中国太平
CHINA TAIPING

中国太平保险(新加坡)有限公司
CHINA TAIPING INSURANCE (SINGAPORE) PTE. LTD.

Annual Report 2021

This annual report is published in June 2022.

CONTENTS

ABOUT

China Taiping Insurance Group

China Taiping Insurance Group Ltd. ("China Taiping") is a Chinese state-owned financial and insurance group headquartered in Hong Kong. China Taiping Insurance Holdings Company Limited created history when it was listed on the Hong Kong Stock Exchange in 2000, making it the first-ever Chinese-funded insurer that was listed overseas.

China Taiping is the oldest establishment in China's insurance history. Over the decades, China Taiping has grown into a large transnational financial and insurance group delivering one-stop comprehensive financial solution to its customers. The Group's business include life insurance, general insurance, reinsurance, pension insurance, assets management, securities brokerage and many others.

Established in Shanghai since 1929

Listed on Hong Kong Stock Exchange since 2000

Global footprint of 24 subsidiaries – Mainland China, Hong Kong, Macau, North America, Europe, Oceania, East and Southeast Asia

Achieved Global Fortune 500 since 2018

Total assets of HKD 1,379 billion as of December 2021

More than 500,000 employees

ABOUT

China Taiping Insurance Singapore

China Taiping Insurance (Singapore) Pte. Ltd. ("CTPIS") has been operating as a general insurer for more than eight decades. In August 2018, CTPIS received its license from the Monetary Authority of Singapore (MAS) as a composite insurer to carry out Life Insurance business in Singapore, providing comprehensive one-stop financial solutions to its customers.

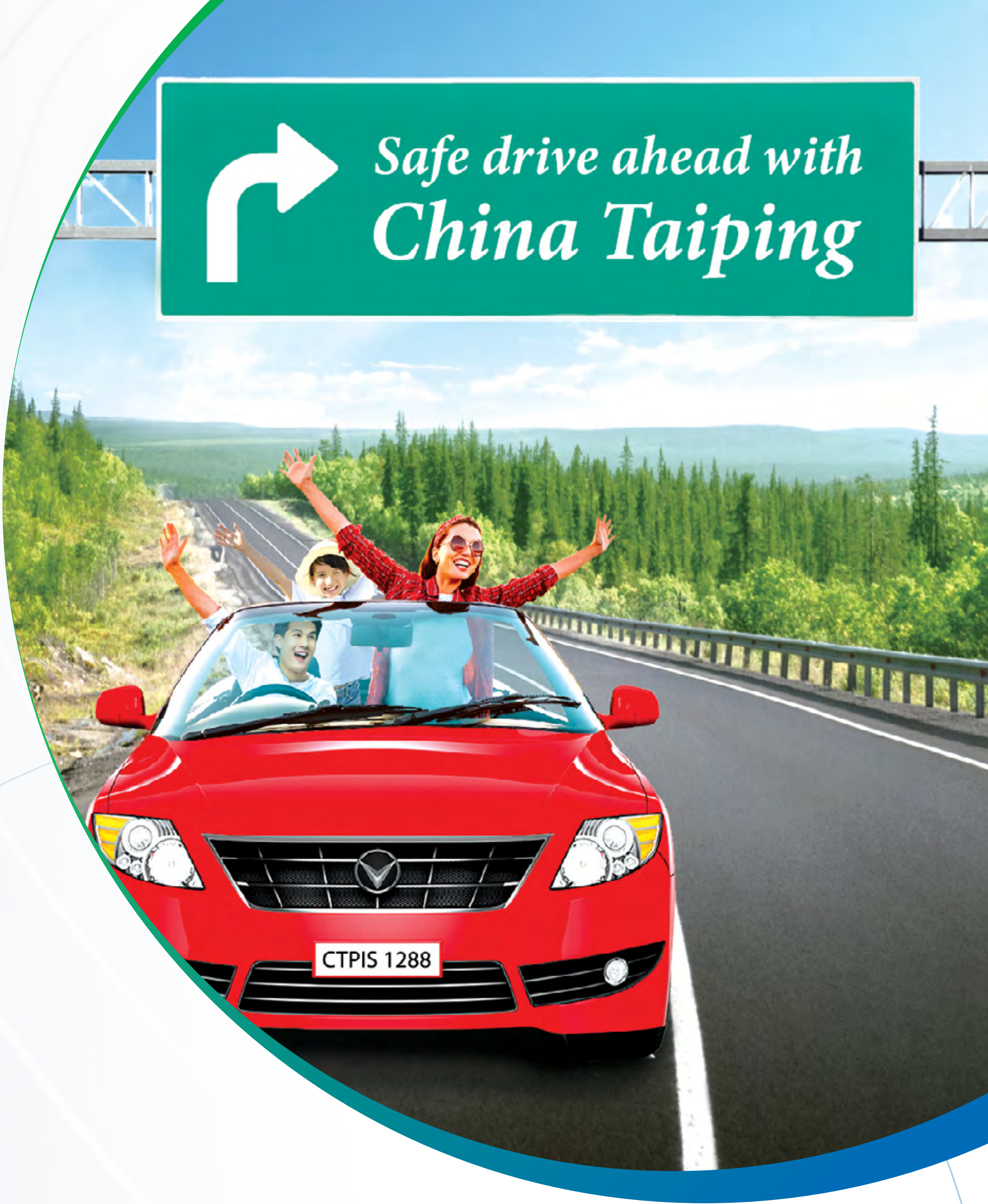
Leveraging on Singapore's strategic geographical location and its vibrant ecosystem, CTPIS has set up an Innovation Lab to explore various Fintech and innovation opportunities in the region. CTPIS will continue to facilitate the development and expansion of China Taiping Insurance Group's business network and work towards being a strategic regional hub in Southeast Asia.

Long heritage in Singapore since 1938

Paid-up capital of SGD 210 million as of April 2020, and will continue to be strengthened as business grows.

Financial Strength: S&P: A- | AM Best: A

Provides one-stop financial solutions



Motor Insurance

Protect you for every ride

Free No Claim Discount Protector (NCD)

Waiver of excess on accident repairs

Loyalty discount

Complimentary windscreen benefit

Chairman's Message

On behalf of the Board of Directors, it is my pleasure to present the annual report of China Taiping Insurance (Singapore) Pte. Ltd. ("CTPIS") for the financial year ended 31 December 2021.

2021 Economic Overview

Singapore's economy outperformed the 6.9% growth forecast for 2021, expanding by 7.6% and rebounding from the 4.1% contraction in 2020. The finance and insurance sector had a year-on-year expansion of 7.4%, mostly supported by growths in the fund management and banking segments.

The manufacturing sector saw a 15.5% year-on-year expansion, with the biomedical manufacturing and transport engineering clusters contributing the most to the sector's increases in output. Growth in the construction sector slowed down in the final stretch of 2021. The information & communication sector grew by 11.2%, bolstered by sustained demands for enterprise IT solutions. Growth in the real estate sector slowed down in the 4th quarter.

Insurance Industry Overview

Stable Growth in General Insurance

The General Insurance Association reported a strong uptake in 2021 across the top SIF business segments namely Motor, Health, Property and Employer's Liability. The industry achieved stable growth with an 8% increase in gross written premiums amounting to S$4.4 billion. It paid out a total of S$1.2 billion in claims largely to the motor, health, and employer's liability segments. The industry recorded a total underwriting profit of S$263 million, which was a 11% increase despite more claims being paid out in the aforementioned major segments.

Encouraging Uptake of Life Insurance

In 2021, the Life Insurance Association reported a positive 23% growth, amounting to a total of S$5.4 billion in weighted new business premiums. An uptake of single premium products led to a notable year-on-year increase of 41%, amounting to S$2.6 billion while annual premium products grew by 10% to S$2.8 billion. Online purchases for new policies, mostly for new micro-insurance products and complimentary products covering COVID-19 vaccination side effects, totalled 591,282 policies, which is a two-fold increase from 2020's sales.

Promising Overall Business Performance

The financial year 2021 continued to present challenges related to the pandemic. As the COVID-19 threat persisted throughout 2021, more consumers were motivated to safeguard their health and assets against ever-changing and unpredictable risks. We remained steadfast in our commitment to uphold our standard of excellence and to meet challenges with resilience.

We proved our adaptability in response to COVID-19 and also remained focused on meeting operational goals and delivering reliable performance. In 2021, our total annual premium income recorded S$429 million with 2% year-on-year increase. Our total assets rose by 30% amounting to S$1.2 billion.

The General Insurance business contributed S$133 million to this achievement, which was a 6% year-on-year increase. Our Motor Insurance was among the top five performers in the market; Work Injury Compensation achieved a year-on-year increase of 20%; and Marine Insurance attained a new high with S$14.3 million in total premiums.

The Life Insurance business remained stable, achieving a total premium of S$296 million. We have expanded our portfolio mix with new products for the savings and high net worth segments. We continued to expand our distribution network and deepened our relationship with our distribution partners.

2021 Highlights Underscoring Our Strengths

Forging stronger support for Chinese Enterprises in Singapore

We had a fruitful year of expansion in 2021 - strengthening our support for Chinese enterprises in Singapore. With simplified underwriting process, optimized insurance coverage, and improved service standard, we were able to significantly increase our business with over 230 Chinese Enterprises.

Improved claims process and claims recovery

We have further enhanced our core system for claims with automated monitoring and control process, which led to claims workflow optimization, fraud prevention, and potential human errors reduction. With higher turn around efficiency, we have improved the claims experience for our customers and partners. We have also embarked on developing a new claims system with artificial intelligence aiming to make claims easy for customers.

Playing our part in building a Greener Singapore

In 2021, we embarked on our Go Green Journey to promote sustainability, clean energy, and environmental protection for a greener Singapore.

Our Commercial Property and Public Liability insurance included coverage for electric vehicle chargers in late 2021, while our Motor Insurance provided coverage for electric vehicles. We actively supported green initiatives with construction insurance coverage amounting S$1.5 billion for a series of HDB projects which required the use of energy-saving, environmentally friendly, and recycled building materials. We have underwritten projects for wind power and solar energy generation equipment, as well as projects in the environmental conservation with sewage treatment and waste incineration.

In support of National Parks Board’s One Million Tree Movement, we organised a Plant-a-Tree Corporate Social Responsibility event for our employees. We encourage our employees to support sustainable and green living with a plant-based snack month campaign and by implementing sustainable practices within our office to create a greener workplace.

Looking Forward to Bigger Challenges and Even Bigger Achievements

For 2022 and beyond, we are expecting increased competition and market pressure in the financial sector. We will continue with our digitalisation efforts and the development of technology infrastructure to further enhance our operational efficiency and customer experience. We shall build upon the progresses we have made, reinforce proven best practices to stay on track, and also remain flexible and resilient in the face of unforeseen challenges.

Hong Bo
Chairman

董事长致辞

下面由我代表公司董事会，向各位通报中国太平保险（新加坡）有限公司截至2021年12月31日的年度财务报告。

2021 年新加坡经济概况

新加坡经济全年保持了良好的复苏态势，远超全年6.9%的增长预测，同比增长7.6%，相较于2020年4.1%的萎缩，实现了强劲反弹。主要受基金管理和银行业增长加持的影响，金融保险业全年同比增长7.4%。

2021年，制造业同比增长15.5%，其中生物医药和运输工程对该行业产出增长贡献最大。2021年末，建筑业增长放缓。基于企业对科技解决方案的持续需求，信息与通信业增长11.2%。房地产业的增长在第四季度放缓。

新加坡保险行业概况

财险业稳定增长

新加坡财产保险行业协会(General Insurance Association)报告称，2021年当地财险行业在岸业务实现了稳步增长，毛保费增长8%，达44亿新元。其中主要业务板块，包括车险、医疗险、财产保险和工伤险业务增长强劲。行业共支付了12亿新元的索赔，主要支付用于车险、医疗险和雇主责任险。尽管上述主要板块的赔付金额有所增加，但行业承保利润仍实现11%的增长，达2.63亿新元。

寿险业新单保费大幅增长

据新加坡人寿保险行业协会(Life Insurance Association Singapore)报告显示，2021年人寿保险业增长23%，新单加权保费总计54亿新元。其中趸缴产品业务增加显著，加权保费实现同比增长41%，达26亿新元；期缴产品加权保费增长10%，达28亿新元。

线上新保单的销售，主要是新的小额保险产品和涵盖新冠疫苗副作用的免费产品，在2021年总计销售591,282件保单，销售额相较于2020年增加了两倍。

太平新加坡公司整体经营业绩值得肯定

2021年度财政依旧面临着与冠病疫情相关的挑战。由于疫情在2021年持续存在，越来越多的消费者更关注自己的健康和资产保障，以应对不断变化和不可预测的风险。公司始终坚定不移地用卓越标准来迎接挑战。

公司始终专注于实现运营目标和积极稳妥推进业务发展，致力于克服疫情等不利因素影响。2021年，公司全年总保费收入达4.29亿新元，同比增长2%。公司总资产增长了30%，达12亿新元。

其中财险业务贡献了1.33亿新元，同比增长6%。其中汽车险跻身行业前五；工伤险保费同比增长20%；水险业务则再创新高，保费总额达1,430万新元。

寿险业务保持稳定，总保费达2.96亿新元。公司通过持续开发新产品以及优化产品组合加强对储蓄和高净值市场的开发。公司继续扩展分销渠道，深化与分销商的合作伙伴关系。

2021年公司主要发展亮点

深化与新加坡中资企业的密切合作

2021年中资业务拓展卓有成效，通过简化承保流程、优化承保范围和提高服务标准，截至2021年十二月末公司承保的中资客户显著增加，超过了230家。

改善理赔流程和理赔追偿

公司进一步完善核心索赔系统，增设自动监控和管制，有效优化索赔流程、预防欺诈事件和减少潜在的人为错误。索赔部门工作效率进一步提高，使客户和合作伙伴有更好的索赔体验。公司正着手开发新的人工智能索赔系统，旨在为客户提供更便捷的索赔体验。

2021年，公司开启了保护生态环境的“绿色之旅”活动，以促进可持续发展、清洁能源和环境保护，助力创建一个更宜居的新加坡。

2021年下半年，在公司将车险业务扩大至电动车的同时，公司的商业保险和公共责任保险扩大了承保范围，将电动汽车充电桩的保险归入其中。公司积极响应新加坡政府推动的绿色经济倡议，参与环境友好的政府组屋项目风险保障，承保金额达15亿新元。同时，公司还承保风电和太阳能发电设备等项目，以及有益于环境保护的污水处理和废物焚烧项目。

为了积极响应新加坡国家公园局推出的“百万树木”运动，公司举办了员工植树活动。另外，通过开展“绿色零食之月”等内部活动，引导员工支持绿色生活方式，将环保意识内化于心，有效改善办公环境，创建了更绿色的工作场所。

迎接新挑战 谱写新篇章

2022年，预计金融业市场的竞争和压力将进一步加剧。太平新加坡将在已有优势的基础上持续发力，继续推进数字化转型，开发技术基础设施，提高运营效率，提升客户体验,在充满不确定因素的挑战中保持战略定力与弹性，通过持续优化管理达到经营目标。

洪波
董事长

BOARD OF DIRECTORS

Mr. Hong Bo

Chairman

Mr. Hong Bo has a PhD degree from Shanghai Jiao Tong University. He has vast working experiences in the financial sectors including securities and insurance.

