FIDELIDADE MACAU LIFE - INSURANCE COMPANY LIMITED

忠誠澳門人壽保險股份有限公司

ANNUAL REPORT

2022

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 2022.

The Board of Directors

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A. GOVERNING BODIES

General Assembly

Jorge Neto Valente	Chairman	
Maria Beatriz de Melo e Sá Segorbe Luís	Secretary	*(up to 27 October 2022)*
Sérgio Silva Gaspar	Secretary	*(as from 28 October 2022)*

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	Secretary	*(up to 27 October 2022)*
Sérgio Silva Gaspar	Secretary	*(as from 28 October 2022)*

Supervisory Council

CSC & Associados - Sociedade de Auditores, represented by Mok Chi Meng (莫子銘)	Chairman
Si Chi Hok (施子學)	Member
Maria Luísa Man (萬美玲)	Member

B. MACAO ECONOMY

Under the impact of the pandemic and global economic slowdown, the Macao economy contracted by 26.8% year-on-year in real terms in 2022.

Macao's inflation increased to 1.04% in 2022, compared to 0.03% in the previous year. The increment was mainly driven by higher wages of domestic helpers, more expensive costs for eating out and electricity, along with rising prices of gasoline and fruits; however, the growth was partially moderated by lower house rentals, falling charges for telecommunications services and reeding prices of pork.

In the fourth quarter of 2022, exports of services fell by 27.1% year-on-year, of which exports of gaming services and exports of other tourism services tumbled by 46.6% and 30.5% respectively. In terms of merchandise trade, imports and exports of goods dropped by 7.9% and 14.1% year-on-year respectively. Meanwhile, imports of services increased by 12.6%. Government final consumption expenditure rose by 1.9% year-on-year, attributable to an increase in the expenditure on healthcare subsidy scheme and pandemic prevention. Gross fixed capital formation decreased by 13.9% year-on-year, of which construction investment and equipment investment dropped by 15.9% and 8.1% respectively.

As regards public investment, public construction investment went up by 11.1% year-on-year in the fourth quarter of 2022, ascribable to increased investment in construction of public housing, the fourth Macao-Taipa bridge and the Islands District Medical Complex; however, equipment investment reduced by 17.1%. Regarding private investment, construction investment declined by 29.3% year-on-year owing to reduced investment by gaming enterprises; besides, equipment investment fell by 4.1%.

Owing to the impact of the pandemic in Macao and neighbouring regions, the number of inbound tourists fell to only 5.7 million, much lower than the 39.4 million in the pre-pandemic year of 2019.

At the end of year 2022, both the general unemployment rate of 3.5% and the unemployment rate of residents of 4.5% increased by 0.4 percentage points from the previous year. The labour force living in Macao totalled 373,400. Total employment was 360,200 and the number of employed residents totalled 281,100, down by 16,900 and 1,400 respectively from 2021.The general labour force participation rate was 68.5% and the labour force participation rate of residents was 63.5%, which compares with 69.0% and 63.2% at the end of 2021.

Median monthly employment earnings of the overall employed was MOP 15,600, maintaining the same level of 2021. On the contrary, the median monthly employment earning of the employed residents has decreased from MOP 20,000 at the end of 2021 to MOP 19,000 at the end of 2022.

2023 is expected to be a year of recovery. The lifting of pandemic restrictions will allow the recovery of Macao's economy, amid the positive of the renewal of Macao gaming licences. Going forward, the integration of Macao within the Greater Bay Area will generate opportunities for a high growth economy for the years to come.

C. MACAO INSURANCE MARKET

Despite the contraction of the Macao's economy in 2022, the life insurance industry grew by about 1.8%, recording total gross written premiums of MOP 27.2 billion up to the third quarter of 2022, which compares with MOP 26.8 billion up to the third quarter of 2021.

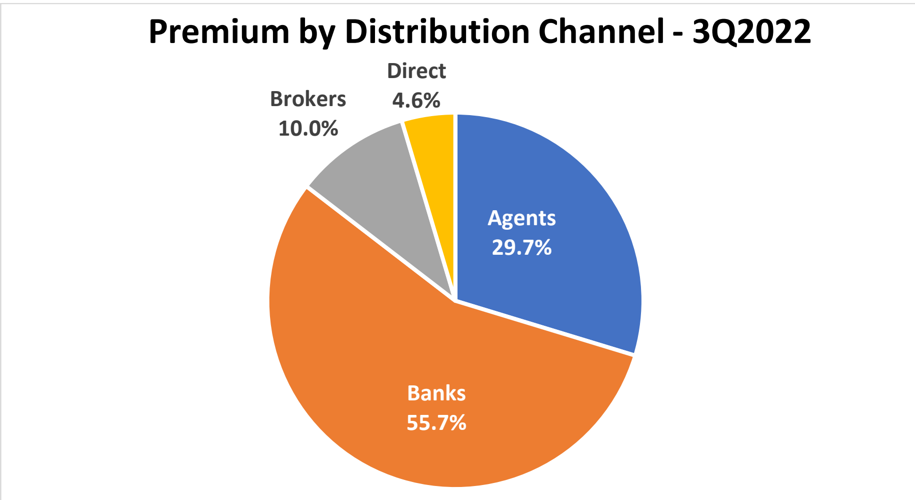
The distribution of gross written premiums by insurance class remained relatively stable, with endowment business representing 43%, followed by whole life business with 39%.

In the past years, the life sector registered a significant volatility in the gross loss ratio. In fact, the loss ratio of 32% in 2019, reaching 59% in 2021 and only 14% up to the third quarter of 2022.

	3Q2022	**2021**	**2020**	**2019**
Total Gross Claims (in MOP billion)	3.72	19.49	11.73	8.27
• Total Death Claims (in MOP billion)	0.95	1.24	0.94	1.09
• Total Surrender Claims (in MOP billion)	0.66	0.86	0.67	0.76
• Total Maturity Claims (in MOP billion)	1.36	16.6	11.2	4.9
Gross Loss Ratio Market, All Lines of Business	14%	59%	45%	32%

It is noticeable that the total gross claims have significantly decreased by about 79% from MOP 17.73 billion up to 3Q2021 to MOP 3.72 billion up to 3Q2022. On opposite trend, the death claims have increased by about 6% from MOP 900.7 million up to 3Q2021 to MOP 953.5 up to 3Q2022. Due to the nature of the business being developed by the insurance companies in Macao, most of the claims are arising from surrenders and maturities of the policies.

In terms of new business, the group life business accounts to only 0.1% of the total gross premiums up to 3Q2022, with 88% share from health line of business. In respect to individual life new business, it accounts to 99.9% of the premiums, where two lines of business are dominant: whole life products with 60.9% share (38.4% in 2021) and endowment products with 30.7% share (45.7% in 2021). It is remarkable that the origin of new individual life business is being switched from the Macao residents (64% share in 2021 and 42.2% up to 3Q2022) to non-residents (36% share in 2021 and 57.8% up to 3Q2022). All such policies are predominantly sold through bancassurance channels with 55.7% share (43.5% in 2021).



D. COMPANY OVERVIEW

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 clients 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 clients 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 clients. This is the spirit that has guided the Company for over 22 years!

So that life doesn't stop.

E. KEY INDICATORS

411 MOP million Gross Written Premiums	**1.2%** Market Share	**273%** Solvency Ratio
1,139 MOP million Assets	**22** Staff	**15.2%** Combined Ratio (Risk Products)
0.2 MOP million Net Profits	**155** MOP million Shareholders' Equity	**0.1%** Return on Equity

The year 2022 was the third year of activity after the incorporation of the Company in Macao on 31 March 2020.

Financial Position *(in MOP million)*	**2022**	**2021**	**2020**
Assets	1,138.5	1,761.7	1,640.8
Liabilities	983.2	1,571.3	1,456.7
Equity	155.4	190.4	184.1

Key Ratios *(in %)*	**2022**	**2021**	**2020**
Solvency Ratio	272.6	255.7	260.3
Return on Equity	0.1	3.3	12.8

Financial Results *(in MOP million)*	**2022**	**2021**	**2020**
Gross Written Premiums	411.4	471.5	212.4
Other Comprehensive Income	(32.1)	0.0	0.0
Net Profit	0.2	6.3	14.1

F. SHAREHOLDERS STRUCTURE

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.

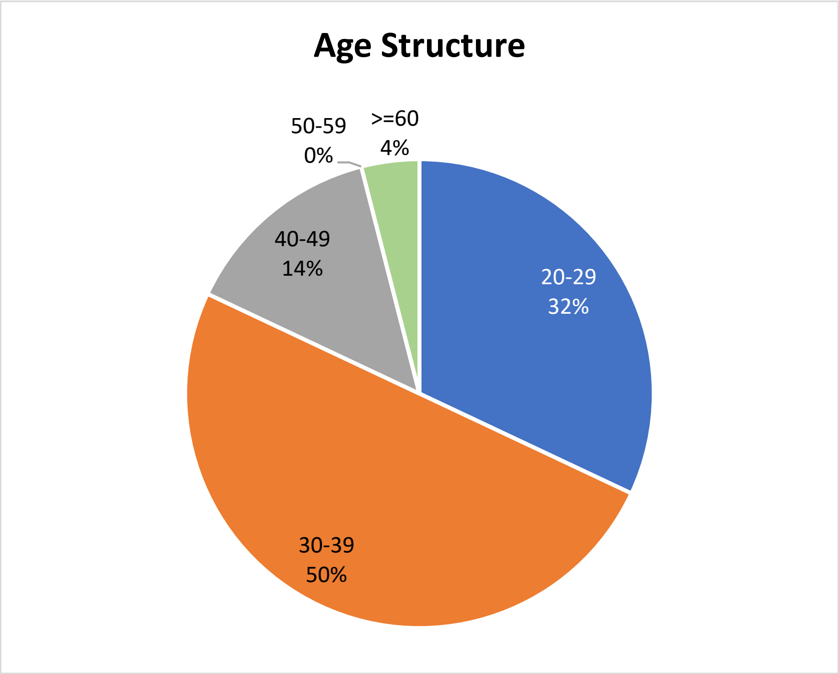
Caixa Geral de Depósitos is a Portuguese state bank, considered the largest financial institution in Portugal, with approximately 4 million clients and with presence in more than 20 countries.

