u>47,237,486</u>	<u>46,819,804</u>

48 STATEMENT OF FINANCIAL POSITION AND RESERVE OF HOLDING COMPANY
(Continued)

	Capital reserve \$'000	Exchange reserve \$'000	Retained profits \$'000	Total \$'000
At 1 January 2022	(661,995)	(53,819)	6,764,210	6,048,396
Exchange difference on translation of foreign operations	-	108,054	-	108,054
Profit for the year	-	-	1,962,877	1,962,877
Dividend declared to shareholders	-	-	(1,653,249)	(1,653,249)
At 31 December 2022	(661,995)	54,235	7,073,838	6,466,078

	Capital reserve \$'000	Exchange reserve \$'000	Retained profits \$'000	Total \$'000
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	(661,995)	(53,819)	6,764,210	6,048,396

49 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.

(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 2022, the carrying amount of available-for-sale financial assets were \$311,379.07 million (2021: \$276,328.79 million).

49 ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)

(d) Determination of insurance liabilities

The Group's insurance liabilities as at 31 December 2022 are mainly comprised of unearned premium provisions of \$25,468.48 million (2021: \$24,796.03 million), provision for outstanding claims of \$33,753.56 million (2021: \$30,678.06 million) and life insurance contract liabilities of \$950,548.91 million (2021: \$887,816.85 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.

50 PARENT AND ULTIMATE HOLDING COMPANIES

The immediate holding company and the ultimate holding company as at 31 December 2022 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.

51 POSSIBLE IMPACT OF NEW HKFRSs ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 DECEMBER 2022

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 2022 and which have not been adopted in these financial statements.

HKFRS 17	Insurance Contracts ¹
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investors and its Associate or Joint Venture ³
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback ²
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current ²
Amendments to HKAS 1	Non-current Liabilities with Covenants ² related amendments to Hong Kong Interpretation 5 (2020) ²
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies ¹
Amendments to HKAS 8	Definition of Accounting Estimates ¹
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction ¹

Notes:

¹ Effective for annual periods beginning on or after 1 January 2023, with earlier application permitted.

² Effective for annual periods beginning on or after 1 January 2024, with earlier application permitted.

³ Effective for annual periods beginning on or after a date to be determined.

HKFRS 17 Insurance Contracts and HKFRS 9 Financial Instruments

The Group will apply HKFRS 17 and HKFRS 9 for the first time on 1 January 2023. These standards will bring significant changes to the accounting for insurance and reinsurance contracts and financial instruments and are expected to have a material impact on the Group's consolidated financial statements in the period of initial application.

HKFRS 17 replaces HKFRS 4 Insurance Contracts and is effective for annual periods beginning on or after 1 January 2023. HKFRS 17 establishes principles for the recognition, measurement, presentation and disclosure of insurance contracts, reinsurance contracts and investment contracts with discretionary participation features.

51 POSSIBLE IMPACT OF NEW HKFRSs ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 DECEMBER 2022 (Continued)

HKFRS 17 Insurance Contracts and HKFRS 9 Financial Instruments (Continued)

HKFRS 17 introduces a model that measures groups of contracts based on the Group's estimates of the present value of future cash flows that are expected to arise as the Group fulfils the contracts, an explicit risk adjustment for non-financial risk and a contractual service margin. Contracts are subject to different requirements depending on whether they have direct participating features. Contracts with direct participating features are substantially investment-related service contracts under which the Group promises an investment return based on underlying items. HKFRS 17 also provides an optional simplified measurement model for contracts that meet the eligibility criteria.

Changes in accounting policies resulting from the adoption of HKFRS 17 will be applied using a full retrospective approach to the extent practicable. If it is impracticable to apply a full retrospective approach to a group of contracts or to an asset for insurance acquisition cash flows, then the Group will choose between the modified retrospective approach and the fair value approach. Modified retrospective approach is to achieve the closest outcome to retrospective application possible using reasonable and supportable information available without undue cost or effort. If the Group cannot obtain reasonable and supportable information necessary to apply the modified retrospective approach, then it will apply the fair value approach.

HKFRS 9 replaces HKAS 39 and is effective for annual periods beginning on or after 1 January 2018, with early adoption permitted. However, the Group has met the relevant criteria and has applied the temporary exemption from HKFRS 9 for annual periods before 1 January 2023. Consequently, the Group will apply HKFRS 9 for the first time on 1 January 2023. The Group will apply classification overlay as permitted by HKFRS 17 to present the comparative information about its financial asset (including those that had already been derecognised as at 1 January 2023) as if the classification and measurement requirements of HKFRS 9 had been applied to that financial asset. In applying classification overlay the Group uses preliminary assessment performed at the transition date to determine how the entity expects the financial asset would be classified and measured on initial application of HKFRS 9.

The Group estimates there will be insignificant increase in the total equity at transition date, i.e. at 1 January 2022 as a result.

51 POSSIBLE IMPACT OF NEW HKFRSs ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 DECEMBER 2022 (Continued)

Amendments to HKFRS 10 and HKAS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments to HKFRS 10 Consolidated Financial Statements and HKAS 28 Investments in Associates and Joint Ventures deal with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. Specifically, the amendments state that gains or losses resulting from the loss of control of a subsidiary that does not contain a business in a transaction with an associate or a joint venture that is accounted for using the equity method, are recognised in the parent's profit or loss only to the extent of the unrelated investors' interests in that associate or joint venture. Similarly, gains and losses resulting from the remeasurement of investments retained in any former subsidiary (that has become an associate or a joint venture that is accounted for using the equity method) to fair value are recognised in the former parent's profit or loss only to the extent of the unrelated investors' interests in the new associate or joint venture.

The Directors do not anticipate that the application of the Amendments to HKFRS 10 and HKAS 28 will have a material effect on the Group's consolidated financial statements.

Amendments to HKRS 16 Lease Liability in a Sale and Leaseback

The amendments add subsequent measurement requirements for sale and leaseback transactions that satisfy the requirements of *HKFRS 15 Revenue from Contracts with Customers* to be accounted for as a sale. The amendments require a seller-lessee to determine "lease payments" or "revised lease payments" such that the seller-lessee would not recognise a gain or loss that relates to the right of use retained by the seller-lessee. The amendments also clarify that applying the requirements does not prevent the seller-lessee from recognising in profit or loss any gain or loss relating to subsequent partial or full termination of a lease.

As part of the amendments, Illustrative Example 25 accompanying HKFRS 16 is added to illustrate the application of the requirements in a sale and leaseback transaction with variable lease payments that do not depend on an index or rate.

The Directors do not anticipate that the application of Amendments to HKFRS 16 will have a material effect on the Group's consolidated financial statements.