Mr. Hong holds key positions in China Taiping Insurance Group including:

- Deputy General Manager and Executive Director of China Taiping Insurance Group Limited, China Taiping Insurance (HK) Company Limited, and China Taiping Insurance Holdings Company Limited.
- Chairman of China Taiping Insurance (HK) Company Limited, Taiping Reinsurance Company Limited, Taiping Financial Holdings Company Limited, China Taiping Life Insurance (HK) Company Limited, China Taiping Insurance (Macao) Company Limited, China Taiping Insurance (UK) Company Limited, and China Taiping Insurance (Singapore) Pte. Limited.
- Board of Director of Taiping Life Insurance Company Limited, Taiping General Insurance Company Limited and Taiping Pension Company Limited.

Mr. Hong is a member of the Geneva Association, a council member of Asian Financial Cooperation Association and Vice-Chairman of The Hong Kong Chinese Enterprises Association. Prior to China Taiping Insurance Group, he was the Chief Executive Officer and Chairman of Tian'an Insurance Company Limited, and General Manager of Strategic planning and business development in CITIC Holdings Company Limited.

He is the Chairman of Strategy & Investment Committee in China Taiping Insurance (Singapore) Pte. Ltd.

Board of Directors

Mr. Sitoh Yih Pin

Mr. Sitoh Yih Pin is a Chartered Accountant. He is also the Member of Parliament for Potong Pasir constituency and Chairman of the Government Parliamentary Committee for the Ministry of Culture, Community and Youth. Mr. Sitoh also has extensive experience being an independent director on the boards of public listed companies.

Mr. Sitoh holds a Bachelor of Accountancy (Honours) degree from the National University of Singapore and is a Fellow member of both the Institute of Singapore Chartered Accountants and Chartered Accountants Australia and New Zealand.

He is the Chairman of Risk & Compliance Committee in China Taiping Insurance (Singapore) Pte. Ltd.

Professor Francis Koh Cher Chiew

Professor Francis Koh is a Mapletree Professor of Real Estate and Practice Professor of Finance and Special Advisor in the Office of the President at the Singapore Management University. He is an Independent Director of China Taiping Insurance (Singapore) Pte. Ltd., and Board Member of the Singapore College of Insurance.

Employed by the Government of Singapore Investment Corporation (GIC) from 1994 to 2002, he was involved in direct investments in various countries, including China, Thailand and Indonesia. He had been active in consulting, executive development and public service. He was appointed by the Monetary Authority of Singapore (MAS) to be in the Financial Advisory Industry Review (FAIR) Panel in 2012 and by the Ministry of Law to the Advisory Panel on Money Lending in 2014. Organisations he had consulted for includes Citibank, IMAS, Maybank and OCBC Bank.

In 2012, the University of St Gallen awarded Francis an honorary doctorate (honoris causa) in Economics. In 2013, the Singapore Government honoured him with the Public Administration Medal (Silver). In 2016, WealthBriefingAsia awarded Professor Koh with the Lifetime Achievement Award for his contributions to Wealth Management.

Francis obtained the degree of BBA (Hons) from the University of Singapore, MBA from the University of British Columbia and Ph.D from University of New South Wales. He is a member of the Institute of Chartered Public Accountant of Singapore and a Fellow of the Chartered Institute of Management Accountants (UK).

He is the Chairman of Nomination & Remuneration Committee in China Taiping Insurance (Singapore) Pte. Ltd.

Board of Directors

Mr. Yang Yamei

Mr. Yang Yamei is responsible for the overall development of business operation for China Taiping Insurance Singapore. Under his leadership, China Taiping Insurance Singapore has seen an exponential growth over the last three years with an average annual growth of 44% to S$1.2 billion total assets in 2021. He is instrumental in the business expansion drive that resulted in the company being awarded the life insurance composite license from Monetary Authority of Singapore to launch its Life Insurance Business in January 2019.

Mr. Yang joined China Taiping Insurance Group in September 1997 as Assistant to General Manager of Taiping Insurance Co Ltd (Singapore Branch). Since then, he held several key positions - including President Director of China Taiping Insurance Indonesia and subsequently General Manager of the International Department of China Taiping Insurance Group Ltd. He has been appointed as General Manager, China Taiping Insurance (Singapore) Pte. Ltd. since September 2015.

Mr. Yang has extensive experience spanning over three decades in the insurance sector where he was responsible for the overall operation development of international markets, and has overseen China Taiping Group's overseas subsidiaries including England, Hong Kong, Macau and Singapore.

He graduated with a Bachelor of Economics (Major in Insurance) from the Financial and Banking Institute of China, Beijing in 1993. He also holds an MBA from Southern Illinois University, USA and a Master of Science in Wealth Management from Singapore Management University as well as a CFA (Chartered Financial Analyst) qualification from the CFA Institute.

Mr. Zhang Zhongyi

Mr. Zhang Zhongyi is currently the non-executive director of the company and holds the position of General Manager, the International Department of China Taiping Insurance Group. Mr. Zhang has a wealth of experience spanning more than 25 years across various multinational financial and insurance companies - with nearly 20 years of service dedicated to China Taiping Insurance Group.

During his tenure in China Taiping Insurance Group, Mr. Zhang holds several key roles:

- Deputy General Manager of Taiping Reinsurance Co., Ltd.
- Deputy General Manager of the Overseas Management Department of Taiping Group,
- Deputy General Manager of Taiping Property & Casualty Insurance Corporation Marine Insurance Department
- Assistant General Manager of China Insurance Singapore Co., Ltd. (now renamed as "China Taiping Insurance (Singapore)").

Prior to China Taiping, he worked in The People's Insurance Company of China. Mr. Zhang holds a Bachelor Degree in Economics from Changchun Taxation College and a Master Degree in Business Management from Jilin University.

Mr. Wang Xin

Mr. Wang Xin holds a master's degree in Economics from the School of Finance of Xi'an Jiaotong University and has been serving as Executive Director and Chief Executive Officer of China Taiping Life Insurance (Hong Kong) Co., Ltd. since August 2016.

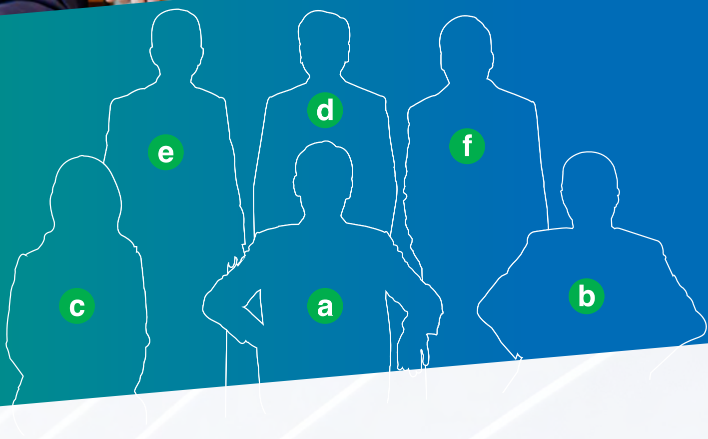
Mr. Wang Xin's management experience in the insurance industry spans more than 20 years and was built on his prominent roles in China Taiping Group of companies.

He has extensive experience in life insurance operations, information technology, shared services, and others with a professional qualification as an underwriter (ALU). He has served as a member of the National Six Sigma Promotion Working Committee since 2015 and is a Six Sigma Black Belt Master.

During his tenure as the General Manager of the Operation Management Department of Taiping Insurance Group, Mr. Wang Xin was fully responsible for the management of insurance, investment-related operations, customer service, and information dissemination of the group's domestic and overseas companies. He laid down the solid groundwork for the Taiping Group's rapid and healthy development, leading the formulation of a series of top-level planning and design projects, which included the Taiping Group's operation and development plan and a three-year plan for information construction and development (2016-2018). His other successful projects include optimisation of the group's shared service model; updating of basic information platform; and improvement of overall technological applications, internal operations, and management decision efficiency through the innovative application of mobile internet technology.

Under the management of Mr. Wang Xin, China Taiping Life Insurance (Hong Kong) Co., Ltd., was the first insurer to be issued a new license in Hong Kong in nearly two decades, paving the way for the company to become a trustworthy comprehensive financial solution provider. With his "development first" business strategy, the company achieved continuous growth to be among the top ten local life insurance companies. In 2018, it achieved total assets of nearly HKD25 billion, with new premiums ranked eighth in the market.

Senior Management Team



a **Yang Yamei**
General Manager

b **Lance Tay**
Deputy General Manager

c **Lynn Lee**
Deputy General Manager

d **Zhang Di**
Deputy General Manager

e **Lin Dapeng**
Deputy General Manager

f **Andrew Lee**
Chief Marketing Officer

INFINITE *Elite Harvest* (USD)

Reap the rewards of a well-nurtured harvest

- Enjoy guaranteed monthly cashbacks from the end of the premium payment term to age 120
- Pay out a lump sum benefit should the unexpected happens
- Option to appoint a secondary life insured for policy continuity
- Premium payment term option that suits your needs
- Give your investment the USD advantage to further diversify your assets and rewards

PERSONAL INSURANCE

Our suite of Personal Insurance solutions are designed to take care of our customers' needs at every stages of their lives.

- WHOLE LIFE / TERM
- MOTOR
- SAVINGS
- PERSONAL ACCIDENT
- RETIREMENT
- HOME
- LEGACY
- HEALTH
- DOMESTIC MAID
- TRAVEL

Our Comprehensive Solutions

BUSINESS INSURANCE

Our comprehensive Business insurance solutions are designed to keep businesses up and running by protecting them from unforeseen exposures.

- BUSINESS PACKAGES
- ENGINEERING
- PROPERTY
- MARINE
- CASUALTY
- MEDICAL & HEALTH
- BONDS
- FINANCIAL LINES

For full product information, please visit www.sg.cntaiping.com

i-Saver8

Put the spotlight on your saving goals

Capital guaranteed with attractive returns

Enjoy protection as you save

Short premium payment term

Application made easy

China Taiping Insurance (Singapore) Pte. Ltd.
Registration Number: 200208384E

Annual Report I Year ended 31st December 2021

Directors' statement

We are pleased to submit this annual report to the member of the Company together with the audited financial statements for the financial year ended 31 December 2021.

In our opinion:

(a) the financial statements set out on pages 17 to 95 are drawn up so as to give a true and fair view of the financial position of the Company as at 31 December 2021 and the financial performance, changes in equity and cash flows of the Company for the year ended on that date in accordance with the provisions of the Companies Act 1967 and Financial Reporting Standards in Singapore; and

(b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

The Board of Directors has, on the date of this statement, authorised these financial statements for issue.

Directors

The directors in office at the date of this statement are as follows:

Hong Bo
Yang Yamei
Koh Cher Chiew Francis
Sitoh Yih Pin
Wang Xin
Zhang Zhongyi

Directors' interests

According to the register kept by the Company for the purposes of Section 164 of the Companies Act 1967 (the "Act"), no director who held office at the end of the financial year had interests (including those held by their spouses and infant children) in shares, debentures, warrants and share options in the Company and in related corporations, either at the beginning of the financial year or end of the financial year.

Neither at the end of, nor at any time during the financial year, was the Company a party to any arrangement whose objects are, or one of whose objects is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Share options

During the financial year, there were:

(i) no options granted by the Company to any person to take up unissued shares of the Company; and

(ii) no shares issued by virtue of any exercise of option to take up unissued shares of the Company.

As at the end of the financial year, there were no unissued shares of the Company under options.

Auditors

The auditors, KPMG LLP, have indicated their willingness to accept re-appointment.

On behalf of the Board of Directors

Koh Cher Chiew Francis
Director

Yang Yamei
Director

25 March 2022

Independent auditors' report

Member of the Company
China Taiping Insurance (Singapore) Pte. Ltd.

Report on the audit of the financial statements

Opinion

We have audited the financial statements of China Taiping Insurance (Singapore) Pte. Ltd. ('the Company'), which comprise the statement of financial position as at 31 December 2021, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 17 to 95.

