

FIDELIDADE MACAU LIFE -  
INSURANCE COMPANY LIMITED  
忠誠澳門人壽保險股份有限公司

ANNUAL  
REPORT

20  
21

## FIDELIDADE MACAU LIFE - INSURANCE COMPANY LIMITED

Share Capital: MOP 170,000,000.00

Registered with the Commercial and Movable Assets Registry under no. 82698 (SO)

### Head Office

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Dear Shareholders

In compliance with the legal and statutory requirements on the provision of information, the Directors are happy to submit the annual report, together with the audited financial statements of Fidelidade Macau Life - Insurance Company Limited for the year ended 31 December 2021.

The Board of Directors

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## A. GOVERNING BODIES

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### General Assembly

Jorge Neto Valente	Chairman
Maria Beatriz de Melo e Sá Segorbe Luís	Secretary

### Board of Directors

André Simões Cardoso	Chairman
Wai Lam William Mak (麥偉林)	Member
Paulo Manuel Gomes Barbosa	Member
Cheung Ming Fai Ivan (張明輝)	Member

### Executive Committee

Paulo Manuel Gomes Barbosa	Chief Executive Officer
Cheung Ming Fai Ivan (張明輝)	Executive Director

### Company Secretary

Maria Beatriz de Melo e Sá Segorbe Luís

### Supervisory Council

CSC & Associados - Sociedade de Auditores, represented by Mok Chi Meng (莫子銘)	Chairman
Pedro Afonso Branco	Member (up to 15 March 2021)
Ngan Ioc Lun (顏玉麟)	Member (up to 15 March 2021)
Si Chi Hok (施子學)	Member (as from 16 March 2021)
Maria Luísa Man (萬美玲)	Member (as from 16 March 2021)

## B. MACAO ECONOMY

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While COVID-19 did not hit Macao directly much, Macao experienced a year of indirect impact of the disease in 2021. Although the most important industries, gaming and tourism, were bottoming out and recovering in 2021, they were still significantly lower than the pre COVID-19 level. Macao had 7.7 million tourists in 2021 up 30.7% from 2020 but was much lower than 39.4 million in 2019. Hotel occupancy rate was 50.1% in 2021, significantly higher than the 28.6% in 2020, but still far away from the 90.8% in 2019. Gross gaming revenue was MOP 86.9 billion in 2021, up 43% from MOP 60.4 billion in 2020 but still much lower than MOP 292.5 billion in 2019.

As a result, while real GDP grew by 32.9% in first 3 quarters of 2021, real GDP level was still 46% lower than the same period of 2019. 2021 has almost no inflation as the CPI increased just by 0.03% comparing to 0.81% in 2020. With the impact of the gaming and tourism, the unemployment rate as of December 2021 was 3.1%, moving up from 2.7% in 2020. Considering only the Macao residents, it is observed that the unemployment rate also increased to 4.1% from 3.8% in the same period. The overall median monthly salary was up slightly to MOP 15,600 at end 2021, representing an addition of MOP 600 to the MOP 15,000 in December 2020.

Macao's money supply M2 was MOP 687.5 billion at end of 2021, which represents a decrease of 0.7% year-on-year. The base interest rate was 0.5% and had remained unchanged since June 2020. The exchange rate USD to MOP was 8.0319 at end of 2021, meaning an appreciation of 0.6% comparing to 7.9852 at end 2020.

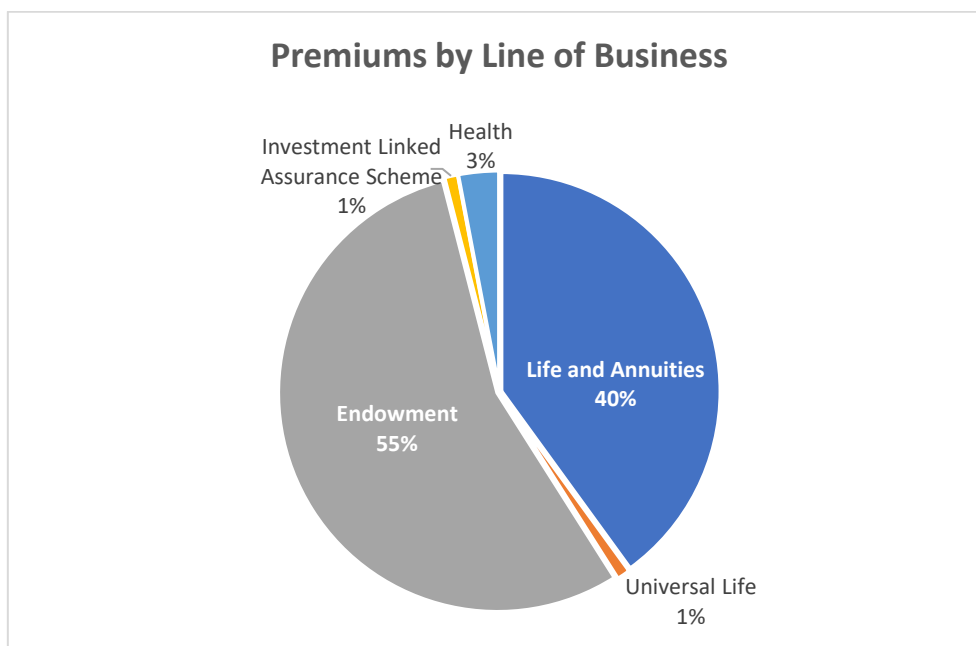
The year 2022 is expected to be a challenging year. The impact of the new variants of COVID-19 has increased the uncertainty of the macroeconomy. The timing of the lifting of administrative travel restriction from Mainland China is highly uncertain and may not even start in 2022. That would possibly limit the recovery of Macao economy and may offset the positive impact of the renewal of Macao gaming licences. Besides, the expected implementation of the US fed interest rates increases in 2022 may translate to higher interest rates in Macao which, in turn, will affect the aggregate demand. Furthermore, the increase in interest rates would adversely affect the return of the bond and possibly stocks.

Going forward, with the pandemic subside, the integration of Macao within the Greater Bay Area can potentially generate opportunities for a high growth economy for the years to come.

## C. MACAO INSURANCE MARKET

In line with Macao's economy in 2021, the life insurance industry grew by about 24.5%, recording total gross written premiums of MOP 26,772 million up to the third quarter of 2021, which compares with MOP 21,508 million up to the third quarter of 2020.

The distribution of gross written premiums by insurance class remained quite stable, with endowment business representing 55%, followed by life and annuities with 40%.



In the last two years, the life sector registered a significant increase in the gross loss ratio. In fact, the loss ratio of 32.3% in 2019, increased to 45.6% in 2020 and to 66.2% up to the third quarter of 2021.

Gross Loss Ratio	Up to Q3/2021	2020	2019
Market, All Lines of Business	66.2%	45.6%	32.3%

The solvency ratio of the life sector has been increasing in the last two years. The solvency ratio in 2019 was 212.0%, increased to 268.5% in 2020 and to 376.5% up to the third quarter of 2021.

Solvency Ratio	Up to Q3/2021	2020	2019
Market, All Lines of Business	376.5%	268.5%	212.0%

## D. COMPANY OVERVIEW

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Established in Portugal in the year of **1808**, from the merger between two insurance companies: Fidelidade-Mundial and Império-Bonança, Fidelidade - Companhia de Seguros, S.A. (“Fidelidade”) is one of the oldest insurance companies in Europe.

May 2014 stands out for the change in the shareholder control of Fidelidade corresponding to the acquisition of an 80% share capital and voting rights by the Fosun Group (“Fosun”) for an aggregate consideration of Euro 1.36 billion. During year 2014 the share position of Fosun was further increased to almost 85% by acquisition of additional shares, fulfilling its investment plan in Fidelidade.

In Macao, Fidelidade Macau Life - Insurance Company Limited (“the Company”) is duly authorized to perform insurance activities for life insurance and pension funds businesses since **1999**, as a branch of Fidelidade, servicing Macao with a diversified range of solutions for the protection of individual customers and companies, playing an extraordinary role in areas of social responsibility namely in the protection of lives and people's well-being.

The Company also keeps providing insurance products for savings and investment, with different maturities and objectives, safeguarding the stability of society, boosting economy and providing its customers with an attractive and innovative offer.

The pension fund business relies mostly on both closed and open private pension funds created and managed by the Company under the laws of Macao, managing pension plans set up by employers and/or individual persons. The Company provides a transparent and integrated service platform to offer clients a broad range of strategic solutions and insight into the impact of evolving market trends, with the support of a well experienced team in managing pension funds and pension plans in the region.

In the next two decades, the business had been growing rapidly, and the Company has then decided to propose to the Macao Government Authorities to continue such provision of life insurance and pension fund businesses through a more relevant and strong corporate presence, incorporating a local life insurance company. The proposal was accepted (Executive Order no. 175/2019) and on **31 March 2020** the incorporation of the local company was concluded, transferring the business of the branch to the new life insurance company. This upgrade showed the strong commitment of the mother company, Fidelidade, and its largest shareholder, Fosun in developing the insurance business in Macao.

This was an important step to move ahead in our desire to distinguish ourselves as one of the most dynamic and innovative insurers in the region, assuring provision of high-quality comprehensive insurance and pension fund services to our clients, and to explore more varied business opportunities from the development of the Greater Bay Area.

Together, in protection, care, and health, adding efforts and multiplying wills to serve more and better the Company's customers. This is the spirit that has guided the Company for over 22 years!

**So that life doesn't stop.**



E. KEY INDICATORS

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<b>471</b> <b>MOP million</b> Gross Written Premiums	<b>1.4%</b> Market Share Q32021	<b>256%</b> Solvency Ratio
<b>1,762</b> <b>MOP million</b> Assets	<b>18</b> Staff	<b>40.3%</b> Combined Ratio (Risk Products)
<b>6.3</b> <b>MOP million</b> Net Profits	<b>190</b> <b>MOP million</b> Shareholders' Equity	<b>3.3%</b> Return on Equity

The year 2021 was the second year of activity after the incorporation of the Company in Macao on 31 March 2020.