51 POSSIBLE IMPACT OF NEW HKFRSs ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 DECEMBER 2022 (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.

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.

51 POSSIBLE IMPACT OF NEW HKFRSs ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 DECEMBER 2022 (Continued)

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.

52 EVENTS AFTER THE REPORTING PERIOD

- (a) In March 2023, TPre (China), a subsidiary of the Group issued 3.88% capital supplement debts at par for the principal amount of RMB1,300,000,000. The debts will mature on 6 March 2033 but the debts can be redeemed at the fifth anniversary year of the issue date at par value at the discretion of TPre (China). Interest on the debts is payable annually in arrears.

The debts issued are free of any collateral and guarantee.

- (b) The Company entered into an agreement on 9 March 2023 to issue perpetual subordinated capital securities in an aggregate principal amount of USD2,000,000,000 (approximately \$15.600 billion), callable in 2028. According to the terms and conditions of the securities, the securities confer a right on the holders to receive distributions from the issue date. The rate of distribution shall be (i) 6.40% per annum in respect of the period from and including the issue date to but excluding 9 March 2028, (ii) applicable 5 year United States Treasury securities rate plus 2.072% per annum in respect of the period from and including 9 March 2028. The Company may redeem in whole, but not in part, the securities at their principal amount together with any distributions accrued on or after 9 March 2028. The Company may elect to defer any distributions, and is not subject to any restriction as to the number of times distribution can be deferred, if any distribution have been deferred, the Company and its subsidiaries shall be subject to certain restrictions from making dividends or distributions. This transaction is classified as an equity transaction.

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 2022 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

	2022	2021	2020	2019	2018
	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000
Income					
Total premiums written and policy fees	264,995,077	262,549,260	233,534,532	223,018,522	199,631,606
Less: Premiums ceded to reinsurers	(11,027,499)	(10,835,446)	(13,201,539)	(10,665,260)	(14,750,180)
Net premiums written and policy fees	253,967,578	251,713,814	220,332,993	212,353,262	184,881,426
Change in unearned premium provisions, net of reinsurance	(1,283,450)	(1,218,133)	(2,401,260)	(3,585,232)	(307,168)
Net earned premiums and policy fees	252,684,128	250,495,681	217,931,733	208,768,030	184,574,258
Investment income	39,999,437	58,227,356	46,870,904	30,875,523	22,583,373
Other income	5,694,290	7,134,579	5,310,609	4,884,195	6,503,876
Total income	298,377,855	315,857,616	270,113,246	244,527,748	213,661,507
Benefits, losses and expenses					
Net policyholders' benefits	(102,545,094)	(85,908,107)	(65,274,064)	(58,373,515)	(76,933,688)
Net commission expenses	(22,248,614)	(24,106,866)	(21,145,845)	(24,003,597)	(25,043,772)
Administrative and other expenses	(31,026,823)	(34,418,746)	(34,249,967)	(35,278,267)	(31,007,723)
Change in life insurance contract liabilities, net of reinsurance	(137,960,243)	(158,737,955)	(132,417,008)	(112,979,016)	(65,486,615)
Total benefits, losses and expenses	(293,780,774)	(303,171,674)	(253,086,884)	(230,634,395)	(198,471,798)
Share of results of associates and joint ventures	4,597,081	12,685,942	17,026,362	13,893,353	15,189,709
Finance costs	24,631	609,426	(1,571,190)	1,760,901	344,005
Profit before taxation	1,498,272	10,913,836	13,264,809	13,325,822	13,112,385
Income tax credits/(charges)	4,040,084	38,537	(2,807,928)	(782,948)	(4,292,402)
Profit after taxation	5,538,356	10,952,373	10,456,881	12,542,874	8,819,983
Attributable to:					
Owners of the Company	2,796,608	7,513,701	6,548,980	9,008,522	6,883,569
Non-controlling interests	2,741,748	3,438,672	3,907,901	3,534,352	1,936,414
	5,538,356	10,952,373	10,456,881	12,542,874	8,819,983

Five Year Financial Summary (Continued)

(Expressed in Hong Kong dollars)

	2022	2021	2020	2019	2018
	\$'000	\$'000	\$'000	\$'000	\$'000
Assets and liabilities					
Statutory deposits	6,028,949	5,543,578	6,317,763	5,352,394	5,952,849
Fixed assets	63,063,287	63,595,390	50,088,262	46,935,042	38,697,014
Goodwill and intangible assets	980,661	985,356	983,773	981,086	993,382
Interests in associates and joint ventures	26,897,674	20,679,533	18,527,929	16,221,431	10,410,875
Deferred tax assets	12,401,044	5,502,790	2,239,919	1,641,853	2,932,103
Investments in debt and equity securities	983,324,596	963,524,800	821,686,758	604,364,322	461,928,068
Securities purchased under resale agreements	14,259,168	6,923,758	4,861,664	6,025,140	7,507,696
Amounts due from group companies	2,059,864	2,051,643	2,037,290	2,024,766	2,025,502
Insurance debtors	22,591,615	20,064,258	17,629,908	14,901,309	11,916,295
Reinsurers' share of insurance contract provisions	14,984,854	13,333,198	14,340,059	12,334,887	14,145,548
Policyholder account assets in respect of unit-linked products	1,371,609	1,603,338	1,443,637	1,083,703	960,649
Finance lease receivables	44,616,648	51,294,691	42,466,477	45,994,817	48,707,024
Other assets	108,409,979	110,166,726	94,509,136	78,203,410	64,921,288
Pledged and restricted bank deposits	1,519,922	1,405,678	1,231,963	972,663	743,522
Cash and cash equivalents and deposits at bank with original maturity more than three months	106,855,696	111,967,237	90,643,428	82,383,356	80,259,518
Total assets	1,409,365,566	1,378,641,974	1,169,007,966	919,420,179	752,101,333
Less: Total liabilities	(1,310,679,386)	(1,265,186,014)	(1,052,394,907)	(825,363,215)	(671,705,552)
Non-controlling interests	(23,180,194)	(25,389,128)	(25,965,607)	(17,749,360)	(14,665,872)
	<u>75,505,986</u>	<u>88,066,832</u>	<u>90,647,452</u>	<u>76,307,604</u>	<u>65,729,909</u>
Share capital	40,771,408	40,771,408	40,771,408	40,771,408	40,771,408
Reserves	34,734,578	47,295,424	49,876,044	35,536,196	20,251,282
Perpetual subordinated capital securities	-	-	-	-	4,707,219
	<u>75,505,986</u>	<u>88,066,832</u>	<u>90,647,452</u>	<u>76,307,604</u>	<u>65,729,909</u>
	<i>dollar</i>	<i>dollar</i>	<i>dollar</i>	<i>dollar</i>	<i>dollar</i>
Earnings per share					
Basic	0.778	2.091	1.822	2.457	1.844
Diluted	0.778	2.091	1.822	2.457	1.844