In our opinion, the accompanying financial statements are properly drawn up in accordance with the provisions of the Companies Act 1967 ('the Act') and Financial Reporting Standards in Singapore ('FRSs') so as to give a true and fair view of the financial position of the Company as at 31 December 2021 and of the financial performance, changes in equity and cash flows of the Company for the year ended on that date.

Basis for opinion

We conducted our audit in accordance with Singapore Standards on Auditing ('SSAs'). Our responsibilities under those standards are further described in the '*Auditors' responsibilities for the audit of the financial statements'* section of our report. We are independent of the Company in accordance with the Accounting and Corporate Regulatory Authority *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* ('ACRA Code') together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

Management is responsible for the other information contained in the annual report. Other information is defined as all information in the annual report other than the financial statements and our auditors' report thereon.

We have obtained the Directors' Statement prior to the date of this auditors' report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information obtained prior to the date of this auditors' report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and directors for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and FRSs, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Company's financial reporting process.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

- Obtain an understanding of internal controls relevant to the audit 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 Company's internal controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal controls that we identify during our audit.

Report on other legal and regulatory requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

KPMG LLP
Public Accountants and
Chartered Accountants

Singapore
25 March 2022

Statement of financial position
As at 31 December 2021

	Note	2021 $	2020 $
ASSETS			
Current assets			
Cash and cash equivalents	5	76,325,563	86,890,153
Amount due from related companies	6	–	325,960
Deposits, prepayments and other receivables	7	36,799,145	7,337,156
Insurance receivables	8	17,362,860	16,943,739
Investments in securities	9	759,509,940	635,450,827
Derivatives receivables	10	8,252,817	16,120,654
Reinsurers' share of insurance contract provisions for:			
- unexpired risks	13	9,346,818	8,831,681
- general insurance claims	13	13,978,486	24,047,073
- life insurance claims	13	650,248	–
		922,225,877	795,947,243
Non-current assets			
Deferred tax assets	16	2,125,802	603,802
Investments in securities	9	31,244,994	21,965,643
Reinsurers' share of insurance contract provisions for:			
- unexpired risks	13	7,689,669	5,784,146
- general insurance claims	13	5,367,513	4,801,975
- life policy reserves	13	220,541,216	56,609,652
Investment properties	12	10,746,161	11,264,879
Property and equipment	11	40,394,018	41,669,330
Right-of-use assets	26	2,213,839	715,818
		320,323,212	143,415,245
TOTAL ASSETS		1,242,549,089	939,362,488
LIABILITIES			
Current liabilities			
Current tax payable		2,003,861	78,807
Amount due to related companies	6	2,413,642	2,160,578
Other payables and accruals	15	51,059,287	26,820,211
Lease liabilities		845,607	–
Insurance payables	14	26,657,537	16,436,216
Derivatives payable	10	1,658,490	–
Insurance contract provisions for:			
- unexpired risks	13	33,699,382	31,438,580
- general insurance claims	13	65,470,935	70,302,856
- life insurance claims	13	762,451	–
		184,571,192	147,237,248
Non-current liabilities			
Other payables and accruals	15	22,773,206	13,344,188
Lease liabilities		1,429,214	859,405
Deferred tax liabilities	16	–	533,394
Insurance contract provisions for:			
- unexpired risks	13	49,183,989	48,092,456
- general insurance claims	13	33,998,687	32,584,051
- life policy reserves	13	732,759,197	451,401,701
		840,144,293	546,815,195
TOTAL LIABILITIES		1,024,715,485	694,052,443
Shareholder's equity and reserves			
Share capital	17	210,000,000	210,000,000
Fair value reserves		(10,164,897)	2,009,723
Retained earnings		17,998,501	33,300,322
TOTAL EQUITY		217,833,604	245,310,045
TOTAL LIABILITIES AND EQUITY		1,242,549,089	939,362,488

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

Statement of comprehensive income
Year ended 31 December 2021

	Note	2021	2020
		$	$
INCOME			
Gross written premiums	18	428,994,431	420,734,220
Change in gross provision for unexpired risks	13(b)	(3,352,335)	(15,091,186)
Gross earned premium revenue		425,642,096	405,643,034
Written premiums ceded to reinsurers	18	(185,331,112)	(79,987,882)
Reinsurers' share of change in provision for unexpired risks	13(b)	2,420,660	1,065,281
Reinsurance premium expense		(182,910,452)	(78,922,601)
Net earned premium revenue		242,731,644	326,720,433
Commission income	19	9,696,705	5,913,665
Net investment (expenses)/income	20	(3,484,654)	27,590,455
Other income	21	2,275,060	3,899,701
TOTAL INCOME		251,218,755	364,124,254
General insurance			
Gross claims incurred	13(c)	(66,468,003)	(58,047,300)
Reinsurers' share of claims incurred	13(c)	3,770,666	6,235,313
Life insurance			
Gross claims incurred	13(d)	(2,066,258)	(301,024)
Reinsurers' share of claims incurred	13(d)	794,133	–
Policy dividend		(902,138)	–
Gross movement in insurance contract provisions	13	(281,357,496)	(279,967,974)
Reinsurers' share of movement in insurance contract provisions	13	163,931,564	56,528,036
Net claims and benefits		(182,297,532)	(275,552,949)
Commission expenses		(39,017,768)	(44,101,654)
Staff costs	22	(26,536,331)	(25,875,985)
Depreciation of property and equipment	11	(1,999,038)	(1,892,562)
Depreciation of investment properties	12	(518,718)	(518,718)
Depreciation of right-of-use assets	26	(786,255)	(820,284)
Other operating expenses	23	(12,879,431)	(13,160,123)
Total expenses		(264,035,073)	(361,922,275)
(LOSS)/PROFIT BEFORE INCOME TAX		(12,816,318)	2,201,979
Income tax (expense)/credit	24	(2,485,503)	403,231
(LOSS)/PROFIT FOR THE YEAR		(15,301,821)	2,605,210
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Available-for-sale investments			
- Net changes in fair value		(15,842,229)	2,005,825
- Reclassification to profit or loss on disposals		1,174,012	103,463
- Income tax relating to fair value changes		2,493,597	(358,579)
Other comprehensive income for the year, net of tax		(12,174,620)	1,750,709
TOTAL COMPREHENSIVE INCOME		(27,476,441)	4,355,919

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

Statement of changes in equity
Year ended 31 December 2021

	Note	Share capital $	Fair value reserves $	Retained earnings $	Total $
At 1 January 2020		160,000,000	259,014	31,127,112	191,386,126
Total comprehensive income for the year					
Profit for the year		–	–	2,605,210	2,605,210
Other comprehensive income					
Financial assets, available-for-sale:					
- Net changes in fair value		–	2,005,825	–	2,005,825
- Reclassification to profit or loss on disposals		–	103,463	–	103,463
- Income tax relating to fair value changes		–	(358,579)	–	(358,579)
Total other comprehensive income		–	1,750,709	–	1,750,709
Total comprehensive income for the year		–	1,750,709	2,605,210	4,355,919
Transactions with owners, recognised directly in equity					
Contributions by and distributions to owners					
Issue of ordinary shares	17	50,000,000	–	–	50,000,000
Final dividend of 0.21 cent per share tax exempt (one-tier) paid in respect of year 2020	25	–	–	(432,000)	(432,000)
Total contributions by and distributions to owners		50,000,000	–	(432,000)	49,568,000
At 31 December 2020		210,000,000	2,009,723	33,300,322	245,310,045

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

Statement of changes in equity (continued)
Year ended 31 December 2021

	Note	Share capital $	Fair value reserves $	Retained earnings $	Total $
At 1 January 2021		210,000,000	2,009,723	33,300,322	245,310,045
Total comprehensive income for the year					
Loss for the year		–	–	(15,301,821)	(15,301,821)
Other comprehensive income					
Financial assets, available-for-sale:					
- Net changes in fair value		–	(15,842,229)	–	(15,842,229)
- Reclassification to profit or loss on disposals		–	1,174,012	–	1,174,012
- Income tax relating to fair value changes		–	2,493,597	–	2,493,597
Total other comprehensive income		–	(12,174,620)	–	(12,174,620)
Total comprehensive income for the year		–	(12,174,620)	(15,301,821)	(27,476,441)
Transactions with owners, recognised directly in equity					
Contributions by and distributions to owners		–	–	–	–
At 31 December 2021		210,000,000	(10,164,897)	17,998,501	217,833,604

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

Statement of cash flows
Year ended 31 December 2021

	Note	2021 $	2020 $
Cash flows from operating activities			
(Loss)/Profit before income tax		(12,816,318)	2,201,979
Adjustments for:			
Depreciation of property and equipment	11	1,999,038	1,892,562
Loss on disposal of property and equipment	11	–	658
Depreciation of investment properties	12	518,718	518,718
Depreciation of right-of-use assets	26	786,255	820,284
Interest expenses on lease liabilities	26	61,448	64,359
Unrealised foreign exchange loss		(6,802,002)	14,501,439
(Gain)/Loss on disposal of equity securities	20	(3,602,485)	8,749
Loss/(Gain) on disposal of debt securities	20	1,228,772	(2,648,656)
Loss on disposals of unit trusts	20	107,844	422,649
Impairment loss on equity securities	20	1,681,998	–
Dividend income from equity securities	20	(2,402,141)	(996,611)
Dividend income from unit trusts	20	(49,684)	(560,622)
Interest income	20	(20,973,818)	(16,363,915)
(Writeback of)/impairment loss on doubtful debts	23	(991,220)	571,103
Net fair value loss/(gain) of financial assets designated at fair value through profit or loss	20	25,554,548	(10,600,950)
Net fair value loss/(gain) on derivative financial instruments	20	4,744,540	(9,437,212)
Net change in provision for unexpired risks	13(b)	931,675	14,025,905
Net change in provision for insurance claims	13(c),(d)	6,197,967	(16,522,472)
Net change in life policy reserves	13(a)	117,425,932	223,439,938
Operating profit before changes in working capital		113,601,067	201,337,905
Net change in insurance receivables		572,100	(2,094,594)
Net change in deposits, prepayments and other receivables		(27,929,688)	(7,316,201)
Net change in amounts due from related companies		325,960	1,677,104
Net change in insurance payables		10,221,321	2,914,505
Net change in other payables and accruals		24,239,076	10,467,139
Net change in amounts due to related companies		253,064	(322,163)
Cash generated from operations		121,282,900	206,663,695
Income tax paid		(122,246)	–
Net cash from operating activities		121,160,654	206,663,695

Statement of cash flows (continued)
Year ended 31 December 2021

	Note	2021 $	2020 $
Cash flows from investing activities			
Interest received		20,171,573	19,855,211
Dividend received		2,453,050	1,533,926
Purchases of property and equipment	11	(723,726)	(145,902)
Purchases of equity securities		(297,513,296)	(128,400,128)
Proceeds from disposals of equity securities		231,594,723	90,326,163
Purchases of debt securities		(264,926,895)	(380,869,439)
Proceeds from redemptions of debt securities		175,487,987	113,313,735
Purchase of unit trusts		(218,918,382)	(661,567)
Proceeds on disposals of unit trusts		211,691,642	2,028,910
Loss on settlement of derivatives instruments		459,369	(2,963,403)
Net cash used in investing activities		(140,223,955)	(285,982,494)
Cash flows from financing activities			
Proceeds from issue of share capital	17	–	50,000,000
Payment of lease liabilities	26	(930,307)	(829,616)
Dividend paid	25	–	(432,000)
Net cash (used in)/from financing activities		(930,307)	48,738,384
Net decrease in cash and cash equivalents		(19,993,608)	(30,580,415)
Cash and cash equivalents at beginning of financial year		73,625,298	104,205,713
Cash and cash equivalents at end of financial year		53,631,690	73,625,298

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

Notes to the financial statements

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Board of Directors on 25 March 2022.

1 Domicile and activities

China Taiping Insurance (Singapore) Pte. Ltd. (the "Company") is incorporated in Singapore with its principal place of business and registered office at 3 Anson Road, #16-00, Springleaf Tower, Singapore 079909. The financial statements are expressed in Singapore dollars.

The principal activities of the Company consist of the underwriting of general and life insurance business and carrying out investment activities incidental to its business. The Company is licensed as a general and life insurer under the Singapore Insurance Act, Chapter 142 (the "Insurance Act").

2 Basis of preparation

2.1 Statement of compliance

The financial statements have been prepared in accordance with the Financial Reporting Standards ("FRS").

2.2 Basis of measurement

The financial statements have been prepared on the historical cost basis except as otherwise described in the notes below.

2.3 Functional and presentation currency

These financial statements are presented in Singapore dollars, which is the Company's functional currency.

2.4 Use of estimates and judgements

The preparation of the financial statements in conformity with FRSs requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

Information about critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is included in the following notes:

- Note 4 – Classification of insurance and investment contracts
- Note 4 and 13 – Insurance contract provisions for life and general insurance business

Measurement of fair values

A number of the Company's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

The Company has an established control framework with respect to the measurement of fair values. This includes a valuation team that has overall responsibility for all significant fair value measurements, including Level 3 fair values, and reports directly to the Chief Financial Officer.

The valuation team regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the valuation team assesses and documents the evidence obtained from the third parties to support the conclusion that these valuations meet the requirements of FRS, including the level in the fair value hierarchy in the valuations should be classified. Significant valuation issues are reported to the Company's Board of Directors.

When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement (with Level 3 being the lowest).

The Company recognises transfers between levels of the fair value hierarchy as of the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in Note 27 – Insurance and financial risk management.