<b>Financial Position</b> <i>(in MOP million)</i>	<b>2021</b>	<b>2020</b>
Assets	1,761.7	1,640.8
Liabilities	1,571.3	1,456.7
Equity	190.4	184.1

<b>Key Ratios</b> <i>(in %)</i>	<b>2021</b>	<b>2020</b>
Solvency Ratio	255.7	260.3
Return on Equity	3.3	12.8

<b>Financial Results</b> <i>(in MOP million)</i>	<b>2021</b>	<b>2020</b>
Gross Written Premiums	471.5	212.4
Net Profit	6.3	14.1

## F. SHAREHOLDERS STRUCTURE

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### SHAREHOLDERS WITH QUALIFYING HOLDING

According to the Financial System Act of Macao, a qualifying holding is that which, directly or indirectly, represents 10% or more of the share capital or voting rights, or any other form that confers the possibility to exercise a significant influence over the management of the institution.

The Company has the following shareholder with a qualifying holding:

- **Fidelidade - Companhia de Seguros, S.A.** 99.9882%

The remaining shareholders, with non-qualifying holding, are:

- **Fidelidade Assistência - Companhia de Seguros, S.A.** 0.0059%
- **Via Directa - Companhia de Seguros, S.A.** 0.0059%

### ABOUT OUR MAIN SHAREHOLDER

Fidelidade - Companhia de Seguros, S.A. has a shareholder structure that is the result of the privatisation process that took place in Portugal in 2014.

Its major shareholder is Fosun that holds approximately 84.99% of the capital and Caixa Geral de Depósitos holds 15%. The complementary relationship of these two shareholders of reference provides a guarantee of the stability and dynamism of the Company's operations.

Fosun is a Chinese investment conglomerate of global dimension, focused on the insurance industry and present in several different business sectors.

Caixa Geral de Depósitos is a Portuguese state bank, considered the largest financial institution in Portugal, with approximately 4 million clients and with presence in more than 20 countries.

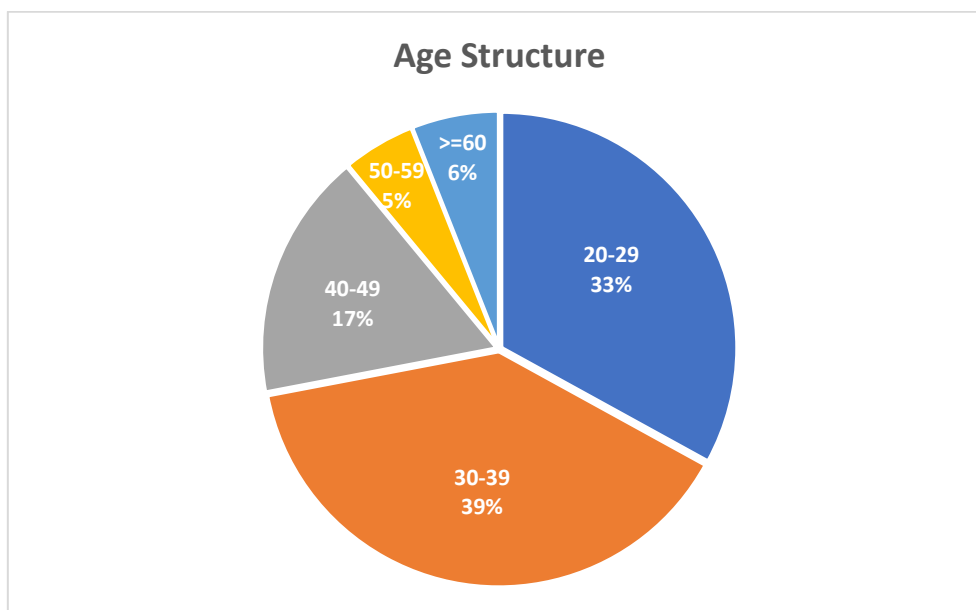
The Fidelidade Group operates in the Portuguese market through its different insurance companies (Fidelidade, Via Directa and Companhia Portuguesa de Resseguro). It also has a presence in the international market through Fidelidade branches (Spain, France, Luxembourg and Mozambique) and through several insurance subsidiaries, Fidelidade Angola, Garantia (in Cabo Verde), Fidelidade Macau, Fidelidade Macau Life, La Positiva Insurance Group (which has a leading position in Peru and also operates in Bolivia and Paraguay) and Fid Chile.

## G. HUMAN RESOURCES

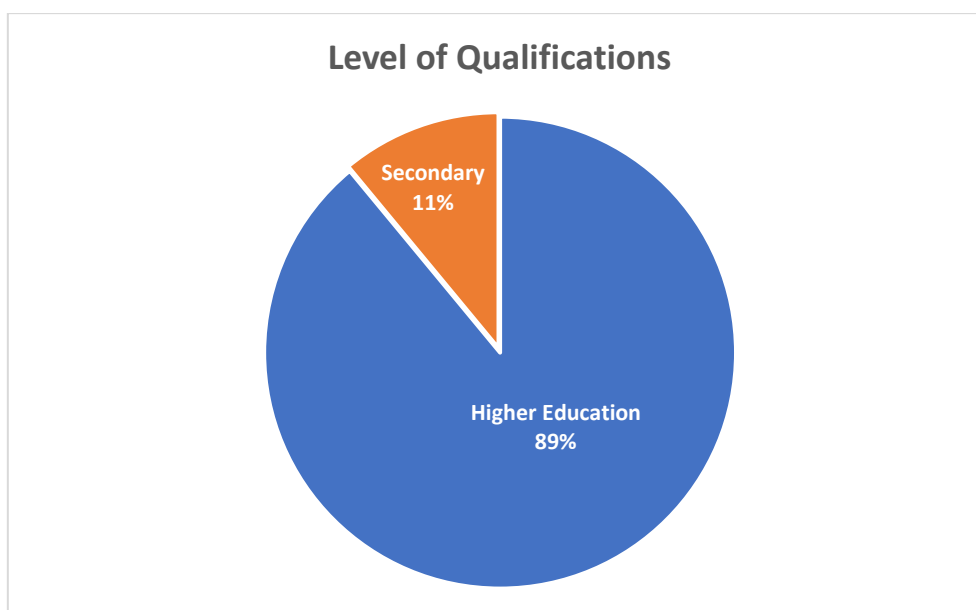
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By the end of 2021, the Company employed a total of 18 permanent staff, which is an increase of 5.9% in comparison to the previous year.

In terms of gender distribution, the Company has employed 10 women and 8 men, occupying 56% and 44% of the total staff respectively. The average staff age is 36.6 years, comprising an average age of 33.5 years for women and an average age of 51.4 years for men.



In terms of academic background, staff members with higher education degree represent 89% of the total. All the remaining staff members have a secondary education degree.



To ensure a safer working environment and to reduce the impact of the COVID-19 outbreak conditions, the Company has launched COVID-19 Vaccination Support Plan to encourage staff to take the vaccine, offering extra holiday and money incentive. The Company also encouraged staff to comply with the

precautionary measures established by the local health authorities, reminding them to pay attention to workplace and personal hygiene.

In terms of hiring, the Company has and will continue to source right applicants to fill vacant positions giving priority to residents through various channels included but not limited to the use of recruitment agencies, the company website, advertising on the websites of some local universities. The Company will remain vigilant on any possible changes that affect labor quota application when no local candidate has been identified.

Like in previous years, the Company has successfully held another Continuing Professional Development (“CPD”) training in November 2021, inviting industry professionals to share their knowledge and expertise to our staff, business partners and insurance agents. The aim of the CPD is to continuously encourage insurance intermediaries to carry on lifelong learning. In addition to CPD, staff has taken part in internal and external learning programmes to enhance their knowledge and professional skills.

The Company aims to develop efficient planning and execution of human resources best practices including talent acquisition and onboarding, staff retention, staff succession, compliance to internal policies, while maintaining a positive work culture.

## H. COMMERCIAL OPERATIONS

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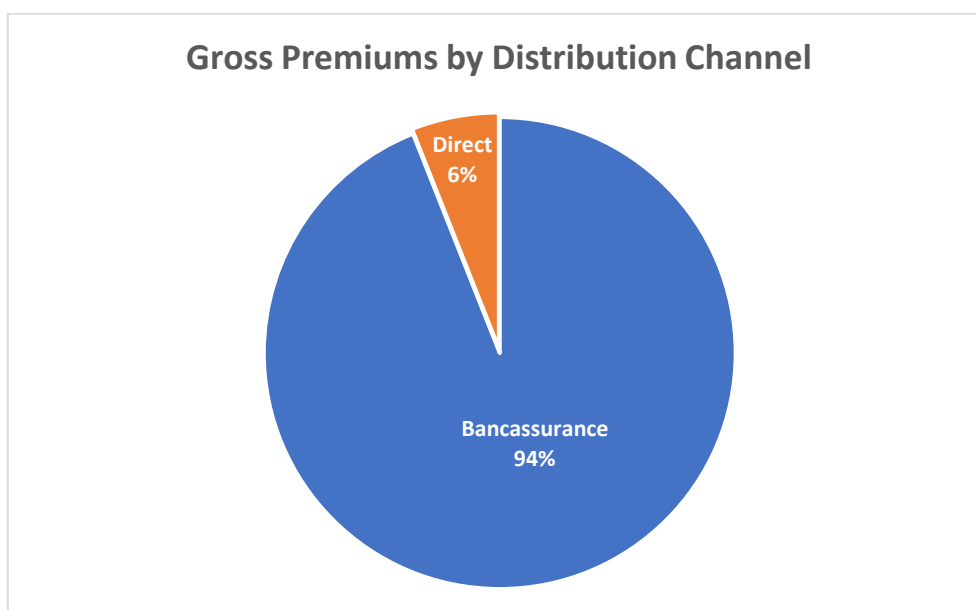
“We Know, We Care” is the Company's commitment to all its customers, standing always as their ultimate risk solutions provider. To carry forward this commitment, the Company's staff is motivated with a high degree of enthusiasm.