BIOGRAPHICAL DETAILS OF DIRECTORS, SENIOR MANAGEMENT AND COMPANY SECRETARY

EXECUTIVE DIRECTORS

Mr. WANG Sidong, aged 61, 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 (now the Ministry of Commerce), the Xinhua News Agency Hong Kong Branch (now the Liaison Office of the Central People's Government in the Hong Kong S.A.R), 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 57, has been the vice chairman and general manager of the Company since 2021. Mr. YIN has been the vice chairman and general manager of TPG and TPG (HK) since 2021, he is also a director of TPL, the chairman of TPI, the chairman of TPP and the chairman of TP Singapore. 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., a director of China Life Property and Casualty Company Limited, the chairman of China Life Investment Holding Company Limited, and a 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. XIAO Xing, aged 51, 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.

Mr. LI Kedong, aged 55, has been an executive director of the Company since January 2023, an executive director of TPG and TPG (HK) since March 2023, a deputy general manager of the Company since 2019 and a deputy general manager of TPG and TPG (HK) since 2020. He is also a director of TPI, a director of TPP, a director of TPAM, the chairman of TP Capital and the chairman of TPIM. Mr. LI has been the business director, general manager of client relationship management and business development department, general manager of product management department, general manager of project risk management department/state project business department, general manager of human resources department, general manager of Shanghai Branch and general manager of Guangdong Branch of China Export & Credit Insurance Corporation and the director of the administrator's office of the general office of Civil Aviation Administration of China. Mr. LI holds a master degree in aircraft structural mechanics from Beihang University, China. He is also an engineer.

NON-EXECUTIVE DIRECTORS

Mr. GUO Zhaoxu, aged 58, 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 57, 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 58, 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 59, 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 69, 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; and 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 68, has been an independent non-executive director of the Company since 2013. Mr. WU is a member of the 13th Standing Committee of the Chinese People's Political Consultative Conference National Committee; the chairman of The China Oxford Scholarship Fund; 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 CStone Pharmaceuticals; an INED of Venus Medtech (Hangzhou) Inc.; an INED of Ocumension Therapeutics; an INED of Sing Tao News Corporation Limited; an INED of Hui Xian Asset Management Limited (the manager of Hui Xian Real Estate Investment Trust); the chief advisor of MUFG Bank; a trustee of The Society for the Aid and Rehabilitation of Drugs Abusers; an advisor of Public Policy Advisory Committee of National Health Commission of the PRC; a 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 an INED of Guangdong Investment Limited, the chairman of China Resources Medical Holdings Company Limited, an INED of Agricultural Bank of China Limited; a member of State Council's Medical Reform Leadership Advisory Committee, PRC; an INED of Fidelity Funds; the chairman of Hong Kong Hospital Authority; the chairman and a director of Hong Kong General Chamber of Commerce; the chairman and a director of Bauhinia Foundation Research Center; the chairman of Far East and China of Ernst & Young PLLC; and the deputy chairman and an 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 65, has been an independent non-executive director of the Company since 2015. Mr. XIE is currently 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 the chairman and an executive director of China Fortune Financial Group 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.; a vice president of China Everbright Bank, Dalian Branch; and the 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 70, has been an independent non-executive director of the Company since 2020. 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 INED of New World Development Company Limited. Mrs. LAW had been a member of the Executive Council of the Government of the HKSAR, an external director of China Resources Holdings Company Limited, and 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. ZHU Jie, aged 54, has been a senior management since 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 2021, he is also a director and the general manager of TPI, and a director of TPP. Mr. ZHU holds a doctorate degree in economics from Nankai University, China.

Mr. ZHAO Feng, aged 50, has been a senior management since February 2023 and is currently a deputy general manager of the Company. Mr. ZHAO is currently a deputy general manager* of TPG and TPG (HK). Mr. ZHAO holds a bachelor degree in engineering from Harbin University of Science and Technology, China. He is also a senior engineer.

Mr. JIAO Yanjun, aged 50, has been a senior management since 2013. Mr. JIAO has joined TPG since 2013 and is currently a senior management 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 47, 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, a director and 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.

Mr. Li Qingming, aged 49, has been a senior management since December 2022 and is currently a chief business officer of the Company. Mr. LI has been a chief business officer of TPG and TPG (HK) since December 2022, he is also the general manager of the strategic management department and brand promotion department of the Company, TPG and TPG (HK), and the chief executive officer of TPL (HK). Mr. LI holds a bachelor's degree in national economic management from Nanchang University, China and a master's degree in law from Jiangxi University of Finance and Economics, China.

*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 2022.

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 2022 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.

CORPORATE CULTURE

The Group attached great importance to corporate culture construction. Our Vision is "Building an International and Modern Financial Group with the Highest Value Growth in China's Insurance Industry"; Development Philosophy is "Taiping for Your Peaceful Life"; Mission is "Creating a Safe, Healthy and Wealthy Life"; Values are "Integrity, Profession, Innovation, Value"; Enterprise Spirit is "Responsibility, Practical, Collaboration, Contribution."

The Group built a corporate culture transmission platform through its official Wechat account, official website, magazines, historical and cultural exhibition hall and other channels, to tell the Taiping stories well in order to develop a long-term mechanism for corporate culture construction, empowering itself. It established a positive corporate image through publicity on the authoritative media. It successfully held the Second "China Taiping Day" Activity, which enhances its cohesion internally and promotes its brand externally, motivating all Taiping people to forge ahead dauntlessly and persistently.

At the same time, riding on the momentums of Chinese Women's Football team winning the Asian Cup and XU Mengtao, the China Taiping ambassador of ice and snow sports, fulfilling her dream in the Beijing Winter Olympics, the Company launched a series of brand marketing activities to boost employees' sense of corporate pride and honor.

ENVIRONMENTAL, SOCIAL & GOVERNANCE (ESG) POLICY AND PERFORMANCE

Under the guidance of the national objective of “Carbon Peaking and Carbon Neutrality” and the “14th Five Year” plan of the Group, in response to the ESG related regulatory requirements for listed companies and the ESG investment trend of the capital market, the Group effectively integrated ESG into the strategy, governance, operation and various other aspects of the Group, allowing ESG to make positive contributions to the high-quality development of the Company and thus promoting the harmonious coexistence between human and nature during the development of ecological civilization and continuously improving people’s wellbeing in the progress towards common prosperity.