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, Fid Chile and La Positiva Insurance Group (operating in Peru, Bolivia and Paraguay).

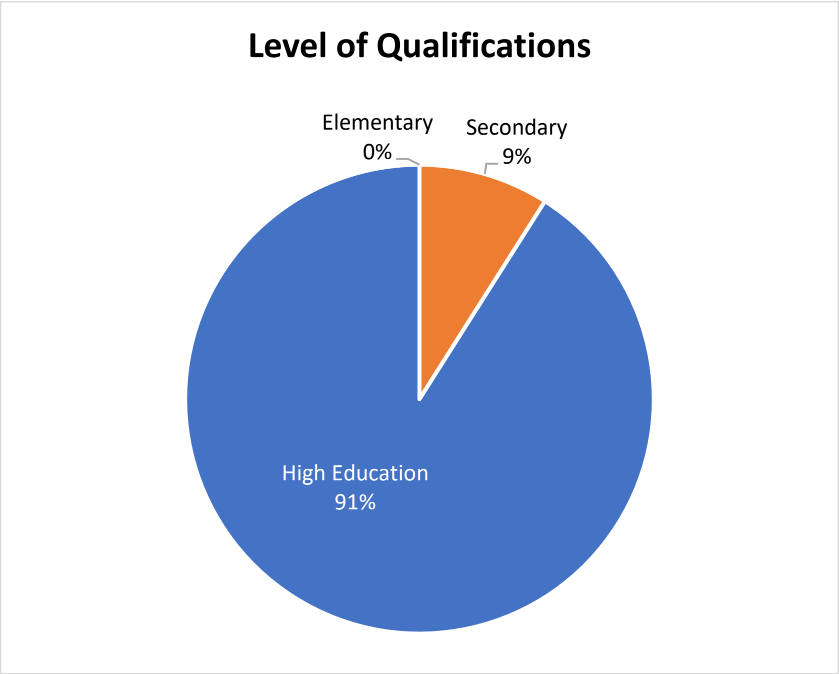
G. HUMAN RESOURCES

At the end of 2022, the Company employed a total of 22 permanent staff, which is an increase of 22% in comparison to the previous year.

In terms of gender distribution, the Company employed 13 women and 9 men, occupying 59% and 41% of the total staff respectively. The average staff age is 35 years, comprising an average age of 33.4 years for women and an average age of 37.4 years for men.



In terms of academic background, staff members with higher education degree represent 91% of the total. All the remaining staff members have a secondary education degree.



To reduce the negative impact of the COVID-19 outbreak, in 2022 the Company has continued to enforce precautionary measures in compliance with regulations set by the local health authorities, reminding its staff to pay attention to workplace and personal hygiene.

Talent acquisition and employee training have been an ongoing strategy for the business to identify future leaders and to develop specific skillset. In terms of hiring, the Company has prioritized local applications and sourced appropriate candidates through various channels.

The Company has been hosting the Continuing Professional Development (“CPD”) training for the fifth consecutive year. Through a series of learning modules, the aim was to nurture employees, business partners and insurance intermediaries in becoming all-round performers. In addition to CPD, employees have been arranged to participate in regular training courses to equip themselves to best serve clients.

Through the execution of effective policies and procedures, the Company ensures its employees are adequately managed and compensated, effectively trained to perform their tasks to support of the Company’s strategic objectives.

H. COMMERCIAL OPERATIONS

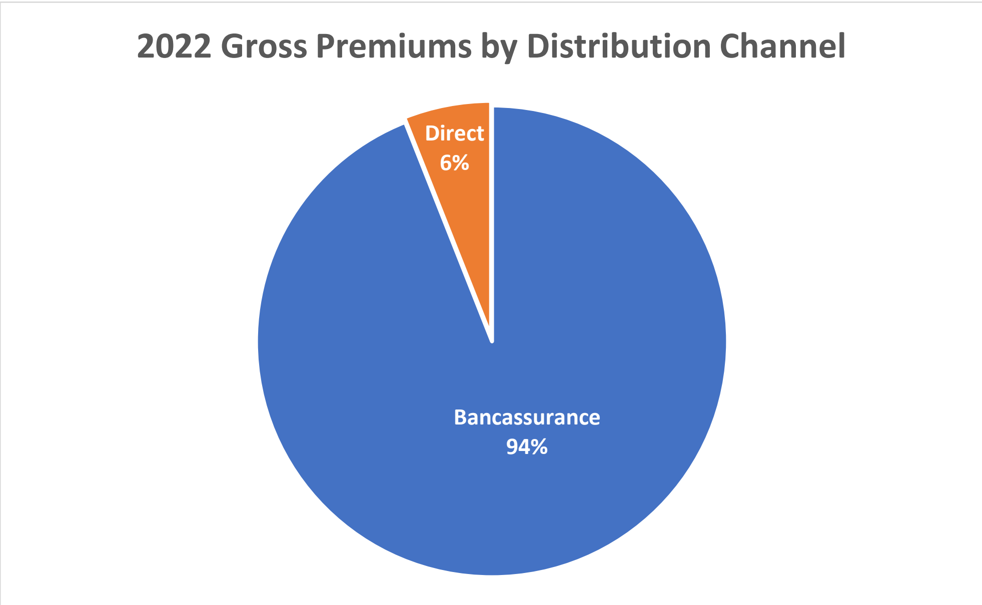
"*We Know, We Care*" is the Company's commitment to all its clients, standing always as their ultimate risk solutions provider. To carry forward this commitment, the Company's staff is motivated with a high degree of enthusiasm.

The Company is focused on reliable, prompt, and personalized services to clients. 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 clients.

The year of 2022, similarly to 2021, was characterized as a 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 continues to be providing value-added risk solutions to clients, engaging them in a strategic dialogue to ascertain their protection requirements, and providing them with 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 clients' holistic needs, with a growing focus on digital platforms.



Throughout the year, the Company's portfolio continues to build a prudent and disciplined underwriting strategy, rooted in the principles of professionalism and transparency.

The Company achieved MOP 411 million of gross written premium, representing a decrease of 13% comparing to 2021, reflecting the effects of the pandemic COVID-19 as well as the rising of interest rates, with inverted yield curve, leading to less attractiveness of the endowment products (more focused on medium term) when comparing to short term banking solutions.

On product development, the Company has registered the launch of a high watermark index-linked product named MaxValue20 Endowment Plan, an innovative insurance product in Macao therefore contributing to the development of the local financial market.

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 2022, the total assets under management reached MOP 1.5 billion, a decrease of 8% comparing with 2021 reflecting the unfavourable investment performance in the global markets.

The business environment is expected to remain challenging. As always, the Company will continue to improve local insurance services to Macao’s clients and is looking forward to 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

Since Fidelidade first came to Macao in 1999, it implemented its vision to comply with the strongest ethical standards, competence, and integrity, with the clear goal to be valued by shareholders, employees, clients, business partners and suppliers.

The Company's mission to protect all its clients, translates into the strong commitment towards the Macao society, its sustainable development, greater social equality, respect for the environment and wellbeing of its communities.

Following the Group's Platform for Sustainable Development, the Company is part of a global goal with all the Group's geographies to improve the conditions of the communities and environment in which it operates, through different actions/projects in partnership with non-governmental and non-profit organizations (NGO's), academic institutions and corporate clients, etc.

The Company always tries to explore innovative ways to fulfil its commitment for a positive impact in the region, and during 2022 it focused primarily in these key areas:

- **Environmental**
  - Continuous efforts on the Company digital transformation to improve its internal technical solutions, aiming a more effective resources planning to enhance productivity by the users and reduce paper consumption with the Company, and by so, reduce its environmental impact.
  - Development of environmentally friendly actions in partnership with the *Macau Portuguese School (EPM)*, as part of our sustainability commitment with our clients and community to motivate younger generations to build a greener future for Macao. Recycling and upcycling actions with the students and the construction of a "moss wall" are just part of the referred initiatives.
- **Philanthropic**
  - The Company regularly sponsors and acts with local NGO's that promote healthy lifestyle. This year the Company sponsored the *Caritas Annual Charity Run*, promoting a healthy action with its employees in partnership with Banco Nacional Ultramarino, our long term strategic partner with a charity end-goal towards local communities in need.
  - The Company has also an action plan to support social work organizations to continue their services, providing care and protection to Macao communities. One of the most significant initiatives was the donation of food to Caritas Macau assisting migrant communities in need of basic support during the pandemic and lockdown periods.

The essence of the insurance industry is about helping people and businesses through times of loss and the unexpected. The Company has continued its commitment of giving back to society through different initiatives and activities, contributing to safer communities and reducing its environmental impact.

J. FINANCIAL REVIEW

The Company's total assets amounted to MOP 1,139 million at the end of 2022. The total liabilities amounted to MOP 983 million, which includes the Company's reserves towards policyholders and claimants of MOP 964 million.

The Company's solvency margin, measured in accordance with the regulatory requirements issued by the Monetary Authority of Macao, was 272.6% at the end of 2022, revealing the Company's solid financial structure and reflecting a strong foundation for future business expansion.

The Company's net profit for the year 2022 amounted to MOP 0.2 million.