The Company is focused on reliable, prompt, and personalized services to customers. It believes in developing strong interpersonal relationships, ensuring safety to customers' properties and wealth, at the same time making efforts to introduce innovative and diversified products to existing and potential customers.

The year of 2021 can be characterized as the year of hotel quarantines, remote working, restrictions on social gathering and ban on international flights, but also registered some recovery on entrance of visitors and on gaming revenue. The COVID-19 pandemic continued to affect every sector in Macao, especially gaming, tourism, real estate, construction, education, transportation, health and financial, with a severe impact on the financial performance of small and medium-sized enterprises.

In this environment, the key objective of the Company is to provide value-added risk solutions to customers, engaging them in a strategic dialogue to ascertain their protection requirements, providing them tailor-made services.

The Company works closely with Banco Nacional Ultramarino S.A., one of the most prestigious financial institutions in Macao, in a strategic partnership to develop and grow the bancassurance channel with a wide offer of products to support their customers' holistic needs, with a growing focus on digital platforms.



Throughout the year, the Company's portfolio was built on a prudent and disciplined underwriting strategy, rooted in the principles of professionalism and transparency.

The Company achieved MOP 471 million of gross written premium, representing an increase of 85% comparing to the prior year, where both distribution channels, direct and bancassurance, have an outstanding performance with an increase in their premium volume of 122% and 83% respectively.

On product development, the Company aims to deliver innovative insurance products with a market-wide application, covering the demand from the distribution partners and especially the Macao's population protection requests.

The Company continues to provide high quality pension fund services to its individual and corporate clients, by offering pension funds serving as the financial vehicles of private pension schemes and non-mandatory central provident fund schemes. As at end 2021, the total assets under management reached MOP 1.6 billion, an increase of 12% comparing with 2020.

The business environment is expected to remain challenging. As always, the Company will continue to improve local insurance services to Macao's customers, and is considering exploring new business opportunities in the Greater Bay Area, following the *Outline Development Plan for Guangdong-Hong Kong-Macao Greater Bay Area*.

## I. CORPORATE RESPONSIBILITY

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The Company's vision is to comply with the strongest ethical standards, competence and integrity, with the clear goal to be valued by its customers, shareholders and staff. Its mission to protect all its individual and corporate customers translates into the commitment the Company has with Macao society, towards its sustainable development, greater social equality, respect for the environment and well-being of its communities.

Following the Group's Platform for Sustainable Development issues, the Company is part of a global goal with all the company's geographies to improve the conditions of the communities and environment in which it operates, through different initiatives in partnership with non-profit organizations, academic institutions, and corporate customers.

The Company is always looking for new ways to innovate and create a positive impact in the region, and during 2021 it continued the strategy to contribute to the following key areas:

### ▶ Environmental

- Continuous efforts on the Company digital transformation, to better cope with the environmental impact made by the industry, aiming a more effective resources planning and usage. One of the year's major achievements was the enhancement of the Company's Business Continuity Plan allowing a flexible and a more accurate Company management when facing blocking situations to its normal activities.

### ▶ Ethical

- COVID-19 Vaccination Support Plan in the Company, with specific incentives/benefits to encourage staff to get vaccinated, aiming to ensure a safer and healthier working environment, contributing to the protection of our community, pushing to a faster group immunity and a stronger economic recovery.

### ▶ Philanthropic

- The Company regularly sponsors and acts with local organizations that promote the development of the younger generations. This year the Company sponsored the Children Olympic Exhibition and Futebol Clube do Porto de Macau Football Academy, promoting good and healthy habits amongst the youngest generations.
- The Company has an action plan to support social work organizations to continue their actions, providing care and protection to the Macao community. One of the most significant initiatives was the donation of baby supplies to Caritas Macau to assist migrant families in need.

The Company strongly believes that setting a good example is the greatest benefit to inspire other organizations, companies, and individuals to 'raise their game' when it comes to social and environmental responsibility, encouraging further inspiration in the community, as the next years will pose even greater challenges to the Company and to the society.



## J. FINANCIAL REVIEW

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The Company's total assets amounted to MOP 1,762 million at the end of 2021. The total liabilities amounted to MOP 1,571 million, which includes the Company's reserves towards policyholders and claimants of MOP 1,557 million.

The Company's solvency margin, measured in accordance with the regulatory requirements issued by the Monetary Authority of Macao, was 256% at the end of 2021, revealing the Company's solid financial structure and reflecting a strong foundation for future business expansion.

The Company's net profit for the year 2021 amounted to MOP 6.3 million.

## K. APPROPRIATION OF PROFITS

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In compliance with Article 23 of the Articles of Association of the Company and pursuant to Article 84 of the Macao Insurance Ordinance (Decree-Law no. 27/97/M, of 30 of June), the Board of Directors hereby proposes that the earnings for the year ended 31 December 2021, totalizing MOP 6,249,763.71 (six million, two hundred forty-nine thousand, seven hundred sixty-three Patacas and seventy-one cents), be allocated as follows:

- To Legal Reserve (20%):  
MOP 1,249,952.74  
(One million, two hundred forty-nine thousand, nine hundred fifty-two Patacas and seventy-four cents)
- To Free Reserve (80%):  
MOP 4,999,810.97  
(Four million, nine hundred ninety-nine thousand, eight hundred and ten Patacas and ninety-seven cents)

## L. MANAGEMENT APPRECIATION

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The Board of Directors would like to extend its deep appreciation to all the people and institutions that we established relations with, who contributed to the implementation of the necessary actions and who have contributed most to the results achieved in the financial year, with special emphasis on the following:

- The competent authorities of Macao and, in particular, the Monetary Authority of Macao, for their valuable support and guidance and their role as a key driving force in the development of the Macao's insurance sector;
- The Chairmen of the General Assembly and of the Supervisory Council for their interest, availability and commitment to the monitoring and control of the business;
- The distribution partners and reinsurers for their business support and trust with the Company;
- Our shareholders for all the support given to the Board of Directors in their daily tasks;
- Our staff, whose professionalism, efforts and competence allowed achievement of the goals set for the year;
- Our customers, who showed their preference through their loyalty, being a stimulus for permanent improvement of our service quality.

Macao, 16 March 2022

### The Board of Directors

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André Simões Cardoso

*Chairman*

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Wai Lam William Mak (麥偉林)

*Member*

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Paulo Manuel Gomes Barbosa

*Member*

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Cheung Ming Fai Ivan (張明輝)

*Member*

**M. FINANCIAL STATEMENTS**

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**BALANCE SHEET AS AT 31 DECEMBER 2021**

**REVENUE ACCOUNT FOR 2021**

**PROFIT AND LOSS ACCOUNT FOR 2021**

**BALANCE SHEET AS AT 31 DECEMBER 2021**

(Amounts in MOP)

ASSETS	Balance	Sub-totals	Total
<b>TANGIBLE ASSETS</b>			
Office Premises	-		
Motor Vehicles	-		
Furniture & Fixtures	-		
Office Equipment	1,358.00		
Central Air-Conditioning and Electrical System	-		
Computers	154,972.35		
Air Conditioners and Heaters	-		
Telecommunication Equipment	-		
Others	77,500.00		
(Accumulated Depreciation)	(86,750.17)	147,080.18	147,080.18
<b>FINANCIAL ASSETS</b>			
Free of Any Charge or Liability			
Fixed Deposits	-		
Bonds	-	-	
Guaranteeing Technical Reserves			
Fixed Deposits	1,108,671,705.39		
Shares	53,614,429.78		
Bonds	343,852,499.46		
Others	55,000,313.85	1,561,138,948.48	1,561,138,948.48
<b>REINSURER'S SHARE IN MATHEMATICAL RESERVES</b>			
On Direct Insurance	968,765.50		
On Reinsurance Accepted	-	968,765.50	968,765.50
<b>REINSURERS' PARTICIPATION IN OUTSTANDING CLAIMS RESERVE</b>			
On Direct Insurance	-		
On Reinsurance Accepted	-	-	-
<b>GENERAL DEBTORS</b>			
Ceding Companies	-		
Reinsurers	357,256.10		
Co-Insurers	-		
Insureds	-		
Intermediaries	76,923.90		
Others	1,544,584.56	1,978,764.56	1,978,764.56
<b>PREMIUMS ON COLLECTION</b>			
Premiums on Collection	47,052.50		
(Provision for Due Premiums)	(19,000.00)	28,052.50	28,052.50
<b>ACCRUALS AND DEFERRALS</b>			
Interest Receivable	93,299,424.49		
Other Accruals and Deferrals	12,265,565.80	105,564,990.29	105,564,990.29
<b>DEPOSITS AT BANKS</b>			
In Local Currency			
Current Accounts	4,766,698.20		
Fixed Deposits	-	4,766,698.20	
In Foreign Currency			
Current Accounts	87,101,065.76		
Fixed Deposits	-	87,101,065.76	91,867,763.96
<b>CASH</b>			6,000.00
<b>TOTAL ASSETS</b>			<b>1,761,700,365.47</b>

(Amounts in MOP)