Promotion of ESG

The Group included ESG in the Outline of 14th Five-Year Plan, and align with the national “Carbon Peaking and Carbon Neutrality” target arrangements and clarify the Group's medium to long term sustainable development goals. It established a three-level ESG management structure consisting of “the Board of Directors – the green finance and ESG management committee (under the management) - the committee office”, and set up a top-down green finance and ESG execution system with the full participation of all companies and departments. And it established three major guidelines for comprehensive ESG efforts, green insurance and ESG investment, to integrate ESG into the whole chain of business development and the whole process of daily operation.

Contribution to Green Development

The Group actively fulfilled its responsibilities as a central enterprise, formulated and implemented the Guideline of China Taiping Group on Supporting Green Development (《中國太平保險集團關於支持綠色發展的實施意見》), in which the Group highlights the significance of the green finance development and clarifies the specific tasks and actions. It explored the model of “Green Insurance + Green Investment” and expanded the supply and consumption of green and low-carbon financial insurance products, leveraged the advantages of insurance business to develop green insurance such as pollution liability insurance, innovated and developed financial tools for emission reduction and gave priority to the “Green Industry” when underwriting projects.

In strict compliance with the Environmental Protection Law of the People's Republic of China (《中華人民共和國環境保護法》) and other laws and regulations in the countries and regions where it operates, the Group promote green and low-carbon operation and develops green buildings, and constantly improves awareness of employees for energy-saving and environmental protection and practices green lifestyle to reduce pollutants and greenhouse gas emissions and wastes.

Fulfill Social Responsibility

In strict compliance with the Labor Law of the People's Republic of China(《中華人民共和國勞動法》), the Employment Ordinance of Hong Kong and other laws and regulations in the countries and regions where it operates, the Group improves its labor force employment system on an ongoing basis to safeguard interests and rights of its employees. Meanwhile, the Group also devotes more efforts in increasing well-being of people, and makes active contribution to rural revitalization, promotion of employment, public welfare, disaster relief and other fields.

Details of the Group’s ESG performance in 2022 will be disclosed in the 2022 Environmental, Social and Governance (ESG) & Corporate Social Responsibility Report.

RELATIONSHIPS WITH KEY STAKEHOLDERS

Stakeholders, including shareholders, customers, employees, business partners, government and 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 objectives 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.

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; helping business managers to improve team operation ability; helping senior managers and senior executive management improving team operation 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.

RELATIONSHIPS WITH KEY STAKEHOLDERS (Continued)

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. 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:

	Percentage of the Group's total gross premiums written and policy fees
The largest insurance customer	0.67%
Five largest insurance customers in aggregate	2.35%

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.

RISK FACTORS

In 2022, 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, according to the risk appetite determined by the Board, the Company further improved the risk appetite indicator system, enhance risk appetite transmission and monitor risks based on its implementation; secondly, further strengthened the comprehensive risk management foundation, consolidated the management mechanism for various departments with separate responsibilities and their coordination and cooperation, reviewed and improved the risk management system, and enhanced the ability of comprehensive risks management and collaboration to effectively identify, assess and control of risks in key areas and key projects, according to the relevant regulatory and the Company's requirements.

RISK FACTORS (Continued)

The major risks and countermeasures of the Company in 2022 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 2022, the international economic and finance situation were still intricate and complex, and the world’s major changes unseen in a century are accelerating. The global economy will still be under great pressure as the recovery of world economy is increasingly imbalanced and unstable and the financial market is dramatically volatile. It is expected that global inflation will slow down moderately but still exceed the long-term target. As China's economic development has entered a period of coexistence of strategic opportunities and risks and challenges, as well as increasing uncertainties and unpredictable factors, the Company will actively fulfill its responsibility as a central enterprise and initiatively participate in the overall development of China, actively serve national strategy, support the real economy and promote people’s well-being to explore business opportunities and promote the realization of strategic objectives of the Group and its subsidiaries. At the same time, the Company will strengthen strategy 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 perfecting operational risk-related policy, refining operational risk prevention and control measures, improving authorisation management mechanism and strengthening the supervision effect of internal audit while strengthening its advocating, and actively promoted various risks screening and further enhanced the risk prevention and control mechanism on this 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 and comprehensively enhance the capability of information system to support and protect business development.

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 2022, 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.

CONSOLIDATED FINANCIAL STATEMENTS

The profit of the Group for the year ended 31 December 2022 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 (2021: Nil). The Board recommended the payment of a final dividend of 26 HK cents per Share in respect of the year ended 31 December 2022 (2021: final dividend of 46 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 2023 to shareholders whose names appear on the register of members of the Company on 12 July 2023, being the record date for determining shareholders' entitlement to the proposed final dividend.

In order to ascertain the entitlement of the final dividend for 2022, the register of members will be closed on 12 July 2023, during which no transfer of Shares will be registered. To be eligible to receive the aforesaid cash dividend, the transfer documents must be lodged with the Company's registrar and transfer office, Hong Kong Registrars Limited, at Shops 1712-1716, Hopewell Centre, 183 Queen's Road East, Hong Kong by shareholders no later than 4:30 p.m. on 11 July 2023.

SHARE CAPITAL

Details of the Shares issued in the year ended 31 December 2022 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 2022, the Company's reserves available for distribution amounted to HK\$7,074 million (2021: HK\$6,764 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\$11.05 million (2021: HK\$6.10 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
XIAO Xing
LI Kedong (*appointed on 18 January 2023*)
HONG Bo (*resigned on 29 August 2022*)

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 93 and 97 of the Company's articles of association, Mr. XIAO Xing, Mr. LI Kedong, Ms. ZHANG Cui and Mr. XIE Zhichun, 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.

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 29 August 2022 (being the date of approval of the Company's 2022 Interim Report and 28 March 2023 (being the date of approval of the Company's 2022 Annual Report) are set out below:

Mr. WU Ting Yuk Anthony was appointed as an independent non-executive director of Hui Xian Asset Management Limited (the manager of Hui Xian Real Estate Investment Trust) with effect from November 2022.

Mrs. LAW FAN Chiu Fun Fanny was appointed as an independent non-executive director of New World Development Company Limited with effect from December 2022.

Mr. LI Kedong was appointed as an executive director of TPG an TPG (HK) with effect from March 2023.

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 2022, 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 2022, 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 <i>(note 1)</i>	Long Position	61.25
TPG (HK)	1,903,882,000 Shares as beneficial owner and 297,633,256 Shares <i>(note 2)</i> 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, 63,232,419 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 2022.

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 47 to the consolidated financial statements constitute a discloseable 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 2022 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 2022.