2.5 New standards and amendments

The Company has applied the following FRS, amendments to and interpretations of FRS for the first time for the annual period beginning on 1 January 2021:

- *COVID-19-Related Rent Concessions (Amendments to FRS 116)*
- *Interest Rate Benchmark Reform – Phase 2 (Amendments to FRS 109, FRS 39, FRS 104, FRS 107 and FRS 116)*

The application of these amendments to standards and interpretations does not have a material effect on the financial statements.

3 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

3.1 Foreign currency

(i) Foreign currency transactions

Transactions in foreign currencies are translated to the functional currency of the Company at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortised cost in foreign currency translated at the exchange rate at the end of the year.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction. Foreign currency differences arising on translation are recognised in profit or loss, except for the following differences which are recognised in Other Comprehensive Income ("OCI") arising on the translation of:

- Available-for-sale equity instruments (except on impairment in which case foreign currency differences that have been recognised in OCI are classified to profit or loss)

3.2 Financial instruments

Non-derivative financial assets

The Company initially recognises loans and receivables on the date that they are originated. All other financial assets (including assets designated at fair value through profit or loss) are recognised initially on the trade date, which is the date that the Company becomes a party to the contractual provisions of the instrument.

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred, or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset. Any interest in transferred financial assets that is created or retained by the Company is recognised as a separate asset or liability.

Financial assets and liabilities are offset and the net amount is presented in the statement of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Company classifies non-derivative financial assets into the following categories: financial assets at fair value through profit or loss, held-to-maturity financial assets, loans and receivables and available-for-sale financial assets.

Financial assets at fair value through profit or loss

A financial asset is classified at fair value through profit or loss if it is classified as held for trading or is designated as such upon initial recognition. Financial assets are designated at fair value through profit or loss if the Company manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Company's documented risk management or investment strategy. Directly attributable transaction costs are recognised in profit or loss as incurred. Financial assets at fair value through profit or loss are measured at fair value, and changes therein, which takes into account any dividend income, are recognised in profit or loss.

Financial assets classified as held for trading comprise equity securities actively managed by the Company's investment department to address short-term liquidity needs.

Financial assets designated at fair value through profit or loss comprise debt and equity investments that otherwise would have been classified as available-for-sale.

Held-to-maturity financial assets

If the Company has the positive intent and ability to hold debt securities to maturity, then such financial assets are classified as held-to-maturity. Held-to-maturity financial assets are initially measured at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, held-to-maturity financial assets are measured at amortised cost using the effective interest method, less any impairment losses.

Held-to-maturity financial assets comprise debt securities.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortised cost using effective interest rate method, less any impairment losses.

Loans and receivables comprise amount due from related companies, deposits, prepayments and other receivables (excluding prepayments), and cash and cash equivalents.

Cash and cash equivalents comprise cash and bank balances and short-term deposits with financial institutions that are subject to an insignificant risk of changes in their fair value, and are used by the Company in the management of its short-term commitments. For the purpose of the statement of cash flows, cash collaterals held in respect of insurance bonds are excluded.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are designated as available for sale or are not classified in any of the above categories of financial assets. The Company's investments in certain debt securities are classified as available-for-sale financial assets. Available-for-sale financial assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses and foreign currency differences on available-for-sale debt instruments are recognised in OCI and presented in the fair value reserve in equity. When an investment is derecognised, the gain or loss accumulated in equity is reclassified to profit or loss.

Available-for-sale financial assets comprise equity securities, debt securities and unit trusts.

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

Derivative financial instruments

The Company holds derivative financial instruments to hedge its foreign currency, credit and interest rate risk exposures. Embedded derivatives are separated from the host contract and accounted for separately if the economic characteristics and risks of the host contract and the embedded derivative are not closely related, a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative and the combined instrument is not measured at fair value through profit or loss.

On initial designation of the derivative as the hedging instrument, the Company formally documents the relationship between the hedging instrument and the hedged item, including the risk management objectives and strategy in undertaking the hedge transaction and the hedged risk, together with the methods that will be used to assess the effectiveness of the hedging relationship. The Company makes an assessment, both at the inception of the hedge relationship as well as on an ongoing basis, of whether the hedging instruments are expected to be 'highly effective' in offsetting the changes in the fair value or cash flows of the respective hedged items attributable to the hedged risk, and whether the actual results of each hedge are within a range of 80 - 125%.

Derivatives are initially measured at fair value; any attributable transaction costs are recognised in profit or loss as incurred. Subsequent to initial recognition, derivatives are measured at fair value and changes in its fair value are recognised immediately in profit or loss.

The fair value of forward exchange contracts is their quoted market price at the reporting date, being the present value of the quoted forward price.

3.3 Impairment

Non-derivative financial assets

A financial asset not carried at fair value through profit or loss is assessed at end of each reporting period to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event(s) has occurred after the initial recognition of the asset and that the loss event(s) has an impact on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Company on terms that the Company would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, economic conditions that correlate with defaults or the disappearance of an active market for a security. In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment. The Company considers a decline of 30% to be significant and a period of 12 months to be prolonged.

Loans and receivables and held-to-maturity investment securities

The Company considers evidence of impairment for loans and receivables and held-to-maturity investment securities at a specific asset level. All individually significant loans and receivables and held-to-maturity investment securities are assessed for specific impairment.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows, discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account against loans and receivables or held-to-maturity investment securities. Interest on the impaired asset continues to be recognised. When the Company considers that there are no realistic prospects of recovery of the asset, the relevant amounts are written off. If the amount of impairment loss subsequently decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, then the previously recognised impairment loss is reversed through profit or loss.

Available-for-sale financial assets

Impairment losses on available-for-sale financial assets are recognised by reclassifying the losses accumulated in the fair value reserve in equity to profit or loss. The cumulative loss that is reclassified from equity to profit or loss is the difference between the acquisition cost, net of any principal repayment and amortisation and the current fair value, less any impairment loss recognised previously in profit or loss.

If, in a subsequent period, the fair value of an impaired available-for-sale debt security increases and the increase can be related objectively to an event occurring after the impairment loss was recognised, then the impairment loss is reversed. The amount of the reversal is recognised in profit or loss. However, any subsequent recovery in the fair value of an impaired available-for-sale equity security is recognised in OCI.

Non-financial assets

The carrying amounts of the Company's non-financial assets, other than deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amounts are estimated. An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit (CGU) exceeds its estimated recoverable amount.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs of disposal. 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 or CGU. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGU.

Impairment losses are recognised in profit or loss.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

3.4 Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost, which includes capitalised borrowing costs, less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes:

- the cost of materials and direct labour;
- any other costs directly attributable to bringing the assets to a working condition for their intended use;
- when the Company has an obligation to remove the asset or restore the site, an estimate of the costs of dismantling and removing the items and restoring the site on which they are located; and
- capitalised borrowing costs.

Cost may also include transfers from equity of any gain or loss on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

If significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss.

(ii) Subsequent costs

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Company, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

(iii) Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed and if a component has a useful life that is different from the remainder of that asset, that component is depreciated separately.

Depreciation is recognised as an expense in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment, unless it is included in the carrying amount of another asset. Land is not depreciated.

Depreciation is recognised from the date that the property, plant and equipment are installed and are ready for use, or in respect of internally constructed assets, from the date that the asset is completed and ready for use.

The estimated useful lives for the current and comparative years are as follows:

Leasehold properties	50 years
Furniture, fixtures and equipment	5 years
Computers and network equipment	5 years
Motor vehicles	5 years

Depreciation methods, useful lives and residual values are reviewed at the end of each reporting period and adjusted if appropriate.

(iv) Reclassification to investment properties

When the use of a property changes from owner-occupied to investment property, the property is remeasured to fair value and reclassified accordingly. Any gain arising on remeasurement is recognised in profit or loss to the extent that it reverses a previous impairment loss on the specific property, with any remaining gain recognised in OCI and presented in the revaluation reserve in equity. Any loss is recognised immediately in profit or loss. When the property is sold, the related amount in the revaluation reserve is transferred to retained earnings.

3.5 Investment properties

Investment properties are properties held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. Investment properties are measured at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the investment properties. The cost of self-constructed investment properties includes the cost of materials and direct labour, any other costs directly attributable to bringing the investment properties to a working condition for their intended use and capitalised borrowing costs.

Depreciation is recognised as an expense in profit or loss on a straight-line basis over the estimated useful lives of investment properties.

The estimated useful lives for the current and comparative years are as follows:

Freehold and leasehold properties	50 years

Depreciation methods, useful lives and residual values are reviewed at the end of each reporting period and adjusted if appropriate.

Any gain or loss on disposal of investment properties (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss.

When the use of a property changes such that it is reclassified as property, plant and equipment, its fair value at the date of reclassification becomes its cost for subsequent accounting.

3.6 Leases

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

(i) As a lessee

At commencement or on modification of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property the Company has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Company by the end of the lease term or the cost of the right-of-use asset reflects that the Company will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

The Company determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Company is reasonably certain to exercise, lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, if the Company changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Company presents right-of-use assets that do not meet the definition of investment properties in 'Right-of-use assets' and lease liabilities in 'Lease liabilities' in the statement of financial position.

Short-term leases and leases of low-value assets

The Company has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases, including IT equipment. The Company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(ii) As a lessor

At inception or on modification of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices.

When the Company acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Company makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Company considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the Company is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Company applies the exemption described above, then it classifies the sub-lease as an operating lease.

The Company recognises lease payments received from investment properties under operating leases as income on a straight-line basis over the lease term as part of revenue. Rental income from sub-leased properties is recognised as "other income".

3.7 Insurance contracts

Insurance contracts are those contracts that transfer significant insurance risk. An insurance contract is a contract under which one party (the insurer) accepts significant insurance risk from another party (the policyholder) by agreeing to compensate the policyholder if a specific uncertain future event (the insured event) adversely affects the policyholder. Such contract may also transfer financial risks. As a general guideline, the Company defines as significant insurance risk the possibility to having to pay benefits on the occurrence of an insured event that are at least 5% more than the benefits payable if the insured event did not occur, at some point during the contract. Once a contract has been classified as an insurance contract, it remains an insurance contract for the remainder of its lifetime, even if the insurance risk reduces significantly during this period.

(i) Recognition and measurement

Life Insurance Contracts

Premium revenue

Premiums from life insurance in-force insurance contracts, including annuities, are recognised as revenue on the due date. The outstanding premiums are included in "Insurance receivables" in the statement of financial position.

Premiums received in advance before the due dates are not recognised as revenue. They are recorded as advance premiums and included in "Insurance payables" in the statement of financial position until they are recognised as revenue when they fall due or when policy is issued.

Claims

Claims include maturities, annuities, surrenders and death claims. Maturity and annuity claims are recognised as an expense when due for payment. Surrender claims are recognised when paid. Death claims are recognised when notified.

Bonuses to policyholders

All participating life insurance contracts have discretionary participating features. ("DPF"). This feature entitles the holder to receive, as a supplement to guaranteed benefits, additional bonuses:

- That are likely to be a significant portion of the total contractual benefits
- Whose amount or timing is contractually at the discretion of the Company, and
- That are contractually based on:
  - The performance of a specified pool of contracts or a specified type of contract
  - Realised and/or unrealised investment returns on a specified pool of assets held by the Company, or
  - The profit or loss of the Company or fund that issues the contract.

Local statutory regulations and the terms and conditions of these contracts set out the bases for the determination of the amounts on which the additional discretionary benefits are based and within which the Company may exercise its discretion as to the quantum and timing of their payment to contract holders. At least 90% of the eligible distributions must be attributed to the contract holders as a group, at the discretion of the Company, approved by the Board of Directors based on the advice of the Appointed Actuary. The DPF benefits are distributed to contract holders by way of a regular cash dividend, reversionary bonus or terminal dividend or bonus.

Insurance contract provisions

The valuation of insurance contract provisions is determined according to the Insurance Act and Insurance (Valuation and Capital) Regulations 2004 and MAS Notice 133 (Notice on Valuation and Capital Framework for Insurers) for life insurance funds. The measurement basis for contracts with discretionary participation features issued by the Company all reflect changes in the fair value of the investments backing the contracts. Changes in the value of all insurance contract provisions are included in profit or loss.

<u>Provision for life policy reserves</u>

(i) Life Insurance Par Fund

Provision for future participating and certain non-participating benefits in the Life Insurance Par Fund are established using a discounted prospective cash-flow method. It includes the current best estimate of future contractual premiums, expected claims, provisions for adverse deviation and the costs of maintaining the contracts and future renewal expenses. The liability in respect of the Life Insurance Par Fund is the highest of the gross premium valuation method, the minimum condition liability or the value of policy assets of the fund.

(ii) Life Insurance Non-Par Fund

Insurance contract provisions in the Life Insurance Non-Par Fund include provisions for future non-participating benefits, claims and loss adjustment expenses, provisions for adverse deviation and unexpired risks. Provision for future non-participating benefits is established using a discounted prospective cash-flow method. It includes the current best estimate of future contractual premiums, expected claims, provisions for adverse deviation and the costs of maintaining the contracts and future renewal expenses. For the Universal Life type products, the insurance contract provisions include provisions for future non-guaranteed benefits that arise from the non-guaranteed crediting rates.

<u>Expense Overrun Reserves</u>

In the first few years of operation, it is expected that the maintenance expense incurred will be larger than the expense loadings implied by the expected volume and long-term best estimate described above, as the business volume takes time to grow. This results in a projected expense overrun and the Company holds an expense overrun reserve for this. The overrun reserves are obtained by projecting the expected business volume and the maintenance expenses to be incurred up to 2029. From there the expense loadings implied by the unit cost assumption and the expected business volume for the future years, are calculated. The present value of the difference in expense loadings and forecasted maintenance expense, plus a provision for adverse deviation, is held as expense overrun reserves and forms part of the insurance contract provisions. The expense overrun reserves as at 31 December 2021 amounts to $21.0 million (2020: $22.3 million).