LIABILITIES	Balance	Sub-totals	Total
<b>MATHEMATICAL RESERVE</b>			
On Direct Insurance	1,557,195,168.91		
On Reinsurance Accepted	-	1,557,195,168.91	1,557,195,168.91
<b>OUTSTANDING CLAIMS RESERVE</b>			
On Direct Insurance	122,193.90		
On Reinsurance Accepted	-	122,193.90	122,193.90
<b>SUNDRY RESERVE</b>	-	-	-
<b>GENERAL CREDITORS</b>			
Shareholders	-		
Associate Companies	-		
Ceding Companies	-		
Reinsurers	-		
Co-insurers	-		
Insureds	380,156.60		
Intermediaries	1,106,371.70		
Government Departments	2,316,593.00		
Others	9,899,315.11	13,702,436.41	13,702,436.41
<b>LOANS AND ADVANCES</b>			
Others			-
<b>CLAIMS PAYABLE</b>			-
<b>COMMISSIONS PAYABLE</b>			259,514.60
<b>ACCRUALS AND DEFERRALS</b>			44,542.70
<b>TOTAL LIABILITIES</b>			<b>1,571,323,856.52</b>
<b>EQUITY</b>	<b>Balance</b>	<b>Sub-totals</b>	<b>Total</b>
<b>SHARE CAPITAL</b>			
Paid-up Capital			170,000,000.00
<b>RESERVES</b>			
Legal Reserve	2,825,349.05		
Free Reserve	11,301,396.19	14,126,745.24	14,126,745.24
<b>PROFIT BEFORE TAXATION</b>	6,987,894.71		
<b>PROVISION FOR INCOME TAX</b>	(738,131.00)		
<b>NET PROFIT (AFTER TAX)</b>		6,249,763.71	6,249,763.71
<b>TOTAL EQUITY</b>			<b>190,376,508.95</b>
<b>TOTAL LIABILITIES &amp; EQUITY</b>			<b>1,761,700,365.47</b>

Accounting Manager: Chan Soi Ngo (陳瑞娥) \_\_\_\_\_

Board of Directors:

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André Simões Cardoso

\_\_\_\_\_  
Wai Lam William Mak (麥偉林)

\_\_\_\_\_  
Paulo Manuel Gomes Barbosa

\_\_\_\_\_  
Cheung Ming Fai Ivan (張明輝)

**ANNUAL REPORT 2021**  
**FIDELIDADE MACAU LIFE**  
**REVENUE ACCOUNT FOR 2021**

DEBIT	Life and Annuity	Operations of Capitalisation	Other Classes	General Accounts	Sub-totals	Total
<b>MATHEMATICAL RESERVE</b>						
on Direct Insurance	18,375,254.60	-	265,311,168.09		283,686,422.69	
on Reinsurance Accepted	-	-	-		-	283,686,422.69
<b>COMMISSIONS</b>						
on Direct Insurance	3,372,422.21	-	1,381,354.01		4,753,776.22	
on Reinsurance Accepted	-	-	-		-	4,753,776.22
<b>COSTS RELATED TO REINSURANCE CEDED</b>						
on Direct Insurance						
Premiums ceded	2,486,842.20	-	38,094.40		2,524,936.60	
Reduction in Mathematical Reserve	441.60	-	-		441.60	
Reduction in Outstanding Claims Reserve	-	-	-		-	2,525,378.20
on Reinsurance Accepted						
Premiums ceded	-	-	-		-	
Reduction in Mathematical Reserve	-	-	-		-	
Reduction in Outstanding Claims Reserve	-	-	-		-	-
<b>GROSS CLAIMS</b>						
on Direct Insurance						
Surrendered	16,042.1	-	43,848,328.31		43,864,370.41	
Dividends to Policyholders	-	-	477,011.70		477,011.70	
Maturities	-	-	347,430,095.65		347,430,095.65	
Provisions	-	-	122,193.90		122,193.90	391,893,671.66
on Reinsurance Accepted						
Paid	-	-	-		-	
Provisions	-	-	-		-	-
<b>GENERAL EXPENSES</b>				15,755,463.42		15,755,463.42
<b>FINANCIAL COSTS</b>				3,904,611.62		3,904,611.62
<b>OTHER COSTS</b>				60,950.00		60,950.00
<b>AMORTISATION AND DEPRECIATION</b>						
Tangible Assets				53,118.23		53,118.23
<b>FINANCIAL PROVISIONS</b>						
Provision for Premiums Due				5,000.00		
Provision for Miscellaneous				-		5,000.00
<b>UNDERWRITING PROFIT</b>						6,337,083.50
<b>TOTAL</b>						<b>708,975,475.54</b>

**ANNUAL REPORT 2021**  
**FIDELIDADE MACAU LIFE**

CREDIT	Life and Annuity	Operations of Capitalisation	Other Classes	General Accounts	Sub-totals	Total
<b>GROSS PREMIUMS</b>						
from Direct Insurance	26,891,203.20	-	444,586,976.74		471,478,179.94	
from Reinsurance Accepted	-	-	-		-	471,478,179.94
<b>INCOME FROM REINSURANCE CEDED</b>						
from Direct Insurance						
Commissions (including profit sharing)	532,373.79	-	2,130.61		534,504.40	
Claims Sharing	-	-	-		-	
Reinsurers' Share in Mathematical Reserve	151,757.30	-	-		151,757.30	
Reinsurers' Share in Claims Reserve	-	-	-		-	
Others	-	-	-		-	686,261.70
from Reinsurance Accepted						
Commissions (including profit sharing)	-	-	-		-	
Claims Sharing	-	-	-		-	
Reinsurers' Share in Mathematical Reserve	-	-	-		-	
Reinsurers' Share in Claims Reserve	-	-	-		-	
Others	-	-	-		-	-
<b>REDUCTION IN MATHEMATICAL RESERVE</b>						
from Direct Insurance	14,458.13	-	174,856,940.89		174,871,399.02	
from Reinsurance Accepted	-	-	-		-	174,871,399.02
<b>REDUCTION IN OUTSTANDING CLAIMS RESERVE</b>						
from Direct Insurance	-	-	733,387.70		733,387.70	
from Reinsurance Accepted	-	-	-		-	733,387.70
<b>INCOME FROM SERVICES PROVIDED</b>						
from Management of Private Pension Funds				9,751,479.56		
Others				38,153.00		9,789,632.56
<b>OTHER INCOME</b>						
Financial Income				51,248,991.01		
Miscellaneous				42,938.91		51,291,929.92
<b>REDUCTION IN FINANCIAL RESERVES</b>						
Provision for Premiums Due				-		
Provision for Miscellaneous				124,684.70		124,684.70
<b>UNDERWRITING LOSS</b>						
				-		-
<b>TOTAL</b>						<b>708,975,475.54</b>

Accounting Manager

Board of Directors

Chan Soi Ngo (陳瑞娥)

André Simões Cardoso

Wai Lam William Mak (麥偉林)

Paulo Manuel Gomes Barbosa

Cheung Ming Fai Ivan (張明輝)



## PROFIT AND LOSS ACCOUNT FOR 2021

DEBIT	Total
Extraordinary Losses of the Year	5,977,205.49
Losses Pertaining to Prior Years	-
Provision for Income Tax	738,131.00
Profit After Taxation	6,249,763.71
<b>TOTAL</b>	<b>12,965,100.20</b>

CREDIT	Total
Profits from Revenue Account	6,337,083.50
Extraordinary Gains of the Year	6,327,764.70
Gains Pertaining to Prior Years	300,252.00
<b>TOTAL</b>	<b>12,965,100.20</b>

### Accounting Manager:

\_\_\_\_\_  
Chan Soi Ngo (陳瑞娥)

### Board of Directors:

\_\_\_\_\_  
André Simões Cardoso

\_\_\_\_\_  
Wai Lam William Mak (麥偉林)

\_\_\_\_\_  
Paulo Manuel Gomes Barbosa

\_\_\_\_\_  
Cheung Ming Fai Ivan (張明輝)

## N. SUPERVISORY COUNCIL'S REPORT

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Para: Accionistas da Fidelidade Macau Vida – Companhia de Seguros, S.A

### **RELATÓRIO E PARECER DO CONSELHO FISCAL** **2021**

Em cumprimento das disposições legais aplicáveis e dos estatutos da sociedade, apresentamos o relatório da actividade fiscalizadora e o parecer sobre os documentos de prestação de contas elaborados pelo Conselho de Administração e da sua responsabilidade.

Acompanhámos, ao longo do ano, a evolução da actividade da sociedade e verificamos a regularidade dos seus registos contabilísticos e o cumprimento das normas legais e estatutárias em vigor, tendo procedido às verificações consideradas adequadas.

Obtivemos do Conselho de Administração regular informação e esclarecimento sobre o funcionamento da sociedade e o andamento dos seus negócios.

Examinámos o Relatório de Gestão e demais documentos de prestação de contas individuais do período, bem como o relatório dos auditores externos, Ernst & Young - Auditores, com o qual concordamos.

Em face de quanto antecede, os membros do Conselho Fiscal emitem o seguinte

#### **PARECER**

Que seja aprovado o Relatório de Gestão e demais documentos de prestação de contas individuais do período, tal como apresentados pelo Conselho de Administração.

Os membros do Conselho Fiscal agradecem ao Conselho de Administração e aos auditores externos a boa colaboração recebida ao longo do exercício.

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To : Shareholders of Fidelidade Macau Life – Insurance Company Limited

### **Report and Opinion of the Supervisory Board** **2021**

In compliance with the applicable legal dispositions and articles of association, we hereby submit the report on our inspection and opinion on the accounting documents produced by the board of directors for which the board is responsible.

During the year, we have monitored the company's activity and noted the regularity of its accounting records and compliance with legal and statutory regulations, having made the checks considered expedient.

We were provided with regular information and clarifications on the operation of the company and its corporate business by the board of directors.

We have examined the Directors' report and the other individual accounting documents for the period and their respective notes in addition to the independent auditor's report, Ernst & Young - Certified Public Accountants, with which we are in agreement.

In due consideration of the above, the members of Supervisory Board issue the following

#### OPINION

That the Directors' report and other individual accounting documents for the period, as submitted by the board of directors, should be approved.

The members of Supervisory Board wish to express the gratitude to the board of directors and statutory certified public accountants for their excellent collaboration during the course of the period.