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

During 2020 and 2022, 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.

The term of service of the Messrs. KPMG, will expire at the conclusion of the Company's 2023 annual general meeting. Based on the bidding and procurement results and the recommendation of the audit committee of the Board, the Board proposed to appoint Messrs. PricewaterhouseCoopers as the auditors of the Company for the year ended 31 December 2023 and relevant resolution will be proposed at the forthcoming annual general meeting for shareholders' approval. The Company will make further announcement pursuant to Rule 13.51(4) of the Listing Rules in relation to the change of auditor as and when appropriate.

By Order of the Board
WANG Sidong
Chairman

Hong Kong, 28 March 2023

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:

The chairman of the Board, Mr. WANG Sidong, was unable to attend the annual general meeting of the Company held on 9 June 2022 (the “Meeting”) due to other business engagement. Mr. YIN Zhaojun, the vice chairman, executive director and general manager of the Company, chaired the Meeting on behalf of the chairman of the Board and was available to answer questions

DIRECTORS’ SECURITIES TRANSACTIONS

The Company has adopted the model code set out in Appendix 10 to the Listing Rules (the “Model Code”) 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 6 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	
Executive Directors							
Mr. WANG Sidong	6/6	-	-	1/1	1/1	-	0/1
Mr. YIN Zhaojun	6/6	-	-	-	1/1	4/4	1/1
Mr. XIAO Xing	6/6	-	-	-	1/1	4/4	1/1
Mr. LI Kedong <i>(appointed on 18 January 2023)</i>	-	-	-	-	-	-	-
Mr. HONG Bo <i>(resigned on 29 August 2022)</i>	2/4	-	-	-	-	-	1/1
Non-executive Directors							
Mr. GUO Zhaoxu	6/6	-	-	-	-	4/4	1/1
Mr. HU Xingguo	6/6	4/4	-	-	-	-	1/1
Ms. ZHANG Cui	6/6	4/4	-	-	-	4/4	1/1
Mr. YANG Changgui	6/6	-	-	-	-	-	1/1
Independent Non-executive Directors							
Mr. ZHU Dajian	4/6	4/4	-	1/1	-	-	1/1
Mr. WU Ting Yuk Anthony	5/6	4/4	-	1/1	-	-	1/1
Mr. XIE Zhichun	6/6	4/4	-	-	-	4/4	1/1
Mrs. LAW FAN Chiu Fun Fanny	4/6	4/4	-	1/1	-	-	1/1

Note: AC – Audit Committee

RC – Remuneration Committee

NC – Nomination Committee

CGC – Corporate Governance Committee

RMC – Risk Management Committee

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.

BOARD OF DIRECTORS (Continued)

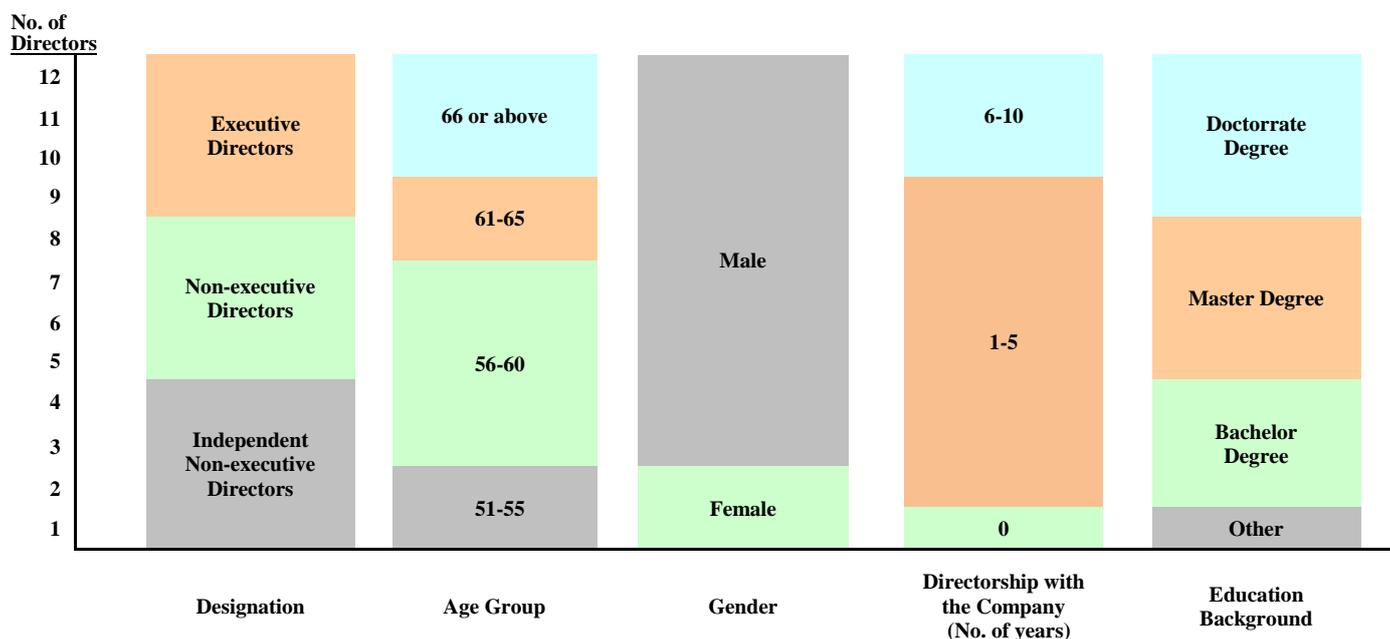
The non-executive Directors and the independent non-executive Directors are not appointed for specific terms but are subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the Company's articles of association.

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. Currently, the Board have 12 Directors, two of whom are female, representing for approximately 16.7%. The Board wish to maintain at least the current level of female membership. As more and more women are holding high positions in the economic system, the Board will continue to increase the ratio of female members if there are suitable candidates in the future.

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.