General Insurance Contracts

Premium revenue

Premiums are recognised as written from the commencement date of insurance cover. Written premiums are reported in the financial statements on a gross basis, inclusive of commission payable to intermediaries.

Treaty reinsurance inward premiums are recognised as written on receipt of statements from cedants up to the time of closing of the books.

Premiums received in advance before commencement date of insurance cover are not recognised as revenue. They are recorded as advance premiums and included in "Insurance payables" in the statement of financial position until they are recognised as revenue when insurance cover commences.

Claims

Claims incurred comprise claims paid during the financial year, net of salvage and subrogation recoveries, and changes in provision for insurance claims.

Salvage and subrogation reimbursements

Some insurance contracts permit the Company to sell salvaged property (salvage) or sue liable third parties (subrogation) in recovering the cost of losses.

Reasonable estimates of the salvage recoveries or subrogation reimbursements are included as an allowance in the measurement of the insurance liability for claims, and recognised in other assets when the liability is settled.

Insurance contract provisions

The valuation of insurance contract provisions is determined according to the Insurance Act and Insurance (Valuation and Capital) Regulations 2004 and MAS Notice 133 (Notice on Valuation and Capital Framework for Insurers) for general insurance funds. Changes in the value of all insurance contract provisions are included in profit or loss.

Provision for unexpired risks

Provision for unexpired risks includes provision for unearned premiums and a provision for premium deficiency.

The provision for unearned premiums represents premiums written for risks that have not yet expired. The provision is recognised when contracts are entered into and premiums are charged. The provision is released over the term of the contract.

Additional provision for premium deficiency is made where the expected future claim costs and expenses and a provision for adverse deviation exceed the provision for unearned premiums.

For direct business, the provision for unearned premiums is calculated using the 365th method on net written premiums less net commission expense for all classes of business except for marine cargo business which is calculated at 25% of net written premiums. For reinsurance business, the provision for unearned premiums of facultative business is calculated using the 365th method on net written premiums less net commission expense while for inward treaty reinsurance premium it is calculated at 40% of net written premium. An additional provision for premium deficiency is made where the expected value of claims, expenses and provision for adverse development attributable to the unexpired periods of policies in force at the end of the reporting period exceeds the provision for unearned premiums in relation to such policies. The provision for unexpired risks is calculated separately by reference to classes of business which are managed together.

Provision for general insurance claims

Provision for claims is made for the estimated cost of claims notified but not settled at the date of the balance sheet, less reinsurance recoveries using the best information available at that time.

In addition, a provision is made for claims incurred but not reported ("IBNR") for all business written, at the date of the balance sheet based on the past claims experience and statistics derived from prior trends.

Claims and loss adjustment expenses are charged to profit or loss as incurred based on the estimated liability for compensation owed to contract holders or third parties' damages to be borne by the contract holders. They include direct and indirect claims settlement costs and arise from events that have occurred up to the balance sheet date even if they have not yet been reported to the Company.

Provision for adverse development is added to ensure the claims liability was established at a higher level of confidence of sufficiency under adverse circumstances.

The Company does not discount its liabilities for unpaid claims. Liabilities for unpaid claims are estimated using the input of assessments for individual cases reported to the Company and statistical analyses for the claims incurred but not reported.

(ii) Reinsurance

Contracts entered into by the Company with reinsurers under which the Company is compensated for losses on one or more insurance contracts issued by the Company where significant insurance risk is transferred are classified as reinsurance contracts held. Insurance contracts entered into by the Company under which the contract holder is another insurer (inwards reinsurance) are included with insurance contracts.

The benefits to which the Company is entitled under its reinsurance contracts held are recognised as reinsurer's share of insurance liabilities. These assets consist of short-term balances due from reinsurers, as well as longer-term receivables that are dependent on the expected claims and benefits arising under the related reinsured insurance contracts.

Amounts recoverable from or due to reinsurers are measured consistently with the amounts associated with the reinsured insurance contracts and in accordance with the terms of each reinsurance contract. Reinsurance liabilities are primarily premiums payable for reinsurance contracts and are recognised as an expense when due.

The Company assesses its reinsurance assets for impairment when there is objective evidence that the Company will not be able to collect all amounts due in accordance with the original terms of the contract, having regard to market data on the financial strength of each of the reinsurance companies. The amount of the allowance is recognised in profit or loss.

3.8 Provisions

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

3.9 Employee benefits

(i) Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in profit or loss in the periods during which related services are rendered by employees.

(ii) Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

3.10 Revenue

(i) Gross premium

The accounting policy for the recognition of gross premium is disclosed in Note 3.7(i).

(ii) Reinsurance commission income

Reinsurance commission income is recognised as revenue on a basis that is consistent with the recognition of the costs incurred on the acquisition of the underlying insurance contract.

(iii) Investment income

Investment income comprises of rental income from investment properties, dividend and interest income from financial assets and interest income on loans and bank deposits, and gains or losses on sale of investments.

Rental income from investment properties is recognised as revenue on a straight-line basis over the term of the operating lease.

Interest income is recognised using the effective interest method. When a receivable is impaired, the Company reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument and continues unwinding the discount as interest income.

Dividend income is recognised when the right to receive payment is established.

Gains or losses on sale of investments are derived from the difference between net sales proceeds and the purchase or amortised cost. They are recognised on trade date.

3.11 Government grants

Government grants related to assets are initially recognised as deferred income at fair value when there is reasonable assurance that they will be received and the Company will comply with the conditions associated with the grant. These grants are then recognised in profit or loss as 'other income' on a systematic basis over the useful life of the asset. Grants that compensate the Company for expenses incurred are recognised in profit or loss as 'other income' on a systematic basis in the same periods in which the expenses are recognised, unless the conditions for receiving the grant are met after the related expenses have been recognised. In this case, the grant is recognised when it becomes receivable.

3.12 Tax

Tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to items recognised directly in equity or in other comprehensive income.

The Company has determined that interest and penalties related to income taxes, including uncertain tax treatments, do not meet the definition of income taxes, and therefore accounted for them under *FRS 37 Provisions, Contingent Liabilities and Contingent Assets*.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. Current tax also includes any tax arising from dividends.

Current tax assets and liabilities are offset only if certain criteria are met.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss.

The measurement of deferred taxes reflects the tax consequences that would follow the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. For investment properties that are measured at fair value, the carrying amount of the investment properties is presumed to be recovered through sale and the Company has not rebutted this presumption. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on tax rates and tax laws that have been enacted or substantively enacted by the reporting date, and reflects uncertainty related to income taxes, if any.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to taxes levied by the same tax authority on the same taxable entity.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for the Company. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

3.13 New standards and interpretations not adopted

A number of new standards, interpretations and amendments to standards are effective for annual periods beginning after 1 January 2021 and earlier application is permitted; however, the Company has not early adopted the new or amended standards and interpretations in preparing these financial statements.

- *FRS 117 Insurance Contracts*
- *Classification of Liabilities as Current or Non-current (Amendments to FRS 1)*
- *Covid-19-Related Rent Concessions (Amendment to FRS 116)*
- *Property, plant and equipment- Proceeds before intended use (Amendments to FRS 16)*
- *Onerous contracts- Cost of Fulfilling a Contract (Amendment to FRS 37)*
- *Definition of Accounting Estimates (Amendments to FRS 8)*
- *Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to FRS 12)*

For those new standards and amendments to standards that are expected to have an effect on the financial statements of the Company in future financial periods, the Company is assessing the transition options and the potential impact on its financial statements, and to implement these standards. The Company does not plan to adopt these standards early.

Applicable to 2021 financial statements

(i) Applying FRS 109 Financial Instruments with FRS 104 Insurance Contracts (Amendments to FRS 104)

The Company is taking advantage of the temporary option for exemption from application of FRS 109 indicated under this standard for entities predominantly engaged in insurance (more than 90 percent of its liabilities are in relation to insurance activity).

This temporary exemption can be applied until fiscal years beginning on or after 1 January 2023, on which date it is estimated that the new *FRS 117 Insurance Contracts* will enter into force.

FRS 109 Financial Instruments is expected to have a significant impact. In order to analyse any possible impacts from the effective application of *FRS 109 Financial Instruments*, and improve the comparability of information between companies applying this standard and those that have chosen to defer its application, the modification of FRS 104 *Insurance Contract* requires specific information related to cash flow from financial assets registered at amortised cost or as assets available for sale.

In consideration of the above, the Company assessed that it has qualified for the temporary exemption as the carrying amount of its liabilities arising from contracts within the scope of FRS 104 is significant compared to the total carrying amount of all its liabilities; and that the total carrying amount of its liabilities connected with insurance is 99.7% of its total liabilities as at 31 December 2015.

The fair value information of the Company's directly held financial assets at 31 December 2021 with contractual terms that give rise on specified dates to cash flows are solely payments of principal and interest ("SPPI") condition of FRS 109, excluding any financial asset that meets the definition of held for trading or that is managed and evaluated on a fair value basis of FRS 109 are shown in the table below, together with all other financial assets:

	Financial assets that pass the SPPI test, excluding any financial asset that meets the definition of held for trading or that is managed and evaluated on a fair value basis of FRS 109		**All other financial assets**	
	Fair value $	**Movement in the fair value during the year $**	**Fair value $**	**Movement in the fair value during the year $**
2021				
Investments	131,618,965	(9,314,784)	659,135,969	(24,212,480)
Cash and cash equivalents	76,325,563	–	–	–
Derivative receivables	–	–	8,252,817	(4,744,540)
Other receivables	36,632,075	–	–	–
Total financial assets	244,576,603	(9,314,784)	667,388,786	(28,957,020)
2020				
Investments	82,867,802	(4,618,970)	574,548,668	5,586,096
Cash and cash equivalents	86,890,153	–	–	–
Derivative receivables	–	–	16,120,654	9,437,212
Amount due from related companies	325,960	–	–	–
Other receivables	6,485,532	–	–	–
Total financial assets	176,569,447	(4,618,970)	590,669,322	15,023,308

The financial assets that pass the SPPI test, excluding any financial asset that meets the definition of held for trading or that is managed and evaluated on a fair value basis of FRS 109 in the table above are classified as amortised cost under FRS 39. The credit ratings of these financial assets, analysed on the same basis of those disclosed in Note 27, are as follows:

Credit ratings (from Standard & Poor's or equivalents)

	B to AAA $'000	C $'000	Not rated $'000	Total $'000
2021				
Investments	125,067	–	6,552	131,619
Other receivables	6,012	–	30,620	36,632
Cash and cash equivalents	70,667	–	5,659	76,326
	201,746	–	42,831	244,577
2020				
Investments	82,868	–	–	82,868
Other receivables	5,211	–	1,274	6,485
Cash and cash equivalents	83,197	–	3,693	86,890
Amount due from related companies	–	–	326	326
	171,276	–	5,293	176,569

(ii) FRS 117 Insurance Contracts

FRS 117 *Insurance Contracts* is effective for years beginning on 1 January 2023, and to be applied retrospectively. If full retrospective application to a group of contracts is impractical, the modified retrospective or fair value methods may be used. The standard will replace FRS 104 *Insurance Contracts* and will materially change the recognition and measurement of insurance contracts and the corresponding presentation and disclosures in the Company's financial statements.

The Company is analysing the potential impact expected from FRS 117 Insurance Contracts, in conjunction with its Company, applicable to fiscal years starting on or after 1 January 2023.

4 Critical accounting estimates and judgements

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

(i) Classification of insurance and investment contracts

The Company issues contracts that transfer insurance risk, or both insurance and financial risks.

Financial risk is the risk of a possible change in one or more of the following: a specified interest rate, security price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index or other variable, provided in the case of non-financial variable, that the variable is not specific to a party to the contract.

Insurance contracts are those contracts that transfer significant insurance risk. An insurance contract is a contract under which one party (the insurer) accepts significant insurance risk from another party (the policyholder) by agreeing to compensate the policyholder if a specified uncertain future event (the insured event) adversely affects the policyholder. Such contracts may also transfer financial risks. As a general guideline, the Company defines as significant insurance risk the possibility of having to pay benefits on the occurrence of an insured event that are at least 5% (2020: 5%) more than the benefits payable if the insured event did not occur. Once a contract has been classified as an insurance contract, it remains an insurance contract for the remainder of its lifetime, even if the insurance risk reduces significantly during this period.

Investment contracts are those contracts that transfer financial risk without significant insurance risk.

(ii) Insurance contract provisions for Life Insurance

Actuarial assumptions used for valuation of liabilities take into account expected future market and economic conditions as well as expected lapse, expense and claim experience of different groups of policies. The data used to formulate these assumptions come from a variety of sources including review of market conditions, the Company's internal experience with regard to its policies and broader industry experience.

The Company regularly reviews its assumptions to reflect the current best estimate assumptions. The impact of any changes in actuarial assumptions on insurance contract provisions, which includes changes to the expense overrun reserves, is disclosed in Note 13.

Assumptions

For the liability valuation method described in Note 3.7, the assumptions are required for the following:

- Mortality and Morbidity
- Persistency
- Discount rate
- Maintenance expenses and inflation
- Future non-guaranteed benefits

Mortality and Morbidity

As the Company's life insurance business started operations in late 2018, the internal experience is limited. Assumptions for death and incidence rates have been set with reference to industry experience, expressed as a percentage of a standard table, as well as reinsurers' rates. There are no changes to the Company's existing assumptions.

Persistency

Persistency rates are expected to vary according to product class, policy duration, premium payment mode (regular or single premium). Similar to mortality, the Company has very limited internal experience for persistency rates. The assumptions have been set at a level that is appropriate to the product type, and premium payment mode. There are no changes to the Company's existing assumptions.