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致：忠誠澳門人壽保險股份有限公司股東

#### 2021年度監事會之年度報告書及意見書

按相關法例及公司章程的要求，現就董事會負責及提交之會計文件作出審閱意見。

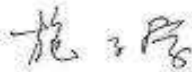
在整年內監事會監察了公司的營運；及適當查閱了會計文件以確認符合相關的法例規範。董事會不時就公司的運作及業務狀況向本監事會提供資訊及解說。監事會已審閱董事會報告書、其他會計文件及安永會計師事務所發出的獨立會計師報告書，監事會皆同意上述的報告。

綜合所述，本監事會作出以下意見：董事會提交有關年度的董事會報告書及其他的會計文件應獲通過。本監事會感謝董事會及外部執業會計師於本年所提供的協助。

Macau, 18 de Março de 2022  
Macau, 18 March 2022  
2022年3月18日



CSC & Associados - Sociedade de Auditores, representada por MOK CHI MENG (Auditor)  
CSC & Associates, Certified Public Accountants, represented by MOK CHI MENG (CPA)  
崔世昌會計師事務所 (由莫子銘執業會計師代表)



施子學 SI CHI HOK



萬美玲 MAN MARIA LUISA

## O. AUDITORS' REPORT

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Audited Financial Statements

FIDELIDADE MACAU VIDA - COMPANHIA DE SEGUROS, S.A.

31 December 2021



FIDELIDADE MACAU VIDA - COMPANHIA DE SEGUROS, S.A.

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Statement of financial position	4
Statement of changes in equity	5
Statement of cash flows	6 - 7
Notes to financial statements	8 - 26



Ernst & Young  
21/F, 39 Avenida de Almeida Ribeiro  
Macao

安永會計師事務所  
澳門新馬路39號21樓

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ey.com

**Independent auditor's report**  
**To the shareholders of Fidelidade Macau Vida - Companhia de Seguros, S.A.**  
(Incorporated in Macao with limited liability)

We have audited the financial statements of Fidelidade Macau Vida - Companhia de Seguros, S.A. (the "Company") set out on pages 3 to 26, which comprise the statement of financial position as at 31 December 2021, and the statement of profit or loss, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to financial statements, including a summary of significant accounting policies and other explanatory information.

**Management's responsibilities for the financial statements**

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Decree-Law No. 27/97/M of 30 June as amended by Law No. 21/2020 and republished by Dispatch of the Chief Executive No. 229/2020 (the "Macao Insurance Law") and Financial Reporting Standards promulgated by the Macao Special Administrative Region under the Administrative Regulation No. 25/2005 ("Macao Financial Reporting Standards"), and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

**Auditor's responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. Our report is made solely to you, as a body, in accordance with Article 88 of the Macao Insurance Law and our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with Auditing Standards issued by the Professional Committee of Accountants under the Notice No. 2/2021/CPC. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.





**Independent auditor's report (continued)**  
**To the shareholders of Fidelidade Macau Vida- Companhia de Seguros, S.A.**  
(Incorporated in Macao with limited liability)

**Opinion**

In our opinion, the financial statements give a true and fair view of the financial position of the Company as at 31 December 2021, and of its financial performance and its cash flows for the year then ended in accordance with Macao Financial Reporting Standards and have been properly prepared in compliance with the Macao Insurance Law.

**Report on other legal and regulatory requirements**

In our opinion:

- (a) proper records have been maintained by the Company in accordance with Article 72 of the Macao Insurance Law;
- (b) no assets guaranteeing the insurance reserves were applied in contravention of the provisions of the Macao Insurance Law for the year ended 31 December 2021; and
- (c) all necessary information and explanations as and when requested, and where appropriate, have been satisfactorily obtained.

**BAO King To** *CPA*  
**Ernst & Young**  
*Certified Public Accountants*

Macao  
16 March 2022



FIDELIDADE MACAU VIDA - COMPANHIA DE SEGUROS, S.A.

STATEMENT OF PROFIT OR LOSS

Year ended 31 December 2021

	Notes	Year ended 31 December 2021 MOP	Period from 31 March 2020 (date of incorporation) to 31 December 2020 MOP
Gross premiums		471,478,180	212,351,891
Premiums ceded to reinsurers		( 2,524,937)	( 1,211,497)
NET PREMIUMS		<u>468,953,243</u>	<u>211,140,394</u>
Reinsurance commission income		534,504	689,191
Interest income		51,130,186	40,986,082
Pension fund management income	4	9,751,480	6,197,220
Net investment income		469,365	12,225,657
Other income		81,093	137,221
OTHER REVENUE		<u>61,966,628</u>	<u>60,235,371</u>
TOTAL REVENUE		<u>530,919,871</u>	<u>271,375,765</u>
Gross benefits and claims paid		( 391,160,284)	( 79,023,385)
Benefits and claims ceded to reinsurers		-	-
Gross change in insurance contract liabilities		( 108,815,024)	( 160,180,199)
Change in insurance contract liabilities ceded to reinsurers		151,316	143,898
NET BENEFITS AND CLAIMS		<u>( 499,823,992)</u>	<u>( 239,059,686)</u>
Commission expenses paid		( 4,753,776)	( 4,262,195)
Deferred acquisition costs	10	2,445,650	3,032,413
Amortisation of deferred acquisition costs	10	( 2,320,965)	( 1,624,131)
Management expenses		( 19,779,145)	( 13,498,159)
OTHER EXPENSES		<u>( 24,408,236)</u>	<u>( 16,352,072)</u>
TOTAL BENEFITS, CLAIMS AND OTHER EXPENSES		<u>( 524,232,228)</u>	<u>( 255,411,758)</u>
PROFIT BEFORE TAX	5	6,687,643	15,964,007
Income tax expense	6	( 437,879)	( 1,837,262)
PROFIT FOR THE YEAR/PERIOD		<u>6,249,764</u>	<u>14,126,745</u>

FIDELIDADE MACAU VIDA - COMPANHIA DE SEGUROS, S.A.

STATEMENT OF FINANCIAL POSITION

31 December 2021

	Notes	2021 MOP	2020 MOP
<b>ASSETS</b>			
Equipment	8	69,580	121,340
Deferred acquisition costs	10	12,265,566	12,189,984
Financial assets at fair value through profit or loss	14	394,546,487	170,996,062
Pledged deposits	11	1,163,672,019	1,111,985,069
Reinsurers' share of mathematical reserves	13	968,766	817,450
Insurance receivables		1,872,633	1,242,977
Other receivables		96,354,051	89,268,821
Other assets		77,500	77,500
Deposits with banks with original maturity of more than three months	12	-	170,733,980
Cash and cash equivalents	12	91,873,765	83,345,323
Total assets		<u>1,761,700,367</u>	<u>1,640,778,506</u>
<b>EQUITY</b>			
Share capital	9	170,000,000	170,000,000
Legal reserve	17	2,825,349	-
Retained profits		17,551,160	14,126,745
Total equity		<u>190,376,509</u>	<u>184,126,745</u>
<b>LIABILITIES</b>			
Mathematical reserves	13	1,557,195,169	1,448,380,146
Outstanding claims provision	13	122,194	733,388
Deferred tax liabilities	7	1,353,083	1,483,552
Deferred revenue	10	44,543	93,646
Other payables and accruals		11,740,269	5,607,319
Tax payable		868,600	353,710
Total liabilities		<u>1,571,323,858</u>	<u>1,456,651,761</u>
Total equity and liabilities		<u>1,761,700,367</u>	<u>1,640,778,506</u>



Director



Director

FIDELIDADE MACAU VIDA - COMPANHIA DE SEGUROS, S.A.

STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2021

	Share capital MOP (Note 9)	Legal reserve MOP	Retained profits MOP	Total equity MOP
Issue of shares upon incorporation	120,000,000	-	-	120,000,000
Profit for the period	-	-	14,126,745	14,126,745
Issue of shares	<u>50,000,000</u>	-	-	<u>50,000,000</u>
At 31 December 2020 and 1 January 2021	170,000,000	-	14,126,745	184,126,745
Profit for the year	-	-	6,249,764	6,249,764
Transfer to legal reserve	-	<u>2,825,349</u>	<u>( 2,825,349)</u>	-
At 31 December 2021	<u>170,000,000</u>	<u>2,825,349</u>	<u>17,551,160</u>	<u>190,376,509</u>

FIDELIDADE MACAU VIDA - COMPANHIA DE SEGUROS, S.A.

STATEMENT OF CASH FLOWS

Year ended 31 December 2021

	Notes	Year ended 31 December 2021 MOP	Period from 31 March 2020 (date of incorporation) to 31 December 2020 MOP
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit before tax		6,687,643	15,964,007
Adjustments for:			
Interest income	5	( 51,130,186)	( 40,986,082)
Dividend income from financial assets at fair value through profit or loss	5	( 118,806)	-
Depreciation of equipment	8	53,118	33,632
Amortisation of deferred acquisition costs, net	10	2,320,965	1,624,131
Gain on disposal of financial assets at fair value through profit or loss, net	5	( 240,058)	( 11,253)
Fair value losses/(gains) on financial assets at fair value through profit or loss, net	5	4,678,949	( 12,547,267)
		( 37,748,375)	( 35,922,832)
Increase in deferred acquisition costs, net		( 2,445,650)	( 13,720,469)
Increase in insurance receivables		( 629,656)	( 1,242,977)
Increase in other receivables		( 7,085,230)	( 89,268,821)
Increase in other assets		-	( 77,500)
Increase in pledged deposits		( 51,686,950)	( 1,111,985,069)
Increase in reinsurers' share of mathematical reserves		( 151,316)	( 817,450)
Increase in mathematical reserves		108,815,023	1,448,380,146
(Decrease)/increase in outstanding claims provision		( 611,194)	733,388
Increase in other payables and accruals		6,132,950	5,607,319
Increase in amount due to immediate holding company		-	108,787,041
Cash generated from operations		14,589,602	310,472,776
Macao complementary tax paid		( 53,458)	-
Interest received		43,757,031	36,928,886
Net cash flows from operating activities		58,293,175	347,401,662

continued/...

FIDELIDADE MACAU VIDA - COMPANHIA DE SEGUROS, S.A.