K. APPROPRIATION OF PROFITS

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 2022, totalizing MOP 217,639.08 (two hundred and seventeen thousand, six hundred thirty-nine Patacas and eight cents), be allocated as follows:

- Legal Reserve (20%):
  MOP 43,527.82
  (Forty-three thousand, five hundred and twenty-seven Patacas and eighty-two cents)

- Free Reserve (80%):
  MOP 174,111.26
  (One hundred seventy-four thousand, one hundred and eleven Patacas and twenty-six cents)

L. MANAGEMENT APPRECIATION

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 Monetary Authority of Macao, for the valuable support and guidance and its role as a key driving force in the development of the Macao's insurance sector;
- The Chairman of the General Assembly and of the Supervisory Council for their interest, availability and commitment to the monitoring and control of the business;
- The brokers, agents 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, 15 March 2023

The 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

M. FINANCIAL STATEMENTS

BALANCE SHEET AS AT 31 DECEMBER 2022

REVENUE ACCOUNT FOR 2022

PROFIT AND LOSS ACCOUNT FOR 2022

BALANCE SHEET AS AT 31 DECEMBER 2022

(Amounts in MOP)

ASSETS	Balance	Sub-totals	Total
INTANGIBLE ASSETS			
Start-up Costs	-		
Others	618,000.00		
(Accumulated Depreciation)	(131,611.11)	486,388.89	486,388.89
TANGIBLE ASSETS			
Office Premises	-		
Motor Vehicles	-		
Office Equipment	1,358.00		
Computers	208,694.06		
Others	77,500.00		
(Accumulated Depreciation)	(159,557.68)	127,994.38	127,994.38
FINANCIAL ASSETS			
Free of Any Charge or Liability			
Fixed Deposits	-		
Bonds	-	-	
Guaranteeing Technical Reserves			
Fixed Deposits	464,837,116.67		
Shares	42,104,569.70		
Bonds	570,768,788.70		
Others	-	1,077,710,475.07	1,077,710,475.07
REINSURERS' SHARE IN MATHEMATICAL RESERVES			
On Direct Insurance	1,044,177.20		
On Reinsurance Accepted	-	1,044,177.20	1,044,177.20
REINSURERS' SHARE IN OUTSTANDING CLAIMS RESERVE			
On Direct Insurance	-		
On Reinsurance Accepted	-	-	-
GENERAL DEBTORS			
Ceding Companies	-		
Reinsurers	489,882.00		
Co-Insurers	-		
Insureds	-		
Intermediaries	42,812.30		
Government Departments	5,290,211.00		
Others	1,525,130.32	7,348,035.62	7,348,035.62
PREMIUMS ON COLLECTION			
Premiums on Collection	94,389.50		
(Provision for Due Premiums)	(52,000.00)	42,389.50	42,389.50
ACCRUALS AND DEFERRALS			
Interest Receivable	13,488,442.72		
Other Accruals and Deferrals	12,352,626.70	25,841,069.42	25,841,069.42
DEPOSITS AT BANKS			
In Local Currency			
Current Accounts	5,519,139.58		
Fixed Deposits	-	5,519,139.58	
In Foreign Currency			
Current Accounts	20,396,114.00		
Fixed Deposits	-	20,396,114.00	25,915,253.58
CASH			6,000.00
TOTAL ASSETS			**1,138,521,783.66**

(Amounts in MOP)

LIABILITIES	**Balance**	**Sub-totals**	**Total**
MATHEMATICAL RESERVE			
On Direct Insurance	963,754,692.16		
On Reinsurance Accepted	-	963,754,692.16	963,754,692.16
OUTSTANDING CLAIMS RESERVE			
On Direct Insurance	16,000.00		
On Reinsurance Accepted	-	16,000.00	16,000.00
SUNDRY RESERVE	-	-	-
GENERAL CREDITORS			
Insureds	3,965,111.70		
Intermediaries	1,147,891.01		
Government Departments	2,464,168.00		
Others	11,530,250.34	19,107,421.05	19,107,421.05
LOANS AND ADVANCES			-
CLAIMS PAYABLE			-
COMMISSIONS PAYABLE			261,991.50
ACCRUALS AND DEFERRALS			24,177.70
TOTAL LIABILITIES			**983,164,282.41**

EQUITY	**Balance**	**Sub-totals**	**Total**
SHARE CAPITAL			
Paid-up Capital			170,000,000.00
RESERVES			
Legal Reserve	4,075,301.79		
Free Reserve	16,301,207.16		
Revaluation Reserve	(32,121,669.69)	(11,745,160.74)	(11,745,160.74)
REVALUATION OF RETAINED EARNINGS			(3,114,977.09)
PROFIT BEFORE TAXATION	241,127.08		
PROVISION FOR INCOME TAX	(23,488.00)		
NET PROFIT (AFTER TAX)		217,639.08	217,639.08
TOTAL EQUITY			**155,357,501.25**

TOTAL LIABILITIES & EQUITY	**1,138,521,783.66**

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)

REVENUE ACCOUNT FOR 2022

DEBIT	Life and Annuity	Operations of Capitalisation	Other Classes	General Accounts	Sub-totals	Total
MATHEMATICAL RESERVE						
on Direct Insurance	517,380.16	-	27,005,066.17		27,522,446.33	
on Reinsurance Accepted	-	-	-		-	27,522,446.33
COMMISSIONS						
on Direct Insurance	2,074,904.67	-	1,253,724.70		3,328,629.37	
on Reinsurance Accepted	-	-	-		-	3,328,629.37
COSTS RELATED TO REINSURANCE CEDED						
on Direct Insurance						
Premiums ceded	2,240,352.30	-	38,671.00		2,279,023.30	
Reduction in Mathematical Reserve	1,981.90	-	-		1,981.90	
Reduction in Outstanding Claims Reserve	-	-	-		-	2,281,005.20
on Reinsurance Accepted						
Premiums ceded	-	-	-		-	
Reduction in Mathematical Reserve	-	-	-		-	
Reduction in Outstanding Claims Reserve	-	-	-		-	-
GROSS CLAIMS						
on Direct Insurance						
Surrendered	141,443.80	-	232,240,587.96		232,382,031.76	
Dividends to Policyholders	-	-	-		-	
Maturities	-	-	771,625,064.01		771,625,064.01	
Provisions	-	-	16,000.00		16,000.00	1,004,023,095.77
on Reinsurance Accepted						
Paid	-	-	-		-	
Provisions	-	-	-		-	-
GENERAL EXPENSES				14,330,410.88		14,330,410.88
FINANCIAL COSTS				8,114,530.04		8,114,530.04
OTHER COSTS				135,682.77		135,682.77
AMORTISATION AND DEPRECIATION						
Intangible Assets				131,611.11		
Tangible Assets				72,807.51		204,418.62
FINANCIAL PROVISIONS						
Provision for Premiums Due				33,000.00		
Sundry Reserves				-		33,000.00
UNDERWRITING PROFIT						24,603,495.72
TOTAL						**1,084,576,714.70**

CREDIT	Life and Annuity	Operations of Capitalisation	Other Classes	General Accounts	Sub-totals	Total
GROSS PREMIUMS						
from Direct Insurance	13,882,693.70	-	397,528,547.40		411,411,241.10	
from Reinsurance Accepted	-	-	-		-	411,411,241.10
INCOME FROM REINSURANCE CEDED						
from Direct Insurance						
Commissions (including profit sharing)	999,553.10	-	20,229.20		1,019,782.30	
Claims Sharing	-	-	-		-	
Reinsurers' Share in Mathematical Reserve	77,393.60	-	-		77,393.60	
Reinsurers' Share in Claims Reserve	-	-	-		-	
Others	-	-	-		-	1,097,175.90
from Reinsurance Accepted						
Commissions (including profit sharing)	-	-	-		-	
Claims Sharing	-	-	-		-	
Reinsurers' Share in Mathematical Reserve	-	-	-		-	
Reinsurers' Share in Claims Reserve	-	-	-		-	
Others	-	-	-		-	-
REDUCTION IN MATHEMATICAL RESERVE						
from Direct Insurance	5,856,468.29	-	615,106,454.79		620,962,923.08	
from Reinsurance Accepted	-	-	-		-	620,962,923.08
REDUCTION IN OUTSTANDING CLAIMS RESERVE						
from Direct Insurance	-	-	122,193.90		122,193.90	
from Reinsurance Accepted	-	-	-		-	122,193.90
INCOME FROM SERVICES PROVIDED						
from Management of Private Pension Funds				9,768,505.40		
Others				20,000.00		9,788,505.40
OTHER INCOME						
Financial Income				41,054,530.92		
Miscellaneous				32,718.50		41,087,249.42
REDUCTION IN FINANCIAL RESERVES						
Provision for Premiums Due				-		
Sundry Reserves				107,425.90		107,425.90
UNDERWRITING LOSS				-		-
TOTAL						**1,084,576,714.70**

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 2022

DEBIT	Total
Extraordinary Losses of the Year	23,853,261.64
Losses Pertaining to Prior Years	509,107.00
Provision for Income Tax	23,488.00
Profit After Taxation	217,639.08
TOTAL	**24,603,495.72**

CREDIT	Total
Profits from Revenue Account	24,603,495.72
Extraordinary Gains of the Year	-
Gains Pertaining to Prior Years	-
TOTAL	**24,603,495.72**

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)

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

RELATÓRIO E PARECER DO CONSELHO FISCAL
2022

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.

To : Shareholders of Fidelidade Macau Life – Insurance Company Limited

Report and Opinion of the Supervisory Board
2022

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.

致：忠誠澳門人壽保險股份有限公司股東

2022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, 17 de Março de 2023
Macau, 17 March 2023
2023年3月17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

Audited Financial Statements

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

31 December 2022

EY 安永
Building a better working world

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

CONTENTS

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

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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 52, which comprise the statement of financial position as at 31 December 2022, and the statement of profit or loss, the statement of comprehensive income, 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 under Dispatch of Secretary for Economy and Finance No. 44/2020 ("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. 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 2022, 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 2022; and

(c) all necessary information and explanations as and when requested, and where appropriate, have been satisfactorily obtained.