Discount rate

For the Participating business, discount rates used to value insurance contract provisions is determined based on the best estimate net investment return.

The best estimate investment return is determined by considering the asset classes that the fund would invest in, the expected long-term returns and the expected long-term proportions of each asset class, to give a weighted average return based on the fund's strategic asset allocation. The assumed investment expense is subtracted from the results to arrive at the best estimate investment return.

Non-Participating insurance contract provisions and minimum condition liability of the Participating business are computed by discounting the policy cash flows using risk-free discount rates. The risk-free rates used are derived from the zero-coupon yields of government securities as at date of valuation in line and illiquidity premium adjustments have been included in accordance with the regulatory requirements. For Universal Life type of contracts, the best estimate return is used to discount the liabilities that include future non-guaranteed benefits. The insurance contract liability of such contracts are the higher of the minimum contract liabilities and the liabilities including future non-guaranteed benefits.

Maintenance expenses and inflation

The valuation of each life insurance policy's insurance contract liability is based on a unit cost assumption that is the best estimate of the Company's life insurance operation's long-term cost structure.

The inflation assumption is set at 3% per annum. This takes into consideration, among other things, the historical average growth rate of Singapore's Consumer Price Index.

There are no changes to the Company's existing assumptions.

Future non-guaranteed benefits

For Participating business, the future non-guaranteed benefits are assumed to be at the level based on the latest Bonus Investigation study. This is assumed to remain unchanged for the entire projection period. Similarly, for Universal Life contracts, the prevailing crediting rate is assumed to remain unchanged throughout the projection. The prevailing credit rate has been revised down from 4.25% to 3.85%.

Assumption table

The table below briefly describes the assumptions used in the valuation of provision for future participating and non-participating benefits in the Life Insurance Par Fund and Life Insurance Non-Par Fund.

Assumptions	
Interest rate	MAS prescribed discount rate for guaranteed benefits with Illiquidity Premium adjustment where applicable, expected long term investment return for non-guaranteed benefits
Lapse/surrender rate	Based on internal lapse experience studies
Management expense & inflation	Based on internal expense studies
Mortality/morbidity (death, TPD, dread disease & other risk)	Adjusted mortality/morbidity table based on internal studies or reinsurance rates, whichever is appropriate
Mortality rate (annuities)	Adjusted mortality table based on internal studies

Liability adequacy test

At each reporting date, liability adequacy tests are performed to assess the adequacy of the insurance liabilities estimates. Current best estimates of future contractual cash flows, expected future claims handling, acquisition and administration costs, if any, are projected at best estimate assumptions, and discounted at rates that are close to the Company prospective investment return. Any deficiency is charged to profit or loss in the statement of comprehensive income.

Liability Adequacy Test	**Non-Participating Fund $'000**	**Participating Fund $'000**
1. Reported insurance contract liabilities (net of reinsurance)	$244,813 (2020: $224,103)	$267,405 (2020: $170,689)
2. Gross premium reserves	$221,210 (2020: $209,407)	$186,284 (2020: $158,064)
3. Deficit = Max(0, 2-1)	–	–

Sensitivity analysis

The Company conducted sensitivity analysis of the value of insurance liabilities disclosed to changes in the assumptions used in the estimation of insurance liabilities. The analysis are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated, for example:

- Change in the interest rate and change in market values
- Change in lapses and future mortality and morbidity

For liabilities under Participating Life contracts (where total insurance contract provisions take the value of the policy assets of the Participating fund), changes in these assumptions will not cause a change to the reported insurance contract liability unless the guaranteed liabilities under the stressed assumptions exceeds the value of assets backing liabilities. At valuation date, the Participating fund guaranteed liabilities is lower than the value of assets backing liabilities. The sensitivities are based on liabilities net of reinsurance basis inclusive of the expense overrun reserves.

		Impact on insurance contract provisions	
Assumptions	**Change in assumption**	**2021 $'000**	**2020 $'000**
Discount rates	+10%	(3,048)	(4,845)
Discount rates	-10%	24,823	78,416
Lapse rates	+10%	(2,495)	(650)
Lapse rates	-10%	2,794	1,099
Maintenance expense	+10%	3,717	3,441
Maintenance expense	-10%	(3,626)	(3,362)
Inflation	+10%	3,185	3,050
Inflation	-10%	(2,074)	(1,750)
Mortality	+10%	504	744
Mortality	-10%	(2,612)	(590)

The Company's life insurance contract provisions are most sensitive to discount rates. This is not unexpected as the life insurance business have long liability durations, having a sizable portion of the portfolio in whole of life products. At valuation date, the Participating fund guaranteed liabilities is lower than the value of assets backing liabilities.

(iii) Insurance contract provisions for General Insurance

The insurance contract provisions for General Insurance comprise claims and premium liabilities and are computed in accordance with sound actuarial principles and regulatory guidelines.

These liabilities comprise:

- best estimate of the premium liabilities;
- best estimate of the claims liabilities; and
- margins for adverse deviation to ensure a minimum 75% probability of adequacy.

Premium liabilities

The Company selected the premium liabilities according to MAS's guidelines, which refer to the higher of the:

1) Aggregate of the Unearned Premium Reserve ("UPR") for all lines of business; and

2) Best estimate of the unexpired risk reserve ("URR") and the Fund PAD

at respective General Insurance fund level.

The estimation of URR takes into account all future payments including future claim payments, claims handling expenses and ongoing policy administration cost arising from the unearned portion of premiums collected. Generally, the expected ultimate loss ratios for the latest accident year that were derived from the analysis of the best estimate claim liabilities are applied to the UPR before including assumptions for claims handling and management expenses to arrive at the estimation of URR. Since 2020, expected loss ratio for the unexpired portion was selected with reference to ultimate loss ratio of historical accident years as well due to the impact of COVID-19 pandemic.

In compliance with MAS's guideline, a provision of risk margin for adverse deviation is added to ensure insurance liabilities are established at a higher level of confidence of sufficiency under adverse circumstances. The risk margin is selected under the MAS prescribed minimum confidence level of 75%.

Claims liabilities

Provision is made at the end of the reporting period for the expected ultimate cost of settlement of all claims incurred in respect of events up to that date, whether reported or not, together with related claims handling expenses, less the amount already paid.

The source of data used as inputs for the assumptions are typically internal to the Company, using detailed studies that are carried out at least annually. The assumptions are checked to ensure that they are consistent with observable market information or other published information.

The Company pays particular attention to current trends. In early years, where there is insufficient information to make a reliable estimate of claims development, prudent assumptions are used.

The estimation of incurred but not reported ("IBNR") claims is generally subject to a greater degree of uncertainty than the estimates of claims already notified, where more information is available. IBNR claims may often not be apparent to the Company until many years after the occurrence of the event which gave rise to the claim.

Each notified claim is assessed on a separate case-by-case basis with due regard to the claim circumstances, information available from loss adjusters and historical evidence of the size of similar claims. Case estimates are reviewed regularly and are updated as and when new information arises.

The provision estimation differs by class of business due to a number of reasons, including but not limited to:

- Differences in the terms and conditions of the insurance contracts;
- Differences in the complexity of claims;
- The severity of individual claims; and
- Difference in the period between the occurrence and reporting of claims.

The claims for Liability class of business will typically display greater variation between initial estimates and the actual outcome because there is a greater degree of difficulty in estimating the IBNR provisions. For the other classes of business, claims are typically reported reasonably soon after the claim event, and hence tend to display lower levels of variability.

The cost of outstanding claims and the IBNR provisions are estimated using a range of statistical methods. Such method extrapolates the development of paid and incurred claims for each accident year based upon the observed development of earlier years and expected loss ratios.

In carrying out this valuation exercise, three main methods have been applied:

(i) Chain Ladder method (CL) based on paid and incurred claims
(ii) Bornhuetter-Ferguson method (BF) based on paid and incurred claims
(iii) Expected Loss Ratio method (ELR)

In the valuation, Incurred Chain Ladder method is mostly relied on to derive the best estimate of claims liabilities. The BF and ELR methods were also used where appropriate.

CL method selects the LDFs that appropriately account for the loss development process. For each accident year of each business class, the IBNR is calculated by the following formula:

Cumulative Paid/Incurred To Date × Cumulative LDF - Cumulative Incurred To Date

The BF method is a reserving method that combines both the Chain Ladder and Expected Loss Ratio methods in estimating ultimate losses. The BF method can be applied on both paid and incurred claims data. Expected Loss Ratio (ELR) is selected for the unpaid portion and made the appropriate adjustment allowing for claims inflation and premium rate changes. For each accident, the IBNR is calculated by the following formula:

(1 - 1/LDF) x initial expected loss ratio x earned premium

To the extent that these methods use historical claims development information, the Company assumes that the historical claims development pattern will occur again in the future. There are reasons why this may not be the case, which, insofar as they can be identified, have been allowed for by modifying the methods.

Such reason includes:

- Economic, legal, political and social trends (resulting, for example, in a difference in expected levels of inflation);
- Changes in policy coverage and claims development trend;
- Changes in the mix of insurance contracts incepted; and
- The impact of large losses.

The assumption that has the greatest effect on the measurement of general insurance contract provisions is generally the excepted loss ratios for the most recent accident years. The expected loss ratio is the ratio of expected claims to premiums.

Sensitivity analysis

The purpose of the sensitivity analysis is to assess the relative importance of key assumptions used in the actuarial valuation of claim liabilities and premium liabilities as at 31 December 2021. In this context, the total claim liabilities and premium liabilities are defined as the total claim and premium liabilities for the Singapore Insurance Fund business and Offshore Insurance Fund business combined, including the provision for adverse deviation (this is referred to as the “base scenario” in the sensitivity analysis summary).

To test the sensitivity of the claim and premium liabilities net of reinsurance recoveries to the changes in the significant assumptions, simultaneous changes in the assumptions for all durations were considered. The level of change for the assumptions ranges from 1% to 5%. The result after each change in assumption is then compared to the base scenario, net of reinsurance recoveries.

The sensitivity values shown are independent of changes to other assumptions items. In practice, a combination of adverse and favourable changes could occur. The sensitivity results are not intended to capture all possible outcomes. Significantly more adverse or favourable results are possible.

The sensitivity analysis was performed on the premiums and claims liabilities net of reinsurance recoveries, based on changes in assumptions that may affect the level of liabilities. One particular reliance is that the net sensitivity results assume that all reinsurance recoveries are receivable in full. The assumptions considered in the sensitivity analysis are as follows:

- Indirect Claims Handling Expenses (“ICHE”);
- Management Expense Rate;
- Provision for Adverse Deviation (“PAD”); and
- Ultimate Loss Ratio.

The results of the sensitivity analysis and the impact of the premium liabilities and claim liabilities are as follows:

Assumption	Change in assumption	Impact on net claims liabilities 2021 $’000	Impact on net claims liabilities 2020 $’000
Ultimate Loss Ratio	+ 1% points	1,144	986
Ultimate Loss Ratio	- 1% points	(1,004)	(813)
Indirect Claims Handling Expenses	+ 1% points	376	334
Indirect Claims Handling Expenses	- 1% points	(376)	(334)
Provision for Adverse Deviation	+ 1% points	586	540
Provision for Adverse Deviation	- 1% points	(586)	(540)

Assumption	Change in assumption	Impact on net premium liabilities 2021 $’000	Impact on net premium liabilities 2020 $’000
Ultimate Loss Ratio	+ 1% points	85	104
Ultimate Loss Ratio	- 1% points	(85)	(104)
Management Expense Rate	+ 1% points	618	550
Management Expense Rate	- 1% points	(618)	(550)
Provision for Adverse Deviation	+ 1% points	407	356
Provision for Adverse Deviation	- 1% points	(407)	(356)

5 Cash and cash equivalents

	General Insurance 2021 $	General Insurance 2020 $	Life Insurance 2021 $	Life Insurance 2020 $	Shareholder Fund 2021 $	Shareholder Fund 2020 $	Total 2021 $	Total 2020 $
Cash at banks and in hand	4,672,471	16,597,731	3,476,902	23,824,464	35,628	1,059,377	8,185,001	41,481,572
Short-term bank deposits	25,002,051	21,181,185	13,608,340	–	350,349	–	38,960,740	21,181,185
Cash managed by investment manager	12,075,871	5,515,110	17,103,951	18,712,286	–	–	29,179,822	24,227,396
Cash and cash equivalents	41,750,393	43,294,026	34,189,193	42,536,750	385,977	1,059,377	76,325,563	86,890,153
Cash collaterals received from policyholders and agents	(22,693,873)	(13,264,855)	–	–	–	–	(22,693,873)	(13,264,855)
Cash and cash equivalents in the statement of cash flows	19,056,520	30,029,171	34,189,193	42,536,750	385,977	1,059,377	53,631,690	73,625,298

Short-term bank deposits are considered cash and cash equivalents as they can be withdrawn at any point in time and are subject to an insignificant risk of change in value.

Short-term bank deposits of general insurance include $22,693,873 (2020: $13,264,855) held by the Company as cash collaterals received from policyholders in respect of bond insurance business and from agents (Note 15).

As at 31 December 2021, the Company has arrangements with banks for banker's guarantee facilities of $58.0 million (2020: $58.0 million) for underwriting of the bond class of business. During the year, the Company utilised an amount of $41.3 million (2020: $37.4 million) of the bankers' guarantee facilities.