STATEMENT OF CASH FLOWS (continued)

Year ended 31 December 2021

	Notes	Year ended 31 December 2021 MOP	Period from 31 March 2020 (date of incorporation) to 31 December 2020 MOP
Net cash flows from operating activities		<u>58,293,175</u>	<u>347,401,662</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of equipment	8	( 1,358)	( 154,972)
Deposits with original maturity of more than three months		170,733,980	( 170,733,980)
Purchase of financial assets at fair value through profit or loss		( 514,862,620)	( 196,756,132)
Proceeds from disposal of financial assets at fair value through profit or loss		286,873,304	38,318,590
Interest received from financial assets at fair value through profit or loss		7,373,155	4,057,196
Dividend received from financial assets at fair value through profit or loss		118,806	-
Net cash flows used in investing activities		<u>( 49,764,733)</u>	<u>( 325,269,298)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from issue of shares	9	-	170,000,000
Due to the immediate holding company		-	( 108,787,041)
Net cash flows from financing activities		<u>-</u>	<u>61,212,959</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS		8,528,442	83,345,323
Cash and cash equivalents at beginning of year/period		<u>83,345,323</u>	<u>-</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR/PERIOD		<u><u>91,873,765</u></u>	<u><u>83,345,323</u></u>



FIDELIDADE MACAU VIDA - COMPANHIA DE SEGUROS, S.A.

NOTES TO FINANCIAL STATEMENTS

31 December 2021

1. CORPORATE INFORMATION

Fidelidade Macau Vida - Companhia de Seguros, S.A. (the "Company") is a limited liability company incorporated in Macao on 31 March 2020. It is registered under Decree-Law No. 27/97/M of 30 June as amended by Law No. 21/2020 and republished by Dispatch of the Chief Executive No. 229/2020 ("Macao Insurance Law") to underwrite life insurance business in Macao Special Administrative Region, the People's Republic of China ("Macao SAR"). The registered office and principal place of business of the Company is located at Avenida da Praia Grande no.567, BNU Building, 14/F, Macao SAR.

The immediate holding company of the Company is Fidelidade – Companhia de Seguros, S.A., an insurance company incorporated in the Republic of Portugal. In the opinion of the directors, the ultimate holding company of the Company is Fosun International Holdings Limited, a company with limited liability incorporated in British Virgin Islands ("BVI").

At the request of Fidelidade - Companhia de Seguros, S.A. (Ramo Vida) (the "Branch") and pursuant to the Executive Order No. 175/2019, all assets and liabilities of the Branch were transferred to the Company on 31 March 2020, when the Branch ceased business and was formally closed, and the Company was incorporated.

2.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with Financial Reporting Standards promulgated by the Macao Special Administrative Region under the Administrative Regulation No. 25/2005 ("Macao Financial Reporting Standards" or "MFRSs").

These financial statements have been prepared on a historical cost basis, except for debt and equity securities which have been measured at fair value. These financial statements are presented in Macao pataca ("MOP"), which is also the Company's functional currency, and all values are rounded to the nearest MOP except when otherwise indicated.

2.2 ISSUED AND EFFECTIVE, BUT NOT YET ADOPTED MACAO FINANCIAL REPORTING STANDARDS DURING THE TRANSITION PERIOD

On 27 March 2020, the Macao Special Administrative Region promulgated a number of new and revised Macao Financial Reporting Standards and Macao Accounting Standards under the Dispatch of Secretary for Economy and Finance No. 44/2020, herein collectively referred as the "New MFRSs", effective on 28 March 2020 superseding the MFRSs. Pursuant to the Dispatch of Secretary for Economy and Finance No. 44/2020, it provides transitional option to entities to continue adopting the MFRSs until 31 December 2021. The Company has opted to continue adopting the MFRSs and not to apply the New MFRSs in the financial statements for the year ended 31 December 2021.

FIDELIDADE MACAU VIDA - COMPANHIA DE SEGUROS, S.A.

NOTES TO FINANCIAL STATEMENTS

31 December 2021

2.2 ISSUED AND EFFECTIVE, BUT NOT YET ADOPTED MACAO FINANCIAL REPORTING STANDARDS DURING THE TRANSITION PERIOD (continued)

For clarity, the New MFRSs include the following:

IAS 1	<i>Presentation of Financial Statements</i>
IAS 2	<i>Inventories</i>
IAS 7	<i>Statement of Cash Flows</i>
IAS 8	<i>Accounting Policies, Changes in Accounting Estimates and Errors</i>
IAS 10	<i>Events after the Reporting Period</i>
IAS 12	<i>Income Taxes</i>
IAS 16	<i>Property, Plant and Equipment</i>
IAS 17	<i>Leases</i>
IAS 19	<i>Employee Benefits</i>
IAS 20	<i>Accounting for Government Grants and Disclosure of Government Assistance</i>
IAS 21	<i>The Effects of Changes in Foreign Exchange Rates</i>
IAS 23	<i>Borrowing Costs</i>
IAS 24	<i>Related Party Disclosures</i>
IAS 26	<i>Accounting and Reporting by Retirement Benefit Plans</i>
IAS 27	<i>Separate Financial Statements</i>
IAS 28	<i>Investments in Associates and Joint Ventures</i>
IAS 29	<i>Financial Reporting in Hyperinflationary Economics</i>
IAS 32	<i>Financial Instruments: Presentation</i>
IAS 33	<i>Earnings per Share</i>
IAS 34	<i>Interim Financial Reporting</i>
IAS 36	<i>Impairment of Assets</i>
IAS 37	<i>Provisions, Contingent Liabilities and Contingent Assets</i>
IAS 38	<i>Intangible Assets</i>
IAS 39	<i>Financial Instruments: Recognition and Measurement</i>
IAS 40	<i>Investment Property</i>
IAS 41	<i>Agriculture</i>
IFRS 1	<i>First-time adoption of International Financial Reporting Standards</i>
IFRS 2	<i>Share-based Payment</i>
IFRS 3	<i>Business Combinations</i>
IFRS 4	<i>Insurance Contracts</i>
IFRS 5	<i>Non-current Assets Held for Sale and Discontinued Operations</i>
IFRS 6	<i>Exploration for and Evaluation of Mineral Resources</i>
IFRS 7	<i>Financial Instruments: Disclosures</i>
IFRS 8	<i>Operating Segments</i>
IFRS 9	<i>Financial Instruments</i>
IFRS 10	<i>Consolidated Financial Statements</i>
IFRS 11	<i>Joint Arrangements</i>
IFRS 12	<i>Disclosure of Interests in Other Entities</i>
IFRS 13	<i>Fair Value Measurement</i>
IFRS 14	<i>Regulatory Deferral Accounts</i>
IFRS 15	<i>Revenue from Contracts with Customers</i>
IFRIC* Interpretation 1	<i>Changes in Existing Decommissioning, Restoration and Similar Liabilities</i>

FIDELIDADE MACAO VIDA - COMPANHIA DE SEGUROS, S.A.

NOTES TO FINANCIAL STATEMENTS

31 December 2021

2.2 ISSUED AND EFFECTIVE, BUT NOT YET ADOPTED MACAO FINANCIAL REPORTING STANDARDS DURING THE TRANSITION PERIOD (continued)

For clarity, the New MFRSs include the following: (continued)

IFRIC Interpretation 2	<i>Members' Shares in Co-operative Entities and Similar Instruments</i>
IFRIC Interpretation 4	<i>Determining whether an Arrangement Contains a Lease</i>
IFRIC Interpretation 5	<i>Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds</i>
IFRIC Interpretation 6	<i>Liabilities arising from Participating in a Specific Market-Waste Electrical and Electronic Equipment</i>
IFRIC Interpretation 7	<i>Applying the Restatement Approach under IAS 29 Financial Reporting in Hyperinflationary Economies</i>
IFRIC Interpretation 10	<i>Interim Financial Reporting and Impairment</i>
IFRIC Interpretation 12	<i>Service Concession Arrangements</i>
IFRIC Interpretation 14	<i>IAS 19-The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction</i>
IFRIC Interpretation 16	<i>Hedges of a Net Investment in a Foreign Operation</i>
IFRIC Interpretation 17	<i>Distributions of Non-cash Assets to Owners</i>
IFRIC Interpretation 19	<i>Extinguishing Financial Liabilities with Equity Instruments</i>
IFRIC Interpretation 20	<i>Stripping Costs in the Production Phase of a Surface Mine</i>
IFRIC Interpretation 21	<i>Levies</i>
SIC** Interpretation 7	<i>Introduction of the Euro</i>
SIC Interpretation 10	<i>Government Assistance-No Specific Relation to Operating Activities</i>
SIC Interpretation 15	<i>Operating Leases-Incentives</i>
SIC Interpretation 25	<i>Income Taxes-Changes in the Tax Status of an Entity or its Shareholders</i>
SIC Interpretation 27	<i>Evaluating the Substance of Transactions Involving the Legal Form of a Lease</i>
SIC Interpretation 29	<i>Service Concession Arrangements: Disclosures</i>
SIC Interpretation 32	<i>Intangible Assets-Web Site Costs</i>

\* International Financial Reporting Interpretations Committee ("IFRIC")

\*\* Standard Interpretations Committee ("SIC")

The Company has commenced an assessment of the impact of these New MFRSs and the adoption of these New MFRSs will not be expected to have a significant impact on the Company's overall financial performance and financial position upon initial application.



FIDELIDADE MACAU VIDA - COMPANHIA DE SEGUROS, S.A.

NOTES TO FINANCIAL STATEMENTS

31 December 2021

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Investments and other financial assets

*Initial recognition and measurement*

Financial assets are classified, at initial recognition, as financial assets at fair value through profit or loss.

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

*Subsequent measurement*

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition as at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of sale in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments, as appropriate.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with positive net changes in fair value presented in profit or loss. These net fair value changes do not include any dividends or interest earned on these financial assets, which are recognised in accordance with the policies set out for "Revenue recognition" below.

Financial assets designated upon initial recognition as at fair value through profit or loss are designated at the date of initial recognition.