CHAN Wai, *CPA*
Ernst & Young
Certified Public Accountants

Macao
21 March 2023

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

STATEMENT OF PROFIT OR LOSS

Year ended 31 December 2022

	Notes	2022 MOP	2021 MOP
Gross premiums		411,411,241	471,478,180
Premiums ceded to reinsurers		(2,279,023)	(2,524,937)
NET PREMIUMS		409,132,218	468,953,243
Reinsurance commission income		1,019,782	534,504
Interest income		41,054,532	51,130,186
Pension fund management income	4	9,768,505	9,751,480
Net investment (loss)/income		(23,853,262)	469,365
Other income		52,725	81,093
OTHER REVENUE		28,042,282	61,966,628
TOTAL REVENUE		437,174,500	530,919,871
Gross benefits and claims paid		(1,003,900,902)	(391,160,284)
Benefits and claims ceded to reinsurers		-	-
Gross change in insurance contract liabilities		593,440,477	(108,815,024)
Change in insurance contract liabilities ceded to reinsurers		75,412	151,316
NET BENEFITS AND CLAIMS		(410,385,013)	(499,823,992)
Commission expenses paid		(3,328,629)	(4,753,776)
Deferred acquisition costs	12	1,657,757	2,445,650
Amortisation of deferred acquisition costs	12	(1,550,331)	(2,320,965)
Management expenses		(19,847,340)	(19,779,145)
OTHER EXPENSES		(23,068,543)	(24,408,236)
TOTAL BENEFITS, CLAIMS AND OTHER EXPENSES		(433,453,556)	(524,232,228)
FINANCE COSTS	6	(2,970,710)	-
PROFIT BEFORE TAX	5	750,234	6,687,643
Income tax expense	7	(532,595)	(437,879)
PROFIT FOR THE YEAR		217,639	6,249,764

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

STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2022

	2022 MOP	2021 MOP
PROFIT FOR THE YEAR	217,639	6,249,764
OTHER COMPREHENSIVE INCOME		
Other comprehensive loss that will be reclassified to profit or loss in subsequent periods:		
Debt securities at fair value through other comprehensive income:		
Changes in fair value	(40,131,783)	-
Impairment allowances	79,322	-
Reclassification adjustment for losses on disposal included in the statement of profit or loss, net of tax	4,815,814	-
OTHER COMPREHENSIVE LOSS FOR THE YEAR, NET OF TAX	(35,236,647)	-
TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE YEAR	(35,019,008)	6,249,764

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

STATEMENT OF FINANCIAL POSITION

31 December 2022

	Notes	2022 MOP	2021 MOP
ASSETS			
Equipment	9	50,494	69,580
Intangible asset	10	486,389	-
Deferred tax assets	8	5,290,211	-
Deferred acquisition costs	12	12,352,627	12,265,566
Financial assets at fair value through profit or loss	16	42,104,570	397,466,929
Debt securities at fair value through other comprehensive income	17	570,768,789	-
Pledged deposits	13	464,837,116	1,163,672,019
Reinsurers' share of mathematical reserves	15	1,044,177	968,766
Insurance receivables		1,922,094	1,872,633
Other receivables		13,666,563	93,433,609
Other assets		77,500	77,500
Cash and cash equivalents	14	25,921,255	91,873,765
Total assets		1,138,521,785	1,761,700,367
EQUITY			
Share capital	11	170,000,000	170,000,000
Legal reserve	21	4,075,302	2,825,349
Fair value reserve		(32,121,670)	-
Free reserve		16,301,207	11,301,396
(Accumulated losses)/retained profits		(2,897,338)	6,249,764
Total equity		155,357,501	190,376,509
LIABILITIES			
Mathematical reserves	15	963,754,693	1,557,195,169
Outstanding claims provision	15	16,000	122,194
Deferred tax liabilities	8	-	1,353,083
Deferred revenue	12	24,178	44,543
Other payables and accruals		17,009,338	11,740,269
Tax payable		2,360,075	868,600
Total liabilities		983,164,284	1,571,323,858
Total equity and liabilities		1,138,521,785	1,761,700,367

Director

Director

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

STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2022

	Share capital MOP (Note 11)	Legal reserve MOP (Note 21)	Fair value reserve MOP	Free reserve MOP (Note a)	Retained profits/ (accumulated losses) MOP	Total equity MOP
At 1 January 2021	170,000,000	-	-	-	14,126,745	184,126,745
Profit for the year	-	-	-	-	6,249,764	6,249,764
Transfer to free reserve	-	-	-	11,301,396	(11,301,396)	-
Transfer to legal reserve	-	2,825,349	-	-	(2,825,349)	-
At 31 December 2021	170,000,000	2,825,349	-	11,301,396	6,249,764	190,376,509
Effects of adoption of IFRS 9 (note 2.2)	-	-	3,114,977	-	(3,114,977)	-
At 1 January 2022 (restated)	170,000,000	2,825,349	3,114,977	11,301,396	3,134,787	190,376,509
Profit for the year	-	-	-	-	217,639	217,639
Other comprehensive loss for the year: Change in fair value of debt securities at fair value through other comprehensive income, net of tax	-	-	(35,236,647)	-	-	(35,236,647)
Total comprehensive loss for the year	-	-	(35,236,647)	-	217,639	(35,019,008)
Transfer to free reserve	-	-	-	4,999,811	(4,999,811)	-
Transfer to legal reserve	-	1,249,953	-	-	(1,249,953)	-
At 31 December 2022	170,000,000	4,075,302	(32,121,670)	16,301,207	(2,897,338)	155,357,501

Note:

(a) The amount is transferred from the retained profits upon shareholder's resolution at an annual general meeting. The amount is distributable to the shareholders of the Company.

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

STATEMENT OF CASH FLOWS

Year ended 31 December 2022

	Notes	2022 MOP	2021 MOP
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		750,234	6,687,643
Adjustments for:			
Finance costs	6	2,970,710	-
Interest income	5	(40,488,731)	(51,130,186)
Dividend income from financial assets at fair value through profit or loss	5	(565,800)	(118,806)
Depreciation of equipment	9	72,808	53,118
Amortisation of intangible asset	10	131,611	-
Amortisation of deferred acquisition costs, net	12	1,550,331	2,320,965
Loss/(gain) on disposal of financial assets at fair value through profit or loss, net	5	6,106,083	(240,058)
Loss on disposal on debt securities at fair value through other comprehensive income	5	10,144,653	-
Fair value losses on financial assets at fair value through profit or loss, net	5	6,673,165	4,678,949
Foreign exchange differences		176,884	-
Change in expected credit losses	5	79,322	-
		(12,398,730)	(37,748,375)
Increase in deferred acquisition costs, net		(1,657,757)	(2,445,650)
Increase in insurance receivables		(49,461)	(629,656)
Decrease/(increase) in other receivables		79,767,046	(4,146,644)
Decrease/(increase) in pledged deposits		698,834,903	(51,686,950)
Increase in reinsurers' share of mathematical reserves		(75,411)	(151,316)
(Decrease)/increase in mathematical reserves		(593,440,476)	108,815,023
Decrease in outstanding claims provision		(106,194)	(611,194)
Increase in other payables and accruals		5,269,069	6,132,950
Cash generated from operations		176,142,989	17,528,188
Macao complementary tax paid		(868,600)	(53,458)
Interest received		25,447,998	43,757,031
Net cash flows from operating activities		200,722,387	61,231,761

continued/…

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

STATEMENT OF CASH FLOWS (continued)

Year ended 31 December 2022

	Notes	2022 MOP	2021 MOP
Net cash flows from operating activities		200,722,387	61,231,761
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of equipment	9	(53,722)	(1,358)
Purchase of intangible asset	10	(618,000)	-
Decrease in deposits with original maturity of more than three months		-	170,733,980
Purchase of financial assets at fair value through profit or loss		(28,279,618)	(517,801,206)
Purchase of debt securities at fair value through other comprehensive income		(877,842,175)	-
Proceeds from disposal of financial assets at fair value through profit or loss		27,010,229	286,873,304
Proceeds from disposal of debt securities at fair value through other comprehensive income		600,649,450	-
Interest received from financial assets at fair value through profit or loss		-	7,373,155
Interest received from debt securities at fair value through other comprehensive income		15,040,733	-
Dividend received from financial assets at fair value through profit or loss		565,800	118,806
Net cash flows used in investing activities		(263,527,303)	(52,703,319)
CASH FLOWS FROM FINANCING ACTIVITIES			
New intercompany loans		461,029,000	-
Repayment of intercompany loans		(461,205,884)	-
Interest paid	6	(2,970,710)	-
Net cash flows used in financing activities		(3,147,594)	-
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(65,952,510)	8,528,442
Cash and cash equivalents at beginning of year		91,873,765	83,345,323
CASH AND CASH EQUIVALENTS AT END OF YEAR		25,921,255	91,873,765

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").

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 Dispatch of Secretary for Economy and Finance No. 44/2020 ("Macao Financial Reporting Standards"). They have been prepared under the historical cost convention, except for debt securities and equity investments which have been measured at fair value. These financial statements are presented in Macao patacas ("MOP") and all values are rounded to the nearest MOP except when otherwise indicated.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Company has adopted the Macao Financial Reporting Standards for the first time for the current period's financial statements.

IAS 1	*Presentation of Financial Statements*
IAS 2	*Inventories*
IAS 7	*Statement of Cash Flows*
IAS 8	*Accounting Policies, Changes in Accounting Estimates and Errors*
IAS 10	*Events after the Reporting Period*
IAS 12	*Income Taxes*
IAS 16	*Property, Plant and Equipment*
IAS 17	*Leases*
IAS 19	*Employee Benefits*
IAS 20	*Accounting for Government Grants and Disclosure of Government Assistance*
IAS 21	*The Effects of Changes in Foreign Exchange Rates*
IAS 23	*Borrowing Costs*
IAS 24	*Related Party Disclosures*
IAS 26	*Accounting and Reporting by Retirement Benefit Plans*
IAS 27	*Separate Financial Statements*
IAS 28	*Investments in Associates and Joint Ventures*
IAS 29	*Financial Reporting in Hyperinflationary Economics*

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)