6 Amounts due from/(to) related companies

	General Insurance 2021 $	General Insurance 2020 $	Life Insurance 2021 $	Life Insurance 2020 $	Total 2021 $	Total 2020 $
Amounts due from related companies						
- Trade	–	749,228	–	–	–	749,228
- Non-trade	–	–	–	51,642	–	51,642
Allowance for doubtful insurance receivables	–	(474,910)	–	–	–	(474,910)
	–	274,318	–	51,642	–	325,960
Amounts due (to) related companies:						
- Trade	(1,074,836)	(611,119)	(1,720)	–	(1,076,556)	(611,119)
- Reinsurance deposits	–	(237,789)	–	–	–	(237,789)
- Non-trade	(266,739)	(349,959)	(1,070,347)	(961,711)	(1,337,086)	(1,311,670)
	(1,341,575)	(1,198,867)	(1,072,067)	(961,711)	(2,413,642)	(2,160,578)

Amounts due from/(to) related companies (non-trade) are unsecured, interest-free and repayable on demand.

7 Deposits, prepayments and other receivables

	General Insurance		Life Insurance		Total	
	2021	2020	2021	2020	2021	2020
	$	$	$	$	$	$
Accrued interest receivable:						
- Debt and equity securities	2,052,489	1,734,798	3,929,490	3,458,187	5,981,979	5,192,985
- Fixed deposits	27,045	18,414	3,394	–	30,439	18,414
Deposits	253,796	261,068	38,450	29,950	292,246	291,018
Prepayments	106,692	181,133	–	–	106,692	181,133
GST recoverable	1,622	–	58,756	670,491	60,378	670,491
Sundry receivables	258,174	132,658	12,333	15,441	270,507	148,099
Investment fund receivables	–	527,744	5,400,000	–	5,400,000	527,744
Loan receivable	–	–	24,656,904	–	24,656,904	–
Grant receivables	–	162,946	–	144,326	–	307,272
	2,699,818	3,018,761	34,099,327	4,318,395	36,799,145	7,337,156

The carrying amounts of deposits, prepayments and other receivables approximate their fair values and are denominated in Singapore dollars.

Loan receivable relates to the capital loan injection from Life Insurance to General Insurance (as disclosed in Note 15) based on the interest of 2% per annum. This loan is repayable on demand.

8 Insurance receivables

	General Insurance		Life Insurance		Total	
	2021	2020	2021	2020	2021	2020
	$	$	$	$	$	$
Receivables arising from insurance contracts	13,126,110	12,230,101	1,800,911	–	14,927,021	12,230,101
Receivables arising from reinsurance contracts	3,959,589	6,772,743	–	–	3,959,589	6,772,743
Reinsurance deposits	123,306	104,260	–	–	123,306	104,260
	17,209,005	19,107,104	1,800,911	–	19,009,916	19,107,104
Allowance for doubtful insurance receivables:						
- Insurance contracts	(1,039,913)	(833,112)	–	–	(1,039,913)	(833,112)
- Reinsurance contracts	(607,143)	(1,330,253)	–	–	(607,143)	(1,330,253)
	(1,647,056)	(2,163,365)	–	–	(1,647,056)	(2,163,365)
	15,561,949	16,943,739	1,800,911	–	17,362,860	16,943,739

The Company has provided for all receivables over 12 months based on estimated irrecoverable amounts determined by reference to past default experience.
Movement in the allowance for doubtful debts:

	General Insurance		Life Insurance		Total	
	2021	2020	2021	2020	2021	2020
	$	$	$	$	$	$
Balance at beginning of financial year	2,163,365	2,067,172	–	–	2,163,365	2,067,172
Charged to profit or loss	(516,309)	96,193	–	–	(516,309)	96,193
Balance at end of financial year	1,647,056	2,163,365	–	–	1,647,056	2,163,365

9 Investments in securities

	General Insurance		Life Insurance		Total	
	2021	2020	2021	2020	2021	2020
	$	$	$	$	$	$
Held-to-maturity financial assets:						
- Debt securities	31,244,994	21,965,643	–	–	31,244,994	21,965,643
	31,244,994	21,965,643	–	–	31,244,994	21,965,643
Available-for-sale financial assets:						
- Debt securities	65,961,736	37,865,480	47,100,101	47,361,600	113,061,837	85,227,080
- Equity securities	56,193,917	34,815,442	–	–	56,193,917	34,815,442
	122,155,653	72,680,922	47,100,101	47,361,600	169,255,754	120,042,522
Financial assets designated at fair value through profit or loss						
- Debt securities	123,116,863	122,426,094	368,253,454	327,299,145	491,370,317	449,725,239
- Unit trusts	8,798,253	11,506,799	9,161,091	–	17,959,344	11,506,799
- Quoted equity securities	–	–	80,924,525	54,176,267	80,924,525	54,176,267
	131,915,116	133,932,893	458,339,070	381,475,412	590,254,186	515,408,305
Total investments in securities	285,315,763	228,579,458	505,439,171	428,837,012	790,754,934	657,416,470

Investment in securities is classified as follows:

	General Insurance		Life Insurance		Total	
	2021	2020	2021	2020	2021	2020
	$	$	$	$	$	$
Current						
- Equity securities	56,193,917	34,815,442	80,924,525	54,176,267	137,118,442	88,991,709
- Debt securities	189,078,599	160,291,574	415,353,555	374,660,745	604,432,154	534,952,319
- Unit trusts	8,798,253	11,506,799	9,161,091	–	17,959,344	11,506,799
	254,070,769	206,613,815	505,439,171	428,837,012	759,509,940	635,450,827
Non-current						
- Debt securities	31,244,994	21,965,643	–	–	31,244,994	21,965,643
	285,315,763	228,579,458	505,439,171	428,837,012	790,754,934	657,416,470

The investments above include investments in quoted equity securities and unit trusts that offer the Company the opportunity for return through dividend income and fair value gains.

The weighted average effective interest rate of debt securities at the end of the reporting period and the periods in which they mature are disclosed in Note 27.6.

10 Derivative financial instruments

The table below sets out the notional principal amounts and the positive and negative fair values of the Company's outstanding derivative financial instruments at the end of the year. Positive and negative fair values represent the marked-to-market effect of the derivative financial instruments, recognised in profit or loss.

	Contract or Underlying Principal $	Year-end Positive Fair Value $	Year-end Negative Fair Value $
2021			
Life Insurance			
Foreign exchange forward contracts	376,713,644	2,108,685	(1,550,101)
Foreign exchange swaps	235,973,627	5,561,387	(108,389)
Total	612,687,271	7,670,072	(1,658,490)
General Insurance			
Foreign exchange forward contracts	123,840,503	582,745	–
Total	736,527,774	8,252,817	(1,658,490)
2020			
Life Insurance			
Foreign exchange forward contracts	195,886,575	4,039,260	–
Foreign exchange swaps	237,457,527	10,656,906	–
Total	433,344,102	14,696,166	–
General Insurance			
Foreign exchange forward contracts	369,103,832	1,424,488	–
Total	802,447,934	16,120,654	–

At the reporting date, all derivative financial instruments balances are current, as they are classified as 'held for trading' in accordance with FRS 39 *Financial Instruments: Recognition and Measurement*.

The Company enters into master netting arrangements with counterparties. The credit risk associated with favourable contracts is reduced by the master netting arrangement to the extent that if an event of default occurs, all amounts with the counterparty are settled on a net basis.

Master netting arrangements do not meet the criteria for offsetting of financial assets and liabilities on the statement of financial position, as the legal right to set off the transactions is conditional upon default.

11 Property and equipment

	Leasehold properties $	Furniture, fixtures and equipment $	Computers and network equipment $	Motor vehicles $	Total $
Cost					
At 1 January 2020	47,244,078	2,564,552	5,679,719	699,963	56,188,312
Additions	–	1,418	144,484	–	145,902
Disposals	–	–	(1,581)	–	(1,581)
At 31 December 2020	47,244,078	2,565,970	5,822,622	699,963	56,332,633
Additions	–	168,154	555,572	–	723,726
At 31 December 2021	47,244,078	2,734,124	6,378,194	699,963	57,056,359
Accumulated depreciation					
At 1 January 2020	6,614,171	2,137,310	3,331,258	688,925	12,771,664
Depreciation	944,882	146,071	790,571	11,038	1,892,562
Disposals	–	–	(923)	–	(923)
At 31 December 2020	7,559,053	2,283,381	4,120,906	699,963	14,663,303
Depreciation	944,882	179,387	874,769	–	1,999,038
At 31 December 2021	8,503,935	2,462,768	4,995,675	699,963	16,662,341
Carrying amounts					
At 1 January 2020	40,629,907	427,242	2,348,461	11,038	43,416,648
At 31 December 2020	39,685,025	282,589	1,701,716	–	41,669,330
At 31 December 2021	38,740,143	271,356	1,382,519	–	40,394,018

12 Investment properties

	General Insurance		
	Freehold properties $	Leasehold properties $	Total $
Cost			
At 1 January 2020, at 31 December 2020 and at 31 December 2021	16,310,089	10,000,000	26,310,089
Accumulated depreciation			
At 1 January 2020	8,580,810	5,945,682	14,526,492
Depreciation	212,478	306,240	518,718
At 31 December 2020	8,793,288	6,251,922	15,045,210
Reclassification	106,240	(106,240)	–
Depreciation	318,718	200,000	518,718
At 31 December 2021	9,218,246	6,345,682	15,563,928
Carrying amounts			
At 1 January 2020	7,729,279	4,054,318	11,783,597
At 31 December 2020	7,516,801	3,748,078	11,264,879
At 31 December 2021	7,091,843	3,654,318	10,746,161
Fair value (Level 2)			
At 1 January 2020	36,610,000	21,800,000	58,410,000
At 31 December 2020	36,700,000	21,900,000	58,600,000
At 31 December 2021	39,790,000	24,200,000	63,990,000

Investment properties comprise a number of commercial properties that are leased to third parties.

The fair values of the Company's investment properties as at 31 December 2021 and 31 December 2020 have been determined on the basis of valuations carried out at the respective year end dates by the independent property valuer having an appropriate recognised professional qualification and recent experience in the location and category of the properties being valued, and not related to the Company. The fair value was determined by the property valuer based on a market comparable approach that reflects recent transaction prices for similar properties and, the highest and best use of the properties is their current use. There has been no change to the valuation technique applied by the property valuer during the year.

In year 2021, the Company reclassified its prior year accumulated depreciation of $106,240 from leasehold properties to freehold properties.

The property rental income from the Company's investment properties all of which are leased out under operating leases, amounted to $1,418,663 (2020: $1,458,746). Direct operating expenses (including repairs and maintenance) arising from the rental-generating investment properties amounted to $438,050 (2020: $577,044).

13 Insurance contract provisions

	Note	2021 $	2020 $
Insurance contract provisions			
Current			
- unexpired risks		33,699,382	31,438,580
- general insurance claims		65,470,935	70,302,856
- life outstanding claims	13(d)	762,451	–
		99,932,768	101,741,436
Non-current			
- unexpired risks		49,183,989	48,092,456
- general insurance claims		33,998,687	32,584,051
- life policy reserves		732,759,197	451,401,701
		815,941,873	532,078,208
Total insurance contract provisions, gross		915,874,641	633,819,644
Reinsurers' share of insurance contract provisions			
Current			
- unexpired risks		9,346,818	8,831,681
- general insurance claims		13,978,486	24,047,073
- life outstanding claims	13(d)	650,248	–
		23,975,552	32,878,754
Non-current			
- unexpired risks		7,689,669	5,784,146
- general insurance claims		5,367,513	4,801,975
- life policy reserves		220,541,216	56,609,652
		233,598,398	67,195,773
Total reinsurers' share of insurance contract provisions		257,573,950	100,074,527
Net			
Current			
- unexpired risks		24,352,564	22,606,899
- general insurance claims		51,492,449	46,255,783
- life outstanding claims	13(d)	112,203	–
		75,957,216	68,862,682
Non-current			
- unexpired risks		41,494,320	42,308,310
- general insurance claims		28,631,174	27,782,076
- life policy reserves	13(a)	512,217,981	394,792,049
		582,343,475	464,882,435
Total insurance contract provisions, net		658,300,691	533,745,117

(a) Movement in insurance contract provisions (net of reinsurance) for life insurance business

	2021 $	2020 $
At 1 January	394,792,049	171,352,111
Changes in assumptions	3,303,158	38,452
Changes in risk-free discount rates	(46,372,981)	4,215,116
Other movements	160,495,755	219,186,370
At 31 December	512,217,981	394,792,049

(b) Movement in insurance contract provisions (unexpired risks) for general insurance business

	Gross $	Reinsurance $	Net $
2021			
At 1 January	79,531,036	(14,615,827)	64,915,209
Premiums written	133,017,663	(25,697,318)	107,320,345
Premiums earned	(129,665,328)	23,276,658	(106,388,670)
At 31 December	82,883,371	(17,036,487)	65,846,884
2020			
At 1 January	64,439,850	(13,550,546)	50,889,304
Premiums written	125,945,715	(25,432,179)	100,513,536
Premiums earned	(110,854,529)	24,366,898	(86,487,631)
At 31 December	79,531,036	(14,615,827)	64,915,209

(c) Movement in insurance contract provisions (general insurance claims) for general insurance

	Gross $	Reinsurance $	Net $
2021			
At 1 January	102,886,907	(28,849,048)	74,037,859
Claims paid	(69,885,288)	13,273,715	(56,611,573)
Claims incurred	66,468,003	(3,770,666)	62,697,337
At 31 December	99,469,622	(19,345,999)	80,123,623
2020			
At 1 January	132,308,967	(41,748,636)	90,560,331
Claims paid	(87,469,360)	19,134,901	(68,334,459)
Claims incurred	58,047,300	(6,235,313)	51,811,987
At 31 December	102,886,907	(28,849,048)	74,037,859

(d) Movement in provision for outstanding claims for life insurance

	Gross $	Reinsurance $	Net $
2021			
At 1 January	–	–	–
Claims paid	(1,303,807)	143,885	(1,159,922)
Claims incurred	2,066,258	(794,133)	1,272,125
At 31 December	762,451	(650,248)	112,203
2020			
At 1 January	–	–	–
Claims paid	(301,024)	–	(301,024)
Claims incurred	301,024	–	301,024
At 31 December	–	–	–

14 Insurance payables

	General Insurance		Life Insurance		Total	
	2021 $	2020 $	2021 $	2020 $	2021 $	2020 $
Payables arising from insurance contracts	4,884,960	1,974,876	11,096,256	6,882,764	15,981,216	8,857,640
Payables arising from reinsurance contracts	6,185,721	5,778,562	2,505,038	396,829	8,690,759	6,175,391
Reinsurance deposits	1,985,562	1,403,185	–	–	1,985,562	1,403,185
	13,056,243	9,156,623	13,601,294	7,279,593	26,657,537	16,436,216
Current	13,056,243	9,156,623	13,601,294	7,279,593	26,657,537	16,436,216
Non-current	–	–	–	–	–	–
	13,056,243	9,156,623	13,601,294	7,279,593	26,657,537	16,436,216

Insurance payables principally comprise amounts outstanding from insurance and reinsurance contracts. At the reporting date, the carrying amounts of insurance payables approximate their fair value.