Derecognition of financial assets

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

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

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

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

FIDELIDADE MACAU VIDA - COMPANHIA DE SEGUROS, S.A.

NOTES TO FINANCIAL STATEMENTS

31 December 2021

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of financial assets

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

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than financial assets), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs. In testing a cash-generating unit for impairment, a portion of the carrying amount of a corporate asset (e.g., a headquarters building) is allocated to an individual cash-generating unit if it can be allocated on a reasonable and consistent basis or, otherwise, to the smallest group or cash-generating units.

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

An assessment is made at the end of each reporting period as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to the statement of profit or loss in the period in which it arises.

Fair value measurement

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



FIDELIDADE MACAU VIDA - COMPANHIA DE SEGUROS, S.A.

NOTES TO FINANCIAL STATEMENTS

31 December 2021

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fair value measurement (continued)

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

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

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

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

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

Equipment and depreciation

Items of equipment are stated at cost less accumulated depreciation and any impairment losses. The cost of equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of equipment have been put into operation, such as repairs and maintenance, is normally charged to the statement of profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of equipment are required to be replaced at intervals, the Company recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is calculated on the straight-line basis to write off the cost of each item of equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Furniture, fixtures, and equipment	10% - 38.71%
Computer system	33⅓%

Where parts of an item of equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

FIDELIDADE MACAU VIDA - COMPANHIA DE SEGUROS, S.A.

NOTES TO FINANCIAL STATEMENTS

31 December 2021

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Equipment and depreciation (continued)

An item of equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in the statement of profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Insurance receivables

Insurance receivables are recognised when due and measured on initial recognition at the fair value of the consideration received or receivable. Subsequent to initial recognition, insurance receivables are measured at amortised cost, using the effective interest rate method. The carrying value of insurance receivables is reviewed for impairment whenever events or circumstances indicate that the carrying amount may not be recoverable, with the impairment loss recorded in the statement of profit or loss.

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss and directly in equity.

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in Macao.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except when the deferred tax liability arises from the initial recognition of an asset or liability and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

Deferred tax assets are recognised for all deductible temporary differences, the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, the carryforward of unused tax credits and unused tax losses can be utilised except when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

FIDELIDADE MACAU VIDA - COMPANHIA DE SEGUROS, S.A.

NOTES TO FINANCIAL STATEMENTS

31 December 2021

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Deferred acquisition costs

Those direct and indirect costs incurred during the financial period arising from the writing or renewing of insurance contracts, are deferred to the extent that these costs are recoverable out of future premiums. All other acquisition costs are recognised as an expense when incurred.

Subsequent to initial recognition, deferred acquisition costs are amortised over the expected life of the contracts as a constant percentage of expected premiums. The reinsurers' share of deferred acquisition costs is amortised in the same manner as the underlying asset amortisation is recorded in the statement of profit or loss.

Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortisation period and are treated as a change in an accounting estimate.

Deferred acquisition costs are derecognised when the related contracts are either settled or disposed of.

Insurance contracts liabilities

Life insurance liabilities are recognised when contracts are entered into and premiums are charged. The provision for life insurance contracts is calculated on the basis of a prudent prospective actuarial valuation method where the assumptions used depend on the circumstances prevailing in each life operation.

A liability for contractual benefits that are expected to be incurred in the future is recorded when the premiums are recognised. The liability is determined as the sum of the expected discounted value of the benefit payments and the future administration expenses that are directly related to the contract, less the expected discounted value of the theoretical premiums that would be required to meet the benefits and policy administration expenses, based on the valuation assumptions used. The liability is based on assumptions on mortality rates, morbidity rates and investment income.

Benefits and claims

Life insurance business claims reflect the cost of all claims arising during the year, including claims handling costs. Death claims and surrenders are recorded on the basis of notifications received. Maturities and annuity payments are recorded when due. Benefits recorded are then accrued to the liability.

Reinsurance

The Company cedes insurance risk in the normal course of business for all of its businesses. Amounts recoverable from reinsurers are estimated in a manner consistent with the outstanding claims provision and in accordance with the reinsurance contract.

Ceded reinsurance arrangements do not relieve the Company from its obligations to policyholders.



FIDELIDADE MACAU VIDA - COMPANHIA DE SEGUROS, S.A.

NOTES TO FINANCIAL STATEMENTS

31 December 2021

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Foreign currencies

These financial statements are presented in Macao pataca ("MOP"), which is the Company's functional and presentation currency. Foreign currency transactions are initially recorded using the functional currency rates ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rates of exchange ruling at the end of the reporting period. All differences arising on settlement or translation of monetary items are taken to the statement of profit or loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions.

Cash and cash equivalents

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

For the purpose of the statement of financial position, cash and cash equivalents comprise cash on hand and at banks, including term deposits with original maturity of less than three months when acquired, which are not restricted as to use.

Revenue recognition

Revenue is recognised when it is probable that the economic benefits will flow to the Company and when the revenue can be measured reliably, on the following bases:

- (a) Gross premiums  
Gross recurring premiums on life insurance contracts are recognised as revenue when payable by the policyholders. For single premium business, revenue is recognised on the date on which the policy becomes effective. For regular premium contracts, receivables are recorded at the date when payments are due.
- (b) Reinsurance premiums  
Gross reinsurance premiums on life and investment contracts are recognised as an expense on the earlier of the date when premiums are payable or when the policy becomes effective.
- (c) Fee and commission income  
Insurance contract policyholders are charged for policy administration services and surrenders. The fees are recognised as revenue over the period in which the related services are performed. If the fees are for services to be provided in future periods, these are deferred and recognised in the statement of profit or loss as the service is provided over the term of the contract.
- (d) Interest income  
Interest income is recognised in the statement of profit or loss as it accrues, taking into account the effective yield of the asset or an applicable floating rate. Interest income includes the amortisation of any discount or premium.

FIDELIDADE MACAU VIDA - COMPANHIA DE SEGUROS, S.A.

NOTES TO FINANCIAL STATEMENTS

31 December 2021

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition (continued)

Revenue is recognised when it is probable that the economic benefits will flow to the Company and when the revenue can be measured reliably, on the following bases: (continued)

- (e) Pension fund management fee income  
The fee income is recognised when the services are rendered.
- (f) Dividend income  
Dividend income is recognised when the shareholder's right to receive payment has been established, it is probable that economic benefits associated with the dividend will flow to the Company and the amount of the dividend can be measured reliably.

3. SIGNIFICANT ESTIMATES

Estimation uncertainty

*Valuation of insurance contract liabilities*

The liability for insurance contracts is either based on current assumptions or on assumptions established at inception of the contract, reflecting the best estimate at the time increased with a margin for risk and adverse deviation. All contracts are subject to a liability adequacy test, which reflect management's best current estimate of future cash flows.

The main assumptions used relate to mortality, morbidity, longevity, investment returns, expenses, lapse and surrender rates and discount rates. The Company bases mortality and morbidity tables on standard industry and national tables which reflect historical experiences, adjusted when appropriate to reflect the Company's unique risk exposure, product characteristics, target markets and own claims severity and frequency experiences. For those contracts that insure risk to longevity, prudent allowance is made for expected future mortality improvements, but epidemics, as well as wide ranging changes to life style, could result in significant changes to the expected future mortality exposure.

Estimates are also made as to future investment income arising from the assets backing insurance contracts. These estimates are based on current market returns as well as expectations about future economic and financial developments.

Assumptions on future expense are based on current expense levels, adjusted for expected expense inflation adjustments if appropriate.

Lapse and surrender rates depend on product features, policy duration and external circumstance, such as sale trends. Credible own experience is used in establishing these assumptions.

Discount rates are based on current industry risk rates, adjusted for the Company's own risk exposure.

FIDELIDADE MACAU VIDA - COMPANHIA DE SEGUROS, S.A.

NOTES TO FINANCIAL STATEMENTS

31 December 2021

3. SIGNIFICANT ESTIMATES (continued)

Estimation uncertainty (continued)

*Fair value measurement of financial instruments*

When the fair values of financial assets and financial liabilities recorded in the statement of financial position cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the discounted cash flow ("DCF") model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and model inputs such as volatility for longer dated derivatives and discount rates, prepayment rates and default rate assumptions for asset backed securities.

4. PENSION FUND MANAGEMENT INCOME

Pursuant to Decree-Law No. 6/99/M of 8 February and as authorised by Autoridade Monetária de Macau (the "AMCM"), the Company acts as a pension fund manager and receives management fee from managing pension funds (the "Funds"). The Funds' related assets and liabilities are maintained separately from the Company's assets and liabilities. At 31 December 2021, the fair value of the net assets held by the Company on behalf of the Funds amounted to approximately MOP1,666.0 million (31 December 2020: MOP1,481.0 million).

5. PROFIT BEFORE TAX

The Company's profit before tax is arrived at after charging/(crediting):

	Note	Year ended 31 December 2021 MOP	Period from 31 March 2020 (date of incorporation) to 31 December 2020 MOP
Depreciation of equipment	8	53,118	33,632
Employee benefit expense:			
Wages and salaries		8,114,241	7,139,199
Pension scheme contributions		494,950	374,449
Management fee paid to:			
Fidelidade Macau – Companhia de Seguros, S.A.		3,900,000	1,890,000
Foreign exchange differences, net		( 4,789,450)	332,863
Interest income from bank deposits		( 43,757,031)	( 36,928,886)
Interest income from financial assets at fair value through profit or loss		( 7,373,155)	( 4,057,196)
Dividend income from financial assets at fair value through profit or loss		( 118,806)	-
			continued/...



FIDELIDADE MACAU VIDA - COMPANHIA DE SEGUROS, S.A.