IAS 32	*Financial Instruments: Presentation*
IAS 33	*Earnings per Share*
IAS 34	*Interim Financial Reporting*
IAS 36	*Impairment of Assets*
IAS 37	*Provisions, Contingent Liabilities and Contingent Assets*
IAS 38	*Intangible Assets*
IAS 39	*Financial Instruments: Recognition and Measurement*
IAS 40	*Investment Property*
IAS 41	*Agriculture*
IFRS 1	*First-time adoption of International Financial Reporting Standards*
IFRS 2	*Share-based Payment*
IFRS 3	*Business Combinations*
IFRS 4	*Insurance Contracts*
IFRS 5	*Non-current Assets Held for Sale and Discontinued Operations*
IFRS 6	*Exploration for and Evaluation of Mineral Resources*
IFRS 7	*Financial Instruments: Disclosures*
IFRS 8	*Operating Segments*
IFRS 9	*Financial Instruments*
IFRS 10	*Consolidated Financial Statements*
IFRS 11	*Joint Arrangements*
IFRS 12	*Disclosure of Interests in Other Entities*
IFRS 13	*Fair Value Measurement*
IFRS 14	*Regulatory Deferral Accounts*
IFRS 15	*Revenue from Contracts with Customers*
IFRIC* Interpretation 1	*Changes in Existing Decommissioning, Restoration and Similar Liabilities*
IFRIC Interpretation 2	*Members' Shares in Co-operative Entities and Similar Instruments*
IFRIC Interpretation 4	*Determining whether an Arrangement Contains a Lease*
IFRIC Interpretation 5	*Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds*
IFRIC Interpretation 6	*Liabilities arising from Participating in a Specific Market-Waste Electrical and Electronic Equipment*
IFRIC Interpretation 7	*Applying the Restatement Approach under IAS 29 Financial Reporting in Hyperinflationary Economies*
IFRIC Interpretation 10	*Interim Financial Reporting and Impairment*
IFRIC Interpretation 12	*Service Concession Arrangements*
IFRIC Interpretation 14	*IAS 19-The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction*
IFRIC Interpretation 16	*Hedges of a Net Investment in a Foreign Operation*
IFRIC Interpretation 17	*Distributions of Non-cash Assets to Owners*
IFRIC Interpretation 19	*Extinguishing Financial Liabilities with Equity Instruments*
IFRIC Interpretation 20	*Stripping Costs in the Production Phase of a Surface Mine*
IFRIC Interpretation 21	*Levies*
SIC** Interpretation 7	*Introduction of the Euro*
SIC Interpretation 10	*Government Assistance-No Specific Relation to Operating Activities*
SIC Interpretation 15	*Operating Leases-Incentives*

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)

SIC Interpretation 25	*Income Taxes-Changes in the Tax Status of an Entity or its Shareholders*
SIC Interpretation 27	*Evaluating the Substance of Transactions Involving the Legal Form of a Lease*
SIC Interpretation 29	*Service Concession Arrangements: Disclosures*
SIC Interpretation 32	*Intangible Assets-Web Site Costs*

* International Financial Reporting Interpretations Committee ("IFRIC")
** Standard Interpretations Committee ("SIC")

Other than as explained below regarding the impact of IFRS 9, the adoption of the above new and revised standards has had no significant financial effect on these financial statements.

IFRS 9 Financial Instruments
The Company has recognised the transition adjustments against the applicable opening balances in equity at 1 January 2022. Therefore, the comparative information was not restated and continues to be reported under IAS 39.

Classification and measurement
The following information sets out the impacts of adopting IFRS 9 on the statement of financial position, including the effect of replacing IAS 39's incurred credit loss calculations with IFRS 9's expected credit losses ("ECLs").

A reconciliation between the carrying amounts under IAS 39 and the balances reported under IFRS 9 as at 1 January 2022 is as follows:

	Note	IAS 39 measurement Category	IAS 39 measurement Amount MOP	Reclassification MOP	ECL MOP	IFRS 9 measurement Amount MOP	IFRS 9 measurement Category
Financial assets							
Debt securities at FVOCI		N/A	-	343,852,500	(274,297)	343,578,203	FVOCI[2] (debt)
Financial assets at FVPL	(i)	FVPL[1]	397,466,929	(343,852,500)	-	53,614,429	FVPL
Insurance receivables		L&R3	1,891,633	-	(19,000)	1,872,633	AC4
Other receivables		L&R	93,433,609	-	-	93,433,609	AC
Pledged deposits		L&R	1,163,672,019	-	-	1,163,672,019	AC
Cash and cash equivalents		L&R	91,873,765	-	-	91,873,765	AC
Total assets			1,748,337,955	-	(293,297)	1,748,044,658	

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)

IFRS 9 Financial Instruments (continued)
Classification and measurement (continued)

	Note	IAS 39 measurement Category	IAS 39 measurement Amount MOP	Reclassification MOP	ECL MOP	IFRS 9 measurement Amount MOP	IFRS 9 measurement Category
Financial liabilities							
Other payables		L&R	11,740,269	-	-	11,740,269	AC
Other liabilities							
Deferred tax liabilities			1,353,083	-	-	1,353,083	
Total liabilities			13,093,352	-	-	13,093,352	

[1] FVPL: Financial assets at fair value through profit or loss
[2] FVOCI: Financial assets at fair value through other comprehensive income
[3] L&R: Loans and receivables
[4] AC: Financial assets or financial liabilities at amortised cost

Notes:
(i) As of 1 January 2022, all debt securities were reclassified from FVPL category to FVOCI, after the Company reviewed the contractual cash flows and the business model.

Impairment
The following table reconciles the aggregate opening impairment allowances under IAS 39 at 31 December 2021 to the ECL allowances under IFRS 9 at 1 January 2022:

Measurement category	Impairment allowances under IAS 39 at 31 December 2021 MOP	Re-measurement MOP	ECL allowances under IFRS 9 at 1 January 2022 MOP
Financial assets at at FVPL/debt securities at FVOCI	-	274,297	274,297
Insurance receivables	19,000	-	19,000
	19,000	274,297	293,297

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)

IFRS 9 Financial Instruments (continued)

Impact on fair value reserve and retained profits

The impact of transition to IFRS 9 on fair value reserve and retained profits is as follows:

	MOP
Fair value reserve	
Balance as at 31 December 2021 under IAS 39	-
Reclassification of debt securities from FVPL to FVOCI	3,228,045
Recognition of expected credit losses for debt securities at FVOCI under IFRS 9	274,297
Deferred tax in relation to the above	(387,365)
Balance as at 1 January 2022 under IFRS 9	3,114,977
Retained profits	
Balance as at 31 December 2021 under IAS 39	6,249,764
Reclassification of financial assets at FVPL to debt securities at FVOCI	(3,228,045)
Recognition of expected credit losses for debt securities at FVOCI under IFRS 9	(274,297)
Deferred tax in relation to the above	387,365
Balance as at 1 January 2022 under IFRS 9	3,134,787

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Fair value measurement

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

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

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

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fair value measurement (continued)
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.

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

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to 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 other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to the statement of profit or loss in the period in which it arises.

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

(a) the party is a person or a close member of that person's family and that person

(i) has control or joint control over the Company;

(ii) has significant influence over the Company; or

(iii) is a member of the key management personnel of the Company or of a parent of the Company;

or

(b) the party is an entity where any of the following conditions applies:

(i) the entity and the Company are members of the same group;

(ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);

(iii) the entity and the Company are joint ventures of the same third party;

(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

(v) the entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company;

(vi) the entity is controlled or jointly controlled by a person identified in (a);

(vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and

(viii) the entity, or any member of a group of which is a part, provides key management personnel services to the Company.

Equipment and depreciation
Items of equipment are stated at cost less accumulated depreciation and any impairment losses. The cost of an item 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.

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Equipment and depreciation (continued)
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.

Investments and other financial assets (policies under IFRS 9 applicable from 1 January 2022)
Initial recognition and measurement
Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income, and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient of not adjusting the effect of a significant financing component, the Company initially measures a financial asset at its fair value, plus in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient are measured at the transaction price determined under IFRS 15 in accordance with the policies set out for "Revenue recognition (applicable from 1 January 2022)" below.

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

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

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

Financial assets at amortised cost (debt instruments)
The Company measures financial assets at amortised cost if both of the following conditions are met:
- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows.
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Investments and other financial assets (policies under IFRS 9 applicable from 1 January 2022) (continued)

Subsequent measurement (continued)

Financial assets at amortised cost (debt instruments) (continued)

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

Financial assets at fair value through other comprehensive income (debt instruments)

The Company measures debt securities at fair value through other comprehensive income if both of the following conditions are met:

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

For debt securities at fair value through other comprehensive income, foreign exchange revaluation and impairment losses or reversals are recognised in the statement of profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in other comprehensive income. Upon derecognition, the cumulative fair value change recognised in other comprehensive income is recycled to the statement of profit or loss.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through other comprehensive income, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

This category includes derivative instruments and equity investments which the Company had not irrevocably elected to classify at fair value through other comprehensive income. Dividends on equity investments classified as financial assets at fair value through profit or loss are also recognised as other income in the statement of profit or loss when the right of payment has been established, it is probable that the economic benefits associated with the dividend will flow to the Company and the amount of the dividend can be measured reliably.

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Investments and other financial assets (policies under IFRS 9 applicable from 1 January 2022) (continued)
Subsequent measurement (continued)
Financial assets at fair value through profit or loss (continued)
A derivative embedded in a hybrid contract, with a financial liability or non-financial host, is separated from the host and accounted for as a separate derivative if the economic characteristics and risks are not closely related to the host; a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured at fair value through profit or loss. Embedded derivatives are measured at fair value with changes in fair value recognised in the statement of profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss category.

A derivative embedded within a hybrid contract containing a financial asset host is not accounted for separately. The financial asset host together with the embedded derivative is required to be classified in its entirety as a financial asset at fair value through profit or loss.

Investments and other financial assets (policies under IFRS 9 applicable before 1 January 2022)
Initial recognition and measurement
Financial assets are classified, at initial recognition, as financial assets at fair value through profit or loss, loans and receivables and available-for-sale financial investments, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. When financial assets are recognised initially, they are measured at fair value plus transaction costs that are attributable to the acquisition of the financial assets, except in the case of financial assets recorded at fair value through profit or loss.

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

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

Financial assets at fair value through profit or loss
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 defined by IAS 39.

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 as other income and gains and negative net changes in fair value presented as finance costs in the statement of 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 (applicable before 1 January 2022)" below.

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Investments and other financial assets (policies under IFRS 9 applicable before 1 January 2022) (continued)

Subsequent measurement (continued)

Financial assets at fair value through profit or loss (continued)

Financial assets designated upon initial recognition as at fair value through profit or loss are designated at the date of initial recognition and only if the criteria in IAS 39 are satisfied.

Derivatives embedded in host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not held for trading or designated as at fair value through profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognised in the statement of profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss category.

Loans and receivables

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

Derecognition of financial assets (policies under IFRS 9 applicable from 1 January 2022 and policies under IAS39 applicable before 1 January 2022)

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.

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of financial assets (policies under IFRS 9 applicable from 1 January 2022)
The Company recognises an allowance for ECLs for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

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

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

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

Debt securities at fair value through other comprehensive income and financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for trade receivables and contract assets which apply the simplified approach as detailed below.