MECHANISMS TO ENSURE INDEPENDENT VIEWS AND INPUT ARE AVAILABLE TO THE BOARD

The nomination committee reviewed from time to time and considered that the following key features or mechanisms under the Board and governance structure are effective in ensuring that independent views and input are provided to the Board

- (1) Board and board committees' structure - The Board has 4 independent non-executive Directors, who are independent of and not related to each other, other members of the Board and any members of the senior management. The majority of the audit committee, remuneration committee and nomination committee members are independent non-executive Directors, while the audit committee, remuneration committee and risk management committee are chaired by independent non-executive Directors.
- (2) Independent non-executive Directors' remuneration - Independent non-executive Directors receive a fixed director's fee.
- (3) Appointment of independent non-executive Directors - In assessing the suitability of the candidates, the nomination committee will review their biographical details, qualifications and time commitment, and will also consider if the candidate align with the composition of the board, the skills and experience of the Directors, and comply with the Company's nomination policy and board diversity policy.
- (4) Independent non-executive Directors provide time commitment and annual review of independence - All independent non-executive directors provide details of their positions in public companies or organisations to the Company every year, and confirm to the Company that they have devoted sufficient time and energy to handle Company's affairs. At the same time, independent non-executive directors are required to undergo a review of their independence when they are appointed, and an annual review thereafter to ensure their independence.
- (5) Conflict of interest management - When holding board meetings or board committees meetings, all Directors are required to declare their interests in accordance with the Company's articles of association and take appropriate actions to avoid conflicts of interest.
- (6) Independent non-executive Directors participate in the proposal reporting or research meetings of the Board - All independent non-executive Directors are invited to participate in proposal reporting meetings to share their views and opinions. The opinions of all independent non-executive Directors are important and will be properly handled. Furthermore, depending on working needs or the requirements of independent non-executive Directors, the Company will arrange independent non-executive Directors to participate in various research activities and participate in meetings related to Group's operation and management.
- (7) Meeting between independent non-executive Directors and the chairman - The annual meeting between the chairman and all independent non-executive Directors is held without the presence of other directors, providing an effective platform for the chairman to receive independent opinions on various issues of the Group.
- (8) Professional advice - To facilitate proper discharge of their duties, all Directors (including independent non-executive Directors) are entitled to seek advice from the company secretary or the in-house legal team as well as from independent professional advisers at the Company's expense.

EMPLOYEE GENDER DIVERSITY

The Company also promotes diversity policy at employee level. As at 31 December 2022, the Company had a total of 68,386 employees (including senior management), of whom 51.1% were female and 48.9% were male, and the overall ratio of male to female employees of the Company in this regard maintained relatively even. The proportions of female full-time internal staffs by job function were approximately 42.3%, 52.0% and 39.4% in the management, professional and operational categories, respectively, and the Company has achieved solid results in gender diversity. The Company will continue to pay attention to the diversity of the workforce structure, carry out monthly statistics on the gender, age, education, cultural background and work experience and other information of all employees, and conduct regular analysis to avoid structural imbalance and continuously promote and maintain a diverse workforce environment.

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, including Mr. LI Kedong's appointment in January 2023. Mr. WANG Sidong, Mr. YIN Zhaojun, 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 C.1.4 of the Code 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, while Mr. YIN Zhaojun is the general manager of the Company. 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

The 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.

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 2022 to the date of this announcement, the Audit Committee held 5 meetings. The subject matters of the work performed in accordance with its terms of reference are mainly set out below:

- Reviewed the interim results, annual results of the Company and its subsidiaries for 2022;
- 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;
- Reviewed anti-corruption policy and whistleblowing policy; and
- Reviewed the system of internal controls and the findings and recommendations of the internal audit function.

REMUNERATION COMMITTEE

The 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; and to assess the performance of executive Directors and to determine the specific remuneration packages of all executive Directors and senior management and make recommendations to the Board.

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.

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, and 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 2022 to the date of this announcement, the Remuneration Committee held 1 meeting. The subject matters of the work performed in accordance with its terms of reference are mainly set out below:

- Approved the remuneration of Directors and senior management; and
- Approved the appointment letter of Director.

NOMINATION COMMITTEE

The 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. For details of the Company's nomination policy, please refer to the section headed "Nomination Policy and Board Diversity Policy" above.

Mr. LI Kedong, an executive Director, was appointed as a member of the Remuneration Committee on 18 January 2023. Mr. HONG Bo resigned as a member of the Remuneration Committee on 29 August 2022. Currently, Mr. WANG Sidong, the chairman of the Board and an executive Director, is the chairman of the Nomination Committee, with an executive Director Mr. LI Kedong, and 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 2022 to the date of this announcement, the Nomination Committee held 2 meetings. The subject matter of the work performed in accordance with its terms of reference are mainly set out below:

- Reviewed the structure, diversity policy and policy of independent views mechanism 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 in accordance with the nomination policy.

CORPORATE GOVERNANCE COMMITTEE

The 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. LI Kedong, an executive Director, was appointed as a member of the Corporate Governance Committee on 18 January 2023. Mr. HONG Bo resigned as a member of the Corporate Governance Committee on 29 August 2022. 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. XIAO Xing and Mr. LI Kedong, as members.

During the period from 1 January 2022 to the date of this announcement, the Corporate Governance Committee held 2 meetings. The subject matters of the work performed in accordance with its terms of reference are mainly set out below:

- Reviewed the structure, diversity policy and policy of independent views mechanism of the Board;
- Reviewed the shareholder communication policy review report; and
- Reviewed compliance with the Code and disclosure in the Corporate Governance Report.

RISK MANAGEMENT COMMITTEE

The 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.

Currently, Mr. XIE Zhichun, an 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 2022 to the date of this announcement, the Risk Management Committee held 4 meetings. The subject matters of the work performed in accordance with its terms of reference are mainly set out below:

- Reviewed the quarterly and annual risk management reports and annual compliance report; and
- Reviewed the risk appetite 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 2022 financial year, the fees paid and payable for the Group was HK\$41.92 million, of which the fees for the statutory audit and other assurance services were HK\$34.18 million and tax advisory and non-audit services were HK\$7.74 million.

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 2022, 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, consolidated and strengthened the synergy of the risk management organisational structure, enhanced risk management level, and enhanced the risk assessment and response capacity, in order to promptly solve existing risks and effectively prevent new risks. The Board considers that the risk management of the Group during 2022 was effective as a whole and that risks were manageable. In terms of ESG, the Company incorporated ESG into its comprehensive risk management work and started to study and build the Group's ESG risk management framework to identify, monitor, evaluate and manage ESG risks.

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 Year. 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 2022 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 2022, 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, perfecting the risk management framework and mechanism, defining the management culture that "Risk Management is Everyone's Responsibility" focusing on risk prevention and control in key areas, strengthening its capability to address risks and handle crisis situations, 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 strengthened the coordination and cooperation among organisations to create synergy in risk prevention and control and continuously optimise the risk prevention and control framework and mechanism.

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, and on this basis, further enhanced capital constraints and strengthened the Group's unique risk management to promote the high-quality development of the Group's business.

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, the Company continuously perfected and 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. Thirdly, at the same time, the Company kept on enhancing the application of information technology in risk management and continuously optimised “Intelligent Risk Control Platform” to provide technical support for the improvement of risk management capacity and efficiency.