NOTES TO FINANCIAL STATEMENTS

31 December 2021

5. PROFIT BEFORE TAX (continued)

The Company's profit before tax is arrived at after charging/(crediting): (continued)

	Year ended 31 December 2021 MOP	Period from 31 March 2020 (date of incorporation) to 31 December 2020 MOP
Gain on disposal of financial assets at fair value through profit or loss, net	( 240,058)	( 11,253)
Fair value losses/(gains) on financial assets at fair value through profit or loss, net	<u>4,678,949</u>	<u>( 12,547,267)</u>

6. INCOME TAX

Macao complementary tax has been provided at the statutory rate of 12% of the estimated taxable profits arising in Macao during the year/period.

	Year ended 31 December 2021 MOP	Period from 31 March 2020 (date of incorporation) to 31 December 2020 MOP
Current		
Provision for the year/period	868,600	353,710
Over provision in prior period	( 300,252)	-
Deferred	7 ( 130,469)	<u>1,483,552</u>
Total tax charge for the year/period	<u>437,879</u>	<u>1,837,262</u>

FIDELIDADE MACAU VIDA - COMPANHIA DE SEGUROS, S.A.

NOTES TO FINANCIAL STATEMENTS

31 December 2021

6. INCOME TAX (continued)

A reconciliation of the tax expense applicable to profit before tax at the statutory rate for Macao to the tax expense at the effective tax rate is as follows:

	MOP	MOP
Profit before tax	<u>6,687,643</u>	<u>15,964,007</u>
Tax at the statutory tax rate of 12% (2020: 12%)	802,517	1,915,681
Adjustments in respect of current tax of previous periods	( 300,252)	-
Income not subject to tax	-	( 10,338)
Expenses not deductible for tax	7,614	3,919
Others	<u>( 72,000)</u>	<u>( 72,000)</u>
Tax charge at the Company's effective rate of 7% (2020: 12%)	<u>437,879</u>	<u>1,837,262</u>

7. DEFERRED TAX LIABILITIES

The movements in deferred tax liabilities are as follows:

	Fair value adjustments of financial assets at fair value through profit or loss MOP
At 31 March 2020 (date of incorporation)	-
Debited to statement of profit or loss (Note 6)	<u>( 1,483,552)</u>
At 31 December 2020 and 1 January 2021	( 1,483,552)
Credited to statement of profit or loss (Note 6)	<u>130,469</u>
At 31 December 2021	<u>( 1,353,083)</u>

FIDELIDADE MACAU VIDA - COMPANHIA DE SEGUROS, S.A.

NOTES TO FINANCIAL STATEMENTS

31 December 2021

8. EQUIPMENT

	Computer system MOP	Furniture, fixtures and equipment MOP	Total MOP
<b>31 December 2021</b>			
At 1 January 2021:			
Cost	154,972	-	154,972
Accumulated depreciation	( 33,632)	-	( 33,632)
Net carrying amount	<u>121,340</u>	<u>-</u>	<u>121,340</u>
At 1 January 2021, net of accumulated depreciation	121,340	-	121,340
Additions	-	1,358	1,358
Depreciation provided during the year	( 51,760)	( 1,358)	( 53,118)
At 31 December 2021, net of accumulated depreciation	<u>69,580</u>	<u>-</u>	<u>69,580</u>
At 31 December 2021:			
Cost	154,972	1,358	156,330
Accumulated depreciation	( 85,392)	( 1,358)	( 86,750)
Net carrying amount	<u>69,580</u>	<u>-</u>	<u>69,580</u>
<b>31 December 2020</b>			
Cost at 31 March 2020 (date of incorporation)	-	-	-
Additions	154,972	-	154,972
Depreciation provided during the period	( 33,632)	-	( 33,632)
At 31 December 2020, net of accumulated depreciation	<u>121,340</u>	<u>-</u>	<u>121,340</u>
At 31 December 2020:			
Cost	154,972	-	154,972
Accumulated depreciation	( 33,632)	-	( 33,632)
Net carrying amount	<u>121,340</u>	<u>-</u>	<u>121,340</u>

FIDELIDADE MACAU VIDA - COMPANHIA DE SEGUROS, S.A.

NOTES TO FINANCIAL STATEMENTS

31 December 2021

9. SHARE CAPITAL

	2021 MOP	2020 MOP
Authorised, issued and fully paid:		
170,000 (2020: 170,000) ordinary shares of MOP1,000 each	<u>170,000,000</u>	<u>170,000,000</u>

On 31 March 2020 upon incorporation, 120,000 ordinary shares of MOP1,000 each were issued at par to shareholders. Pursuant to the ordinary resolution passed on 20 June 2020, additional 50,000 ordinary shares of MOP1,000 each were issued for a total cash consideration, before expenses, of MOP50,000,000. Capital of the Company was increased from MOP120,000,000 to MOP170,000,000. All new shares issued rank pari passu in all respects with the existing shares of the Company.

10. DEFERRED ACQUISITION COSTS

	Gross MOP	Reinsurance MOP	Net MOP
At 31 March 2020 (date of incorporation)	-	-	-
Transfer from Fidelidade – Companhia de Seguros, S.A. (RAMO VIDA)	10,747,647	( 59,591)	10,688,056
Acquisition costs deferred	3,121,692	( 89,279)	3,032,413
Amortisation	<u>( 1,679,355)</u>	<u>55,224</u>	<u>( 1,624,131)</u>
At 31 December 2020 and 1 January 2021	12,189,984	( 93,646)	12,096,338
Acquisition costs deferred	2,490,193	( 44,543)	2,445,650
Amortisation	<u>( 2,414,611)</u>	<u>93,646</u>	<u>( 2,320,965)</u>
At 31 December 2021	<u>12,265,566</u>	<u>( 44,543)</u>	<u>12,221,023</u>

11. PLEDGE OF ASSETS

Time deposits of MOP1,163,672,019 (2020: MOP1,111,985,069) have been endorsed in favour of AMCM to guarantee its technical reserves as required under the Macao Insurance Act.

Details of the Company's debt and equity securities pledged for the Company's technical reserves are included in note 14 of the financial statements.

FIDELIDADE MACAU VIDA - COMPANHIA DE SEGUROS, S.A.

NOTES TO FINANCIAL STATEMENTS

31 December 2021

12. CASH AND CASH EQUIVALENTS

	2021 MOP	2020 MOP
Cash and cash equivalents	91,873,765	83,345,323
Non-pledged time deposits with original maturity of more than three months when acquired	<u>-</u>	<u>170,733,980</u>
	<u>91,873,765</u>	<u>254,079,303</u>

13. INSURANCE CONTRACT LIABILITIES

	2021 MOP	2020 MOP
Mathematical reserves	1,557,195,169	1,448,380,146
Outstanding claims provision	<u>122,194</u>	<u>733,388</u>
	<u>1,557,317,363</u>	<u>1,449,113,534</u>
<u>Less:</u>		
Reinsurers' share of mathematical reserves	( 968,766)	( 817,450)
Reinsurers' share of outstanding claims provision	<u>-</u>	<u>-</u>
	<u>( 968,766)</u>	<u>( 817,450)</u>
Technical reserves, net	<u>1,556,348,597</u>	<u>1,448,296,084</u>

In determining the outstanding claims provision, the Company's management used historical information and other analytical techniques for estimation. The Company continually reviews the estimates and makes adjustments as necessary, but actual results could differ significantly from what is envisioned when these estimates are made.

FIDELIDADE MACAU VIDA - COMPANHIA DE SEGUROS, S.A.

NOTES TO FINANCIAL STATEMENTS

31 December 2021

14. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2021 MOP	2020 MOP
Debt securities	340,932,058	170,996,062
Equity securities	<u>53,614,429</u>	<u>-</u>
Financial assets at fair value through profit or loss	<u>394,546,487</u>	<u>170,996,062</u>

The above financial assets at the end of the reporting period were classified as held for trading and measured at fair value. Upon initial recognition, they were designated by the Company as financial assets at fair value through profit or loss. Debt and equity securities amounted to MOP394,546,487 (2020: Debt securities amounted to MOP170,996,062) and accrued interest from debt securities amounted to MOP2,920,442 (2020: Nil) have been endorsed in favour of AMCM to guarantee the technical reserves.

15. FAIR VALUE HIERARCHY

The following table illustrative the fair value measurement hierarchy of the Company's financial instruments:

*Assets measured at fair value*

As at 31 December 2021

	Note	Fair value measurement using			Total MOP
		Quoted prices in active markets (Level 1) MOP	Significant observable inputs (Level 2) MOP	Significant unobservable inputs (Level 3) MOP	
Financial assets at fair value through profit or loss	14	<u>394,546,487</u>	<u>-</u>	<u>-</u>	<u>394,546,487</u>

continued/...



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15. FAIR VALUE HIERARCHY (continued)

*Assets measured at fair value (continued)*

As at 31 December 2020

	Note	Fair value measurement using			Total MOP
		Quoted prices in active markets (Level 1) MOP	Significant observable inputs (Level 2) MOP	Significant unobservable inputs (Level 3) MOP	
Financial assets at fair value through profit or loss	14	<u>170,996,062</u>	<u>-</u>	<u>-</u>	<u>170,996,062</u>

The fair values of Level 1 securities are based on quoted market prices. During the year, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 (2020: Nil).

16. CONTINGENT LIABILITIES

The Company has guaranteed the capital amount invested in the Guaranteed Capital Pension Fund as authorised by AMCM under Decree-Law No. 6/99M of 8 February. The capital amount of the Guaranteed Capital Pension Fund as at 31 December 2021 amounted to MOP84,957,202 (2020: MOP80,420,220).

17. LEGAL RESERVE

Pursuant to Article 84 of the Macao Insurance Law and the Commercial Code, the Company is required to set up a legal reserve and transfer to this legal reserve based on the following percentages of net profits computed for each financial year when they are approved by the shareholders in a general assembly meeting as required under the relevant laws of Macao:

- 20%, until the total of this reserve equals one half of the minimum share capital prescribed under Article 17 of the Macao Insurance Law; and then
- 10%, until the total of this reserve equals such minimum share capital.

This reserve is non-distributable to shareholders.

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18. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 16 March 2022.