Stage 1 – Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs

Stage 2 – Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs

Stage 3 – Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of financial assets (policies under IFRS 9 applicable from 1 January 2022) (continued)
Simplified approach
For trade receivables and contract assets that do not contain a significant financing component or when the Company applies the practical expedient of not adjusting the effect of a significant financing component, the Company applies the simplified approach in calculating ECLs. Under the simplified approach, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For trade receivables and contract assets that contain a significant financing component and lease receivables, the Company chooses as its accounting policy to adopt the simplified approach in calculating ECLs with policies as described above.

Impairment of financial assets (policies under IAS 39 applicable before 1 January 2022)
The Company assesses at the end of each reporting period whether there is any objective evidence that a financial asset or 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.

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

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

The carrying amount of the asset is reduced either directly or through the use of an allowance account and the loss is recognised in the profit or loss. Loans and receivables together with any associated allowance are written off when there is no realistic prospect of future recovery.

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

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial liabilities (policies under IFRS 9 applicable from 1 January 2022 and IAS 39 applicable before 1 January 2022)

Initial recognition and measurement

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

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

The Company's financial liabilities include insurance and other payables.

Subsequent measurement

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

Loans and borrowings

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

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

Derecognition of financial liabilities (policies under IFRS 9 applicable from 1 January 2022 and IAS 39 applicable before 1 January 2022)

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

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

Offsetting of financial instruments (policies under IFRS 9 applicable from 1 January 2022 and IAS 39 applicable before 1 January 2022)

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

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, 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, which are not restricted as to use.

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, either in other comprehensive income or directly in equity.

Current tax assets and liabilities 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 the countries in which the Company operates.

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 goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

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 profit 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 in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Income tax (continued)
The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

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 and only if the Company has a legally enforceable right exists to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

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.

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

Foreign currencies

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

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

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition (applicable before 1 January 2022)
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.

(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.

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.

Intangible assets (other than goodwill)
Intangible assets acquired separately are measured on initial recognition at cost. Intangible assets with finite lives are subsequently amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

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

Estimates, assumptions and judgements are continuously evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Estimation uncertainty

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

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.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

Estimation uncertainty (continued)

Provision for expected credit losses on debt securities and insurance receivables

The Company uses the general approach to calculate ECLs for debt securities at fair value through other comprehensive income by considering published credit ratings and the probability of default of comparable securities with published credit ratings. In the situation where credit ratings are not published or no comparable securities with credit ratings can be identified, expected credit losses are estimated by applying a loss rate approach with reference to the historical loss record of the Company. The loss rate is adjusted to reflect the current conditions and forecasts of future economic conditions, as appropriate.

The Company uses a provision matrix to calculate ECLs for insurance receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by geography, product type, customer type and rating, and coverage by letters of credit and other forms of credit insurance).

The provision matrix is initially based on the Company's historical observed default rates. The Company will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions are expected to deteriorate over the next year which can lead to an increased number of defaults, the historical default rates are adjusted. At each reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation among historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. The Company's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECLs on the Company's debt securities and insurance receivables is disclosed in notes 17 to the financial statements.

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 2022, the fair value of the net assets held by the Company on behalf of the Funds amounted to approximately MOP1,524.9 million (31 December 2021: MOP1,666.0 million).

5. PROFIT BEFORE TAX

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

	Notes	2022 MOP	2021 MOP
Depreciation of equipment	9	72,808	53,118
Amortisation of intangible asset	10	131,611	-
Employee benefit expense:			
Wages and salaries		8,072,198	8,114,241
Pension scheme contributions		190,756	494,950
Management fee expense		1,920,000	3,900,000
Foreign exchange differences, net		(745,117)	(4,789,450)
Interest income from bank deposits		(25,447,998)	(43,757,031)
Interest income from financial assets at fair value through profit or loss		-	(7,373,155)
Interest income from debt securities at fair value through other comprehensive income		(15,040,733)	-
Dividend income from financial assets at fair value through profit or loss		(565,800)	(118,806)
Loss on disposal of debt securities at fair value through other comprehensive income, net		10,144,653	-
Loss/(gain) on disposal of financial assets at fair value through profit or loss, net		6,106,083	(240,058)
Fair value losses on financial assets at fair value through profit or loss, net		6,673,165	4,678,949
Changes in expected credit losses		79,322	-

6. FINANCE COSTS

	2022 MOP	2021 MOP
Interest on intercompany loans	2,970,710	-

During the reporting period, the Company entered into agreements with related parties to obtain short-term loans of US$45,000,000 and MOP98,000,000 at 2.25% p.a. to finance its daily operations. These loans were repaid in full by the end of the reporting period.

7. 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.

		2022 MOP	2021 MOP
Current			
Provision for the year		1,850,968	868,600
Under/(over) provision in prior year		509,107	(300,252)
Deferred	7	(1,827,480)	(130,469)
Total tax charge for the year		532,595	437,879

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	750,234	6,687,643
Tax at the statutory tax rate of 12% (2021: 12%)	90,028	802,517
Adjustments in respect of current tax of previous periods	509,107	(300,252)
Expenses not deductible for tax	5,460	7,614
Others	(72,000)	(72,000)
Tax charge at the Company's effective rate of 71%(2021: 7%)	532,595	437,879

8. DEFERRED TAX

The movements in deferred tax (liabilities)/assets are as follows:

	Fair value adjustments of financial assets at fair value through profit or loss MOP
At 31 December 2020 and 1 January 2021	(1,483,552)
Credited to the statement of profit or loss during the year (note 7)	130,469
At 31 December 2021	(1,353,083)
Impact of IFRS 9 adoption	387,365
At 1 January 2022 (restated)	(965,718)
Credited to other comprehensive income during the year	4,428,449
Credited to the statement of profit or loss during the year (note 7)	1,827,480
At 31 December 2022	5,290,211

9. EQUIPMENT

	Computer system MOP	Furniture, fixtures and equipment MOP	Total MOP
31 December 2022			
At 1 January 2022:			
Cost	154,972	1,358	156,330
Accumulated depreciation	(85,392)	(1,358)	(86,750)
Net carrying amount	69,580	-	69,580
At 1 January 2022, net of accumulated depreciation	69,580	-	69,580
Additions	53,722	-	53,722
Depreciation provided during the year	(72,808)	-	(72,808)
At 31 December 2022, net of accumulated depreciation	50,494	-	50,494
At 31 December 2022:			
Cost	208,694	1,358	210,052
Accumulated depreciation	(158,200)	(1,358)	(159,558)
Net carrying amount	50,494	-	50,494

9. EQUIPMENT (continued)

	Computer system MOP	Furniture, fixtures and equipment MOP	Total MOP
31 December 2021			
At 1 January 2021:			
Cost	154,972	-	154,972
Accumulated depreciation	(33,632)	-	(33,632)
Net carrying amount	121,340	-	121,340
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	69,580	-	69,580
At 31 December 2021:			
Cost	154,972	1,358	156,330
Accumulated depreciation	(85,392)	(1,358)	(86,750)
Net carrying amount	69,580	-	69,580

10. INTANGIBLE ASSET

	Computer Software MOP
31 December 2022	
At 1 January 2022:	
Cost	-
Accumulated amortisation	-
Net carrying amount	-
Cost at 1 January 2022, net of accumulated amortisation	-
Additions	618,000
Amortisation provided during the year	(131,611)
At 31 December 2022	486,389
At 31 December 2022:	
Cost	618,000
Accumulated amortisation	(131,611)
Net carrying amount	486,389

11. SHARE CAPITAL

	2022 MOP	2021 MOP
Authorised, issued and fully paid:		
170,000 (2021: 170,000) ordinary shares of MOP1,000 each	170,000,000	170,000,000

12. DEFERRED ACQUISITION COSTS

	Gross MOP	Reinsurance MOP	Net MOP
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	(2,414,611)	93,646	(2,320,965)
At 31 December 2021 and 1 January 2022	12,265,566	(44,543)	12,221,023
Acquisition costs deferred	1,681,935	(24,178)	1,657,757
Amortisation	(1,594,874)	44,543	(1,550,331)
At 31 December 2022	12,352,627	(24,178)	12,328,449

13. PLEDGE OF ASSETS

Time deposits of MOP464,837,116 (2021: MOP1,163,672,019) have been endorsed in favour of AMCM to guarantee its technical reserves as required under the Macao Insurance Act.

Details of the Company's equity investments and debt securities pledged for the Company's technical reserves are included in notes 16 and 17 of the financial statements.

14. CASH AND CASH EQUIVALENTS

	2022 MOP	2021 MOP
Cash and cash equivalents	25,921,255	91,873,765

15. INSURANCE CONTRACTS LIABILITIES

	2022 MOP	2021 MOP
Mathematical reserves	963,754,693	1,557,195,169
Outstanding claims provision	16,000	122,194
	963,770,693	1,557,317,363
Less:		
Reinsurers' share of mathematical reserves	(1,044,177)	(968,766)
Reinsurers' share of outstanding claims provision	-	-
	(1,044,177)	(968,766)
Technical reserves, net	962,726,516	1,556,348,597

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.

Process used to determine assumptions

Material judgement is required in determining the liabilities and in the choice of assumptions relating to life insurance contracts. Assumptions in use are based on past experience, current internal data and conditions and external market indexes and benchmarks, which reflect current observable market prices and other published information. Assumptions are determined as appropriate and prudent estimates at the date of valuation and no credit is taken for voluntary discontinuance. Assumptions are further evaluated on a continuous basis in order to ensure reasonable valuations and conformation with regulations.

For life business, the policy reserve is calculated on several basis depending on the product type:

Modified net premium basis. The net premiums, after taking into account of deferral acquisition expense, was determined such that the present value of the net premiums is equal to the present value of the guaranteed benefits. The policy reserve at the statement of financial position date is the present value of further guaranteed benefits less the present value of future net premiums.

Account value basis: For the universal life products, the account value is held as the policy reserve.

Unearned premium basis: The amount of unexpired premiums on policies or contracts as of the valuation date is held as the policy reserve.