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 Year, 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. In 2022, the Group formulated and amended 91 rules and systems to continuously promote the rules and systems update and improvement; further prepared the authorisation plan for 2022 to promote modernisation of corporate governance system; organised the 2022 Publicity Month for Prevention of Illegal Fund Raising to publicise and popularise the knowledge of prevention of illegal fund raising to the general public; conducted several trainings on analysis of compliance situation, authorisation management practices, professional ethics and codes of conduct for new employees, incompatible position analysis, internal control and operational risk evaluation practices, etc. to continuously enhance the awareness of internal control and compliance among employees at all levels and optimise internal control and compliance performance assessment rules.

RISK MANAGEMENT (Continued)

3.2.2 Continuous Improvement in the Ability of Risk Identification, Assessment and Handling

The Company further established and improved its risk management structure and system, and formulated and revised 22 risk management systems; conducted operational risk identification across the organisation, and urged each company to take measures such as early-stage prevention, mid-stage monitoring and post-stage disposal against risks identified during the process, and to formulate risk prevention and control plans and establish a long-term effective mechanism for operational risks prevention; strengthened compliance risk research and judgment, and comprehensively analysed the number, distribution, characteristics and causes of administrative penalties imposed on each subsidiary in recent years, to comprehensively research and judge the situation faced by the Group.

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. Over a period of three years, we have completed the review of business process and the compilation of internal control and compliance manuals to continuously improve the process-based internal control and management mechanism; completed the special work of reviewing the incompatible positions to strengthen the counterbalances of positions; revised the relevant systems of budget management and capital management to constantly improve the financial management mechanism; amended the relevant systems of reserve and reinsurance management to continuously improve the Company's insurance actuarial and reinsurance management level; rationalised the management systems and mechanisms of overseas investment to establish a management system of entrusted external investment and strengthen the use and investment management of the Group's funds; comprehensively rationalised and optimised the management of connected transactions to further enhance the effectiveness of connected transaction management and promote the optimisation of the connected transaction management system; continued to promote the construction of the Company's cloud desktop and other technical platforms to constantly strengthen the information security management; and organised and implemented the governance of information about equities and connected transactions to conduct the special rectification of 2022 equity and connected transaction management on a regular basis.

3.2.4 Internal Information Exchange and Communication has been More Efficient

The Company established a standalone department to further improve the management structure; formulated the “Management Measures for Emergencies” to enhance the management of facing negative public opinion and emergencies. The Company also enhanced its management of the official website, official Wechat and image copyright, and established a system for collecting and handling information. In addition, the Company regulated the reporting and information disclosure of external press release, strengthened public opinion monitoring and revised the work supervision management system to strengthen the follow-up and implementation of key tasks of the Company.

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. According to the requirements of insurance “C-ROSS” Phase II regulatory rules, the audit supervision was continuously improved. The Company also optimised the work mechanism for audit issue rectification and carried out the closed-loop rectification management. The Company has established a sound joint supervision mechanism to promote the information sharing and exchanges between various supervision departments, and create a synergy of supervision. The Company urged its subsidiaries to formulate the management measures for the violation of laws and regulations of employees and established a regular management mechanism for accountability to strengthen the accountability for the violation of regulations.

RISK MANAGEMENT (Continued)

3.2.6 Internal Control Assessment

During the Year, 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 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, and enhanced the risk management in accordance with relevant requirements such as regulatory rules of “C-ROSS” Phase II. 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 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 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.

3.2.7 Whistleblowing Policy

The Company is committed to maintaining good corporate management, corporate responsibility and high transparency. Therefore, the Company has formulated a whistleblowing policy to expect and encourage all Directors and employees at all levels of the Group and those who have dealings with the Group to report any misconduct, fraud, or irregularity (including discrimination and harassment) within the Group, and to provide guidance on non-anonymous or anonymous reporting to the Audit Committee.

3.2.8 Anti-corruption Policy

Integrity, honesty, fairness and impartiality are the core values of the Company that all Directors and employees at all levels of the Group must always uphold. The Company is committed to maintaining a high standard of business integrity, honesty and transparency in all its business transactions. Therefore, the Company has formulated an anti-corruption policy which emphasizes anti-corruption obligations of all Directors and employees of the Company.

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, SFO 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 of the Company, 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

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 Company's 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, features a dedicated Investor Relations section, publishes corporate information and other related financial and non-financial information (including its financial and operational performance, business plan and strategy, material developments, corporate governance and structures etc), aimed at facilitating effective communications with the shareholders, investors and other stakeholders. The latest information on the Company, including annual and interim reports, environmental, social and governance (ESG) & corporate social responsibility report, announcements, circulars, press releases as well as constitutional documents, are also available on the website. At the same time, the Company also communicates with shareholders and investors via shareholder meetings, investor meetings, face-to-face meetings, and open days, and arranges an investor relations team to handle shareholders' constant inquiries and maintain communication.

In summary, the Company promotes effective communication and keep in touch with shareholders through different channels, and the corporate governance committee believes that the shareholder communication policy was properly implemented and appropriate during the Year and the shareholder communications policy has been updated accordingly.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

WANG Sidong	<i>Chairman</i>
YIN Zhaojun	<i>Vice Chairman and General Manager</i>
XIAO Xing	<i>Deputy General Manager</i>
LI Kedong	<i>Deputy General Manager</i>

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	<i>Chairman</i>
HU Xingguo	
ZHANG Cui	
ZHU Dajian	
XIE Zhichun	
LAW FAN Chiu Fun Fanny	

REMUNERATION COMMITTEE

ZHU Dajian	<i>Chairman</i>
WANG Sidong	
YIN Zhaojun	
YANG Changgui	
WU Ting Yuk Anthony	
XIE Zhichun	
LAW FAN Chiu Fun Fanny	

NOMINATION COMMITTEE

WANG Sidong	<i>Chairman</i>
LI Kedong	
ZHU Dajian	
WU Ting Yuk Anthony	
LAW FAN Chiu Fun Fanny	

CORPORATE GOVERNANCE COMMITTEE

WANG Sidong	<i>Chairman</i>
YIN Zhaojun	
XIAO Xing	
LI Kedong	

RISK MANAGEMENT COMMITTEE

XIE Zhichun	<i>Chairman</i>
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@cntaiping.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