15. INSURANCE CONTRACTS LIABILITIES (continued)

Process used to determine assumptions (continued)
The principal assumptions underlying the calculation of the provision for future benefits are:

(i) Mortality
Assumptions are based on standard industry table reflecting mortality experience (Hong Kong Assured Life Table) according to the type of contract written. They are adjusted where appropriate to reflect the Company's own experience. A mortality margin is added to provide conservative estimate of expected mortality.

An increase in mortality rates will lead to an increase in anticipated deaths, which will increase the liabilities and reduce profits for the shareholders.

The Company's best-estimate mortality is 100% Hong Kong Assured Live 2001 table ("HKA01"). The mortality assumption adopted is 100% - 150% of HKA01, which includes a margin for adverse deviation to provide conservative estimate of expected mortality.

(i) Morbidity
Due to the Company's limited experience, the incidence rates to and termination rates from disability are derived from reinsurance cost.

(iii) Discount rate
The Company determined the valuation interest rate according to relevant professional standard as required by AMCM (i.e. the Actuarial Guidance Note 3 2nd supplement issued by the Actuarial Society of Hong Kong ("ASHK")).

For long term products with reinvestment, the weighted average rate of return is derived based on the return of the existing assets back the liabilities on the valuation date and the yield of the long term government fixed security. These estimates are based on current market returns as well as expectations about future economic and financial developments and in accordance with the restrictions imposed by the regulations.

For short term products without reinvestment, the valuation interest rate is determined based on the expected market returns and in accordance with the restrictions imposed by the regulations.

As a further conservatism, explicit reduction to the rule-based valuation interest rate is to allow for specific items:

- An implicit adjustment of 0.17% reduction to valuation interest rate is to provide valuation allowance, for future expenses for all long-term products with discounted reserves.
- An implicit adjustment of 0.7% reduction to valuation interest rate is to provide valuation allowance as resilience reserve for all long-term products with discounted reserves.
- An implicit 0.1% valuation allowance for options and guarantees for adjustable products and long-term products with discounted reserve.

An increase in discount rate would lead to a reduction in liabilities and an increase in profits for the shareholders.

15. INSURANCE CONTRACTS LIABILITIES (continued)

Change in assumptions
Assumptions are adjusted to reflect anticipated changes in market conditions and price inflation, as well as mortality, lapse and expense experiences. There is no assumption change except for valuation interest in 2022.

The Company has included the mechanism of offsetting future negative reinvestment amount by asset sale. The valuation interest rate is set at a product level (2022: ranging from 1.50% to 4.27%; 2021: ranging from 1.48% to 3.77%).

16. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2022 MOP	2021 MOP
Debt securities	-	343,852,500
Equity investments	42,104,570	53,614,429
Financial assets at fair value through profit or loss	42,104,570	397,466,929

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.

Equity investments of MOP42,104,570 (2021: MOP53,614,429) have been endorsed in favour of AMCM to guarantee the technical reserves.

17. DEBT SECURITIES AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	2022 MOP	2021 MOP
Debt securities	570,768,789	-

The debt securities at fair value through other comprehensive income as at the end of the reporting period analysed by the sector of the issuers, are as follows:

	2022 MOP	2021 MOP
Financial and insurance activities	158,332,966	-
Real estate activities	100,747,375	-
Manufacturing	99,278,973	-
Transportation and storage	31,897,293	-
Others	180,512,182	-
	570,768,789	-

The fair values of the listed debt securities at fair value through comprehensive income are based on quoted market prices and quoted prices from brokers, respectively.

Debt securities of MOP570,768,789 (2021: MOP343,852,500) have been endorsed in favour of AMCM to guarantee the technical reserves.

18. FINANCIAL INSTRUMENTS BY CATEGORY

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

2022

Financial assets

	Financial assets at fair value through profit of loss MOP	Financial assets at amortised cost MOP	Debt securities at fair value through other comprehensive income MOP	Total MOP
Financial assets at fair value through profit or loss	42,104,570	-	-	42,104,570
Debt securities at fair value through other comprehensive income	-	-	570,768,789	570,768,789
Insurance receivables	-	1,922,094	-	1,922,094
Financial assets included in other receivables	-	13,488,443	-	13,488,443
Pledged deposits	-	464,837,116	-	464,837,116
Cash and cash equivalents	-	25,921,255	-	25,921,255
	42,104,570	506,168,908	570,768,789	1,119,042,267

Financial liabilities

	Financial liabilities at amortised cost MOP
Financial liabilities included in other payables and accruals	14,206,704

18. FINANCIAL INSTRUMENTS BY CATEGORY (continued)

2021

Financial assets

	Financial assets at fair value through profit of loss MOP	Loans and receivables MOP	Total MOP
Financial assets at fair value through profit or loss	397,466,929	-	397,466,929
Insurance receivables	-	1,872,633	1,872,633
Financial assets included in other receivables	-	93,299,424	93,299,424
Pledged deposits	-	1,163,672,019	1,163,672,019
Cash and cash equivalents	-	91,873,765	91,873,765
	397,466,929	1,350,717,841	1,748,184,770

Financial liabilities

	Financial liabilities at amortised cost MOP
Financial liabilities included in other payables and accruals	11,740,269

19. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

Management has assessed the fair values of cash on hand and cash at bank, equity investments, debt securities, financial assets included in other receivables, and financial liabilities included in other payables and accruals approximate to their carrying amounts largely due to the short term maturities of these instruments.

Management is responsible for determining the policies and procedures for the fair value measurement of financial instruments. At each reporting date, management analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved once a year for annual financial reporting.

The fair values of listed equity investments and debt securities are based on quoted market prices.

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 2022

		Fair value measurement using			
	Notes	Quoted prices in active markets (Level 1) MOP	Significant observable inputs (Level 2) MOP	Significant unobservable inputs (Level 3) MOP	Total MOP
Financial assets at fair value through profit or loss	16	42,104,570	-	-	42,104,570
Debt securities at fair value through other comprehensive income	17	570,768,789	-	-	570,768,789
		612,873,359	-	-	612,873,359

19. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (continued)

Fair value hierarchy (continued)
Assets measured at fair value: (continued)
As at 31 December 2021

		Fair value measurement using			
	Note	Quoted prices in active markets (Level 1) MOP	Significant observable inputs (Level 2) MOP	Significant unobservable inputs (Level 3) MOP	Total MOP
Financial assets at fair value through profit or loss	16	397,466,929	-	-	397,466,929

The Company did not have any financial liabilities measured at fair value as at 31 December 2022 and 31 December 2021.

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 for both financial assets and financial liabilities (2021: Nil).

20. 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 2022 amounted to MOP242,374,686 (2021: MOP84,957,202).

21. 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.

22. RELATED PARTY TRANSACTIONS

In addition to the transactions detailed elsewhere in the financial statements, the Company had the following transactions with related parties during the year:

(a) Significant related party transactions during the year:

During the year, the management fee expense of MOP1,920,000 (2021: MOP3,900,000) was paid to a company with certain key management personnel and certain shareholders in common with the Company, in accordance with terms mutually agreed by the parties.

(b) Compensation of key management personnel of the Company:

	2022 MOP	2021 MOP
Salaries and bonus	1,066,564	2,448,578
Post-employment benefits	24,262	51,251

(c) Significant related party transactions during the year:

	2022 MOP	2021 MOP
Immediate holding company:		
Interest paid	(2,119,963)	-
New loan	363,029,000	-
Loan payment	(363,205,884)	-
Fellow subsidiaries:		
Management fee	(1,920,000)	(3,900,000)
Bank deposits with a fellow subsidiary	210,461	217,302
Business with a related party:		
Gross premiums received by the Company	386,111,849	444,096,421
Commissions paid by the Company	(3,328,629)	(4,753,776)
Bank deposits with a related party	11,942,753	12,249,792
Interest paid	(850,747)	-
New loan	98,000,000	-
Loan payment	(98,000,000)	-

23. INSURANCE AND FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

(a) Insurance risk

The primary insurance activity carried out by the Company is the assumption of risk of loss from persons or organisations that are directly subject to the risk. Such risks may relate to life, accident, health, or other perils that may arise from an insurable event. As such the Company is exposed to the uncertainty surrounding the timing and severity of claims under the contract. The Company also has exposure to market risk through its insurance and investment activities.

The Company manages it insurance risk through underwriting limits, approval procedures for transactions that involve new products or that exceed set authority limits, pricing guidelines, management of reinsurance and monitoring of emerging issues.

The Company 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 analysis 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 one year may vary from those estimated using established statistical techniques.

a. Underwriting strategies

The Company's underwriting strategy seeks diversity to ensure a balanced mix of business portfolio and a prudent approach to underwriting and the acceptance of risks. Premium pricing is set at an appropriate level that corresponds with the underlying exposure of the risks underwritten.

The underwriting strategy is set out in an annual business plan that establishes the classes of business to be written and the industry sectors to which the Company is prepared to underwrite. This strategy is cascaded down to individual underwriters through regular underwriting meetings and other internal communications.

b. Reinsurance strategy

The Company reinsures a portion of the insurance risks it underwrites in order to control its exposures to losses and protect capital resources. These reinsurance agreements transfer part of the risk and limit the exposure from each life insured. Under the terms of the reinsurance agreements, the reinsurer agrees to reimburse the ceded amount in the event the claim is paid. However, the Company remains liable to its policyholders with respect to ceded insurance if any reinsurer fails to meet the obligation it assumes.

When selecting a reinsurer, the Company considers its relative security. The security of the reinsurer is assessed from public rating information and from internal investigations. For individual life business, the Company retains all sum insured at risk up to MOP250,000 (2021: MOP250,000) per life and the excess is ceded to reinsurers. The Company retention for group life business is determined on a case by case basis.

23. INSURANCE AND FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(h) Major business classes and associated risks

The following gives an assessment of the Company's main products and the ways in which it manages the associated risks.

a. Life insurance contracts with discretionary participation features

Product features

The Company has a range of products which participate in the profits of the life insurance fund. The product terms and conditions have been approved by AMCM.

The Company writes participating business, which is made up of savings products including term life insurance plan, endowment plans and universal life plans. These plans offer benefit payout upon death, disability, surrender or policy maturity. In addition, a discretionary annual dividend or interest in the form of cash accumulation will be attributed to the policyholder upon policy anniversary. Some products also offer a discretionary terminal dividend upon policy termination or maturity.