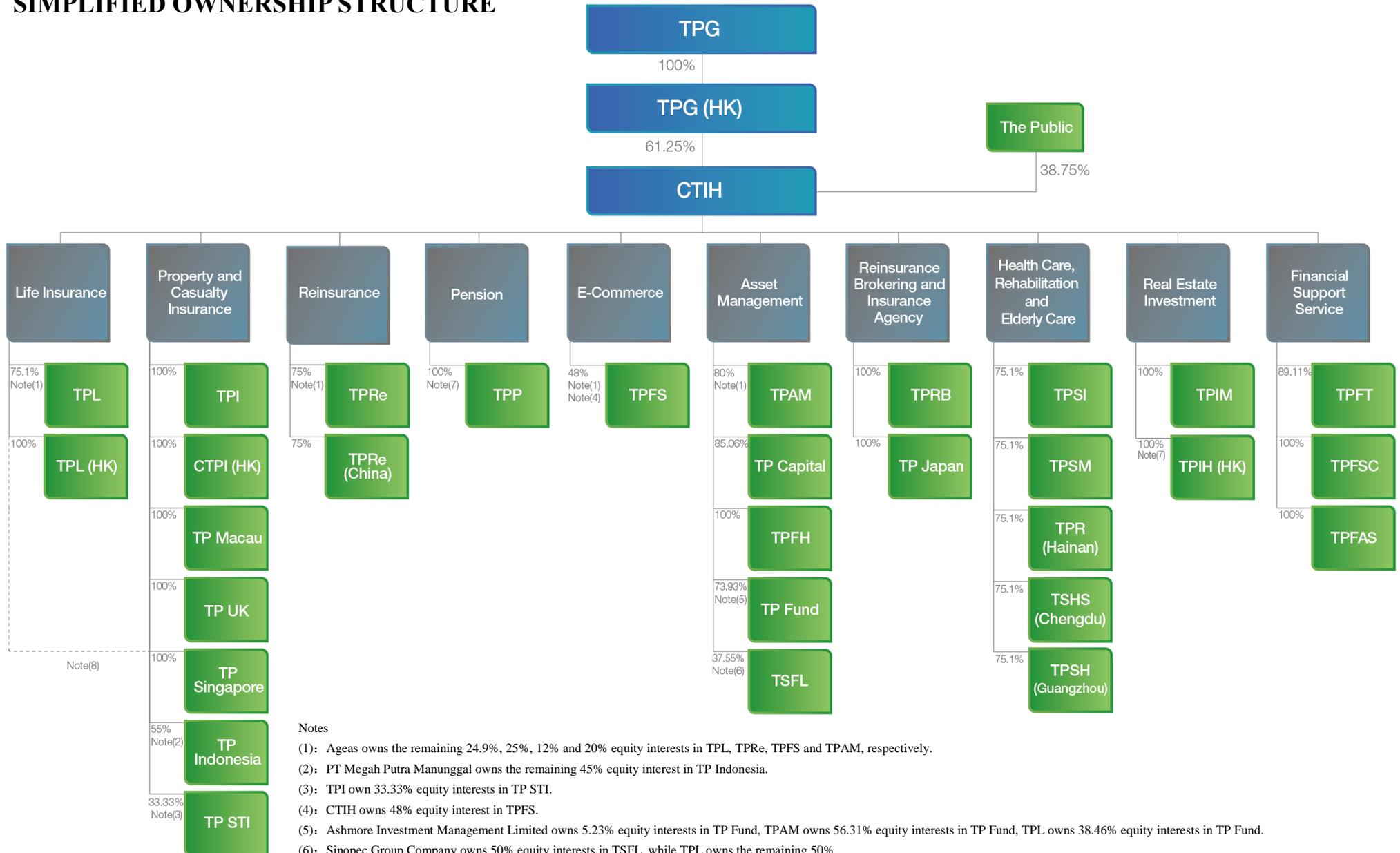
WEBSITE

www.ctih.cntaiping.com
www.cntaiping.com

STOCK MARKET LISTING

The Main Board of The Stock Exchange
of Hong Kong Limited
(Stock Code: HK 00966)

SIMPLIFIED OWNERSHIP STRUCTURE



Notes

- (1): Ageas owns the remaining 24.9%, 25%, 12% and 20% equity interests in TPL, TPre, TPFS and TPAM, respectively.
- (2): PT Megah Putra Manunggal owns the remaining 45% equity interest in TP Indonesia.
- (3): TPI own 33.33% equity interests in TP STI.
- (4): CTIH owns 48% equity interest in TPFS.
- (5): Ashmore Investment Management Limited owns 5.23% equity interests in TP Fund, TPAM owns 56.31% equity interests in TP Fund, TPL owns 38.46% equity interests in TP Fund.
- (6): Sinopec Group Company owns 50% equity interests in TSFL, while TPL owns the remaining 50%.
- (7): In addition to operating its own business lines, TPIH (HK) and TPP also act as investment platforms in the asset management business.
- (8): TP Singapore also has life insurance business license and was a comprehensive insurance company.
- (9): The ratios shown were effective interests. Except for notes (1) to (6), shares of the subsidiaries were held by the Company and/or its subsidiaries.
- (10): The above structure was as of 31 December 2022.

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
“CBIRC”	China Banking and Insurance Regulatory Commission
“Code”	Corporate Governance Code as set out in Appendix 14 of the Listing Rules
“Company” or “CTIH”	China Taiping Insurance Holdings Company Limited
“C-ROSS”	China Risk Oriented Solvency System
“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
“Hong Kong” or “HKSAR”	Hong Kong Special Administrative Region of the PRC
“Indonesia”	Republic of Indonesia
“Last Year”	The year ended 31 December 2021
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“Luxembourg”	Grand Duchy of Luxembourg
“Macau”	Macau Special Administrative Region of the PRC

“Manhold”	Manhold Limited
“MPF scheme”	Mandatory Provident Fund Scheme
“PRC” or “China”	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
“Sinopec Group Company”	中國石油化工集團有限公司(China Petrochemical Corporation*), a State-Owned Enterprise incorporated in the PRC
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“the Year”	The year ended 31 December 2022
“TP Fund”	Taiping Fund Management Company Limited
“TPA (HK)”	Taiping Assets Management (HK) Company Limited
“TPAM”	Taiping Asset Management Company Limited
“TPFAS”	Taiping Financial Audit Service (Shenzhen) Company Limited
“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
“TPG”	China Taiping Insurance Group Ltd.
“TPG (HK)”	China Taiping Insurance Group (HK) Company Limited
“TPSH (Guangzhou)”	太平健康養老（廣州）有限公司 (“Taiping Senior Healthcare (Guangzhou) Co., Ltd.”, being the unofficial English name)
“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 (Hainan)”	Taiping Real Estate (Hainan) 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, 28 March 2023

As at the date of this announcement, the Board comprises 12 directors, of which Mr. WANG Sidong, Mr. YIN Zhaojun, Mr. XIAO Xing and Mr. LI Kedong 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.