The principles upon which the distribution of profits among the policyholders is made are:

i. To recognise the financial condition of the Company;

ii. To take into consideration the reasonable expectation of policyholders; and

iii. To balance the interests between the shareholders and policyholders.

Management of risks

The Company has contractual discretion on the bonuses declared, which should follow the financial plan included in the product technical specifications approved by AMCM. In practice the Company considers policyholders' reasonable expectation when setting bonus levels. The Company's reputation may be at risk should the policyholders' dividend payment drop significantly from their expectation. It is the Company's intention to maintain a smooth dividend scale based on long-term rates of return.

Investment risks are the effects of market risks on the resulting return of the Company's investment portfolio backing the insurance contracts with DPF. The Company's investment strategy has to ensure sufficient investment return is available to fulfil future policyholders' expected payout. Mortality and morbidity risks are managed through reinsurance and proper underwriting.

23. INSURANCE AND FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(b) Major business classes and associated risks

Management of risks (continued)

b. Life insurance contracts without DPF

Product features

The basic feature of the Company's life insurance without DPF is to provide guaranteed death benefit with a fixed single or level of premium determined at the time of policy issue.

Management of risks

Mortality and morbidity risks are managed through reinsurance and proper underwriting. Investment risks are the effects of market risks on the resulting return of the Company's investment portfolio backing the insurance contracts without DPF. Investment risks are managed through matching assets and liabilities.

(c) Concentrations of insurance risks

Within the insurance process, concentrations of risk may arise where a particular event or series of events could impact heavily upon the Company's insurance 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 Company only underwrites insurance contracts in Macao SAR.

The Company is subject to concentration risk arising from accidents or epidemics that could affect a number of its policyholders. To cover the risk, reinsurance arrangements are made by the Company.

(d) Financial risk

Transactions in financial instruments may result in the Company 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 Company manages these risks.

a. Market risk

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

Interest rate risk

The Company's exposure to market risk for changes in interest rate is concentrated in its investment portfolio. The Company monitors this exposure through monthly reviews of its asset and liability positions. The impact of interest rate fluctuations relating to the investment portfolio are reviewed regularly.

23. INSURANCE AND FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(d) Financial risk (continued)

a. Market risk (continued)

Interest rate risk (continued)

At 31 December 2022, it is estimated that a general increase of one percentage point in interest rate would increase the Company's profit after tax and equity by approximately MOP134,884 (2021: MOP932,813) so far as the effect on interest-earning financial assets is concerned.

Foreign currency risk

The Company has investments, cash at bank and insurance receivables and payables that are denominated in a currency other than MOP. The currencies giving rise to the foreign currency risk are primarily United States dollar and Hong Kong dollar.

The Company monitors and controls exposure to foreign currency risk on an ongoing basis and ensures that the net exposure in currencies other than MOP is kept to an acceptable level by limiting the type of foreign currencies and the amount of assets in foreign currencies.

At 31 December 2022, approximately 97% (2021: approximately 96%) of the net financial assets, were denominated in foreign currencies. As MOP is pegged to the Hong Kong dollar while Hong Kong dollar is pegged to the United States dollar, the Company considers the likelihood of a movement in exchange rate amongst Hong Kong dollar and the United States dollar to be low.

Equity price risk

Marketable equity securities, which the Company carries on the statement of financial position at fair value, are exposed to equity price risk. This risk is defined as the potential loss in market value resulting from an adverse change in prices. The Company's investment objective is to earn competitive relative returns by investing in a diverse portfolio of high quality, liquid securities. Portfolio characteristics are analysed regularly and equity price risk is actively managed. The Company's holdings are diversified across industries.

At 31 December 2022, the Company's marketable equity securities were recorded at their fair value of MOP42,104,570 (2021: MOP53,614,429). A hypothetical 10% decline in equity price would have a negative impact of MOP4,210,457 (2021: MOP5,361,443) to the Company's profit after tax as well as equity.

However, in practice, the investment return of the Company will affect the level of benefits that are distributed to policyholders, which would have the effect of reducing the impact to the Company's profit after taxation and shareholders' equity as mentioned above. As there are many other factors that would have to be considered by the Company before adjusting policyholders' dividend, this effect has not been reflected in the scenario presented above.

23. INSURANCE AND FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(c) Financial risk (continued)

b. Credit risk

Credit risk is the risk that a customer or counterparty in a transaction may default. It arises from the credit terms which extend to clients, intermediates and reinsurers, and other activities undertaken by the Company. To manage credit risk, the Company has considered the underlying security and the long-established business relationship with the counterparty.

There are no significant concentrations or credit risk within the Company as the customer bases of the Company's insurance receivables are widely dispersed in different intermediates and direct customers from different sectors and industries.

Maximum exposure and year-end staging as at 31 December 2022

The table below shows the credit quality and the maximum exposure to credit risk based on the Company's credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and year-end staging classification as at 31 December 2022. For listed debt securities, the Company also monitors them by using external credit ratings. The amounts presented are gross carrying amounts for financial assets and the exposure to credit risk for the financial guarantee contracts.

	12-month expected credit losses	Lifetime expected credit losses	
	Stage 1 MOP	Simplified approach MOP	Total MOP
Debt securities at fair value through other comprehensive income			
- AAA to B-	570,768,789	-	570,768,789
Insurance receivables	-	1,922,094	1,922,094
Financial assets included included in other receivables			
- Normal*	13,666,563	-	13,666,563
Pledged deposits			
- Not yet past due	464,837,116	-	464,837,116
Cash and time deposits			
- Not yet past due	25,921,255	-	25,921,255
	1,075,193,723	1,922,094	1,077,115,817

23. INSURANCE AND FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(e) Financial risk (continued)

b. Credit risk (continued)

Maximum exposure and year-end staging as at 31 December 2022 (continued)

* The credit quality of the financial assets included in other receivables is considered to be "normal" when they are not past due and there is no information indicating that the financial assets had a significant increase in credit risk since initial recognition. Otherwise, the credit quality of the financial assets is considered to be "doubtful".

Maximum exposure and year-end staging as at 31 December 2021

The credit risk of the Company's other financial assets, which comprise cash and cash equivalents, deposits with banks with original maturity of more than three months, held-to-maturity financial assets, available-for-sale financial assets, other receivables, arises from default of the counterparty, with a maximum exposure equal to the carrying amounts of these instruments.

c. Liquidity risk

The Company has to meet daily calls on its cash resources, notably from claims arising on its insurance contracts. There is a risk that cash will not be available to settle liabilities when due at a reasonable cost. The Company manages this risk by monitoring and setting an appropriate level of operating funds to settle these liabilities. Investment portfolios are also structured having regard to the liquidity requirements of each underlying fund.

Exposure to liquidity risk

The following tables show information about the net cash flows from the Company's financial and insurance contracts liabilities. The financial liabilities are analysed by their contractual undiscounted net cash flows and the insurance contracts liabilities are analysed by their estimated settlement pattern. These insurance contracts typically include policyholder surrender or transfer options at a value equal to, or below, the carrying value of those liabilities. A maturity analysis prepared on the basis of the earliest possible contractual repayment date (assuming that all surrender and transfer options are exercised) would result in all insurance contracts being presented as falling due within one year.

23. INSURANCE AND FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(e) Financial risk (continued)

c. Liquidity risk (continued)

Exposure to liquidity risk (continued)

At 31 December 2022

		Net cash flows			
	Carrying amount MOP	Less than 1 year MOP	1-2 years MOP	2-5 years MOP	More than 5 years MOP
Financial assets at fair value through profit or loss	42,104,570	42,104,570	-	-	-
Debt securities at fair value through other comprehensive income	570,768,789	77,546,347	73,075,724	387,082,215	33,064,503
Reinsurance assets	1,044,177	497,934	196	3,769	542,278
Insurance receivables	1,922,094	1,922,094	-	-	-
Other receivables	13,666,563	12,592,044	1,074,519	-	-
Pledged deposits	464,837,116	388,748,164	76,088,952	-	-
Cash and cash equivalents	25,921,255	25,921,255	-	-	-
	1,120,264,564	549,332,408	150,239,391	387,085,984	33,606,781
Mathematical reserves	(963,754,692)	(164,581,482)	(178,771,017)	(195,539,840)	(424,862,353)
Outstanding claims	(16,000)	(16,000)	-	-	-
Other payables and accruals	(17,009,338)	(13,816,688)	(2,658,388)	(527,684)	(6,578)
	(980,780,030)	(178,414,170)	(181,429,405)	(196,067,524)	(424,868,931)

23. INSURANCE AND FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(e) Financial risk (continued)

c. Liquidity risk (continued)

Exposure to liquidity risk (continued)

At 31 December 2021

	Carrying amount MOP	Net cash flows: Less than 1 year MOP	1-2 years MOP	2-5 years MOP	More than 5 years MOP
Financial assets at fair value through profit or loss	397,466,929	62,574,184	25,445,648	221,021,993	88,425,104
Reinsurance assets	968,766	478,687	77	2,664	487,338
Insurance receivables	1,872,633	1,872,633	-	-	-
Other receivables	93,433,609	85,060,019	7,189,411	1,184,179	-
Pledged deposits	1,163,672,019	903,890,409	164,414,821	95,366,789	-
Cash and cash equivalents	91,873,765	91,873,765	-	-	-
	1,749,287,721	1,145,749,697	197,049,957	317,575,625	88,912,442
Mathematical reserves	(1,557,195,169)	(770,800,220)	(157,188,399)	(181,742,562)	(447,463,988)
Outstanding claims	(122,194)	(122,194)	-	-	-
Other payables and accruals	(11,740,269)	(10,981,399)	(412,872)	(339,420)	(6,578)
	(1,569,057,632)	(781,903,813)	(157,601,271)	(182,081,982)	(447,470,566)

(f) Capital management

The Company is subject to the capital requirements set by AMCM. These requirements are put in place to ensure sufficient solvency margin. The Company manages its capital requirements by assessing the capital base and solvency ratio on a regular basis. The Company fully complied with the capital requirements during the reporting periods.

24. COMPARATIVE AMOUNTS

Certain comparative amounts have been reclassified to conform to the current year's presentation as the directors of the Company consider that the new presentation is more relevant and appropriate to the financial statements.

25. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 21 March 2023.

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