15 Other payables and accruals

	General Insurance		Life Insurance		Total	
	2021	2020	2021	2020	2021	2020
	$	$	$	$	$	$
Accrued expenses	679,329	3,248,967	2,209,829	3,085,243	2,889,158	6,334,210
Payable on collateral withheld	22,693,873	13,264,855	–	–	22,693,873	13,264,855
Funds received for commuted reinsurance arrangements	79,333	79,333	–	–	79,333	79,333
GST payable	1,395,337	1,021,920	–	–	1,395,337	1,021,920
Sundry payables	8,042,489	5,207,364	2,769,652	3,175,091	10,812,141	8,382,455
Loan payable	24,656,904	–	–	–	24,656,904	–
Staff cost accrual	4,847,290	4,494,540	6,458,457	6,167,575	11,305,747	10,662,115
Deferred grant income	–	222,466	–	197,045	–	419,511
	62,394,555	27,539,445	11,437,938	12,624,954	73,832,493	40,164,399
Current	39,621,349	14,195,257	11,437,938	12,624,954	51,059,287	26,820,211
Non-current	22,773,206	13,344,188	–	–	22,773,206	13,344,188
	62,394,555	27,539,445	11,437,938	12,624,954	73,832,493	40,164,399

Accrued expenses principally comprise of accruals for operating expenses.

Payable on collaterals withheld arises from the Company's bond insurance business (see Note 5). Collateral deposits are held in respect of insurance bonds issued on behalf of customers and for credit terms granted to agents.

Funds received for commuted reinsurance arrangements pertain to amounts held in view of the commutation of reinsurance arrangements in the event of future claims by insured parties.

Loan payable relates to the capital loan injection from Life Insurance to General Insurance (as disclosed in Note 7) based on the interest of 2% per annum. This loan is repayable on demand.

At the reporting date, the carrying amounts of other payables approximate their fair value.

16 Deferred tax assets and liabilities

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	General Insurance Assets		Life Insurance Assets		Total Assets		General Insurance Liabilities		Life Insurance Liabilities		Total Liabilities	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
	$	$	$	$	$	$	$	$	$	$	$	$
Property, plant and equipment	21,574	–	22,261	–	43,835	–	–	–	–	–	–	–
Investments	341,123	31,939	1,740,844	89,825	2,081,967	121,764	–	(533,394)	–	–	–	(533,394)
Tax loss carry-forwards	–	–	–	482,038	–	482,038	–	–	–	–	–	–
Net deferred tax assets/(liabilities)	362,697	31,939	1,763,105	571,863	2,125,802	603,802	–	(533,394)	–	–	–	(533,394)

Movement in temporary differences during the year

	Balance as at 1 January 2020	Recognised in profit or loss (Note 24)	Recognised in other comprehensive income	Balance as at 31 December 2020	Recognised in profit or loss (Note 24)	Recognised in other comprehensive income	Balance as at 31 December 2021
	$	$	$	$	$	$	$
General Insurance							
Property, plant and equipment	–	–	–	–	21,574	–	21,574
Investments	(53,051)	–	(448,404)	(501,455)	–	842,578	341,123
Tax loss carry-forward	–	–	–	–	–	–	–
	(53,051)	–	(448,404)	(501,455)	21,574	842,578	362,697
Life Insurance							
Property, plant and equipment	–	–	–	–	22,261	–	22,261
Investments	–	–	89,825	89,825	–	1,651,019	1,740,844
Tax loss carry-forward	–	482,038	–	482,038	(482,038)	–	–
	–	482,038	89,825	571,863	(459,777)	1,651,019	1,763,105

	Balance as at 1 January 2020	Recognised in profit or loss (Note 24)	Recognised in other comprehensive income	Balance as at 31 December 2020	Recognised in profit or loss (Note 24)	Recognised in other comprehensive income	Balance as at 31 December 2021
	$	$	$	$	$	$	$
Total							
Property, plant and equipment	–	–	–	–	43,835	–	43,835
Investments	(53,051)	–	(358,579)	(411,630)	–	2,493,597	2,081,967
Tax loss carry-forward	–	482,038	–	482,038	(482,038)	–	–
	(53,051)	482,038	(358,579)	70,408	(438,203)	2,493,597	2,125,802

Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following items, because it is not probable that future taxable profit will be available against which the Company can use the benefit.

	General Insurance		Life Insurance		Total	
	Gross amount 2021	Gross amount 2020	Gross amount 2021	Gross amount 2020	Gross amount 2021	Gross amount 2020
	$	$	$	$	$	$
Deductible temporary differences	–	52,469	–	117,773	–	170,242
	Tax effect	Tax effect	Tax effect	Tax effect	Tax effect	Tax effect
Deductible temporary differences	–	8,920	–	20,021	–	28,941

Tax losses carried forward

In 2020, the unutilised tax losses of $2,835,516 did not expire under current tax legislation and was on the assumption no change in the substantial shareholdings. The utilisation of tax losses carried forward was subject to the agreement of the tax authority.

There is no unutilised tax losses in 2021.

17 Share capital

	Shareholders' Fund	
	2021	2020
	$	$
Issued and fully paid:		
At the beginning of the year	210,000,000	160,000,000
Issuance of shares	–	50,000,000
At the end of the year	210,000,000	210,000,000

Fully paid ordinary shares, which carry one vote per share and carry a right to dividends as and when declared by the Company.

In 2020, the extraordinary general meeting of shareholders approved the issuance of 50,000,000 ordinary shares to the existing shareholder at a price of $1 per share.

18 Net written premiums

	General Insurance		Life Insurance		Total	
	2021	2020	2021	2020	2021	2020
	$	$	$	$	$	$
Gross written premiums	133,017,663	125,945,715	295,976,768	294,788,505	428,994,431	420,734,220
Less: Premiums ceded to reinsurers	(25,697,318)	(25,432,179)	(159,633,794)	(54,555,703)	(185,331,112)	(79,987,882)
Net written premiums	107,320,345	100,513,536	136,342,974	240,232,802	243,663,319	340,746,338

19 Commission income

	General Insurance		Life Insurance		Total	
	2021	2020	2021	2020	2021	2020
	$	$	$	$	$	$
Reinsurance commission income	4,629,219	4,017,041	4,982,486	1,276,742	9,611,705	5,293,783
Profit commission income	85,000	619,882	–	–	85,000	619,882
	4,714,219	4,636,923	4,982,486	1,276,742	9,696,705	5,913,665

20 Net investment (expenses)/income

	General Insurance		Life Insurance		Total	
	2021	2020	2021	2020	2021	2020
	$	$	$	$	$	$
Interest income from						
Available-for-sale financial assets:						
- Debt securities	1,304,262	962,401	673,642	160,411	1,977,904	1,122,812
Held-to-maturity financial assets:						
- Debt securities	1,216,195	1,202,643	–	–	1,216,195	1,202,643
Financial assets designated at fair value through profit or loss:						
- Debt securities	4,644,638	4,091,014	12,955,725	9,364,866	17,600,363	13,455,880
Short-term bank deposits	105,471	345,423	72,650	237,157	178,121	582,580
Derivative financial instruments	–	–	1,235	–	1,235	–
Unsecured loans	(160,849)	–	160,849	–	–	–
Dividend income from equity securities	970,882	300,028	1,431,259	696,583	2,402,141	996,611
Dividend income from unit trusts	37,699	560,622	11,985	–	49,684	560,622
Net fair value gains/(losses)						
Financial assets designated at fair value through profit or loss:						
- Unit trusts	(774,436)	(3,610,754)	–	–	(774,436)	(3,610,754)
- Debt securities	(3,114,036)	3,451,375	(9,783,213)	4,245,568	(12,897,249)	7,696,943
- Equity securities	–	–	(11,882,863)	6,514,761	(11,882,863)	6,514,761
Derivative financial instruments	455,106	(2,752,672)	(5,199,646)	12,189,884	(4,744,540)	9,437,212
Gains/(Losses) on disposal						
Available-for-sale financial assets:						
- Debt securities	535,332	327,855	–	49	535,332	327,904
- Equity securities	638,680	(224,441)	–	–	638,680	(224,441)
Financial assets designated at fair value through profit or loss:						
- Debt securities	(493,158)	(368,310)	(1,270,946)	468,381	(1,764,104)	100,071
- Equity securities	–	1,506,202	2,963,805	(1,290,510)	2,963,805	215,692
- Unit trusts	(107,844)	(422,649)	–	–	(107,844)	(422,649)
Held-to-maturity financial assets						
- Debt securities	–	2,220,681	–	–	–	2,220,681
Impairment losses						
Available-for-sale financial assets:						
- Equity securities	(1,681,998)	–	–	–	(1,681,998)	–
Net exchange (losses)/gains in investment	(119,804)	(214,400)	2,924,724	(12,371,713)	2,804,920	(12,586,113)
	3,456,140	7,375,018	(6,940,794)	20,215,437	(3,484,654)	27,590,455

21 Other income

	General Insurance		Life Insurance		Total	
	2021	2020	2021	2020	2021	2020
	$	$	$	$	$	$
Rental income from investment properties	1,418,663	1,372,386	–	–	1,418,663	1,372,386
Miscellaneous income	16,890	16,910	12,246	10,497	29,136	27,407
Government grant income						
- Property tax rebate	13,175	94,681	18,119	11,445	31,294	106,126
- Job credit scheme	421,388	1,302,754	374,579	1,091,028	795,967	2,393,782
	1,870,116	2,786,731	404,944	1,112,970	2,275,060	3,899,701

Government grant income

The Company has received property tax rebate of $31,294 (2020: $19,766) by the Singapore Government as a tenant.

The Company has been awarded a COVID-19 relief government grant by the Singapore Government under the Jobs Support Scheme (“JSS”). The grant received by the Company for the financial year ended 31 December 2021, amounts to $683,728 (2020: $2,506,021) and is conditional on the payment of salaries to local employees and that of related CPF contributions on those salaries paid for the period mentioned in the announcement. For the financial year ended 31 December 2021, $795,967 (2020: $2,393,782) of the JSS grant income was recognised in the profit or loss on a systematic basis over the period of economic uncertainty.

22 Staff costs

	General Insurance		Life Insurance		Total	
	2021	2020	2021	2020	2021	2020
	$	$	$	$	$	$
Salaries and bonus	13,081,099	10,294,835	10,835,557	13,217,625	23,916,656	23,512,461
Cost of defined contribution plans	1,158,376	807,533	953,091	1,074,231	2,111,467	1,881,764
Other staff benefits	242,237	524,536	265,971	(42,775)	508,208	481,760
	14,481,712	11,626,904	12,054,619	14,249,081	26,536,331	25,875,985

23 Other operating expenses

	General Insurance		Life Insurance		Total	
	2021	2020	2021	2020	2021	2020
	$	$	$	$	$	$
Directors' fees	54,098	96,886	–	–	54,098	96,886
Audit fees	71,711	93,316	89,800	128,338	161,511	221,654
Promotion expenses	254,305	468,028	937,005	1,518,437	1,191,310	1,986,465
Training fees	12,688	23,742	14,967	31,997	27,655	55,739
Property management fees	97,059	89,466	109,611	123,042	206,670	212,508
Non-recoverable GST	431,765	249,778	2,330,293	1,122,402	2,762,058	1,372,180
Credit card charges	312,400	249,115	288,583	193,891	600,983	443,006
Bank charges	922,481	790,668	69,317	131,573	991,798	922,241
Maintenance fees	99,531	525,545	144,242	1,152,551	243,773	1,678,096
Consultation fees	364,003	225,476	427,303	209,186	791,306	434,662
Sundries	91,110	58,896	181,989	145,917	273,099	204,813
Property tax	147,000	102,900	–	–	147,000	102,900
Write-(back)/off of doubtful debts, net	(991,220)	571,103	–	–	(991,220)	571,103
IT service fee (Note 28)	78,224	79,963	363,268	63,368	441,492	143,331
Internal Audit service fee (Note 28)	46,644	12,804	58,411	15,378	105,055	28,182
Investment expenses	1,160,243	685,694	1,207,156	575,711	2,367,399	1,261,405
Investment property expenses	438,050	423,619	–	–	438,050	423,619
Government grant expenses	–	153,425	–	–	–	153,425
Rental expenses	41,250	68,225	36,630	39,697	77,880	107,922
Net foreign exchange losses/(gains)	44,750	(67,863)	(690,105)	893,225	(645,355)	825,362
Other expenses & service fees	1,378,557	1,130,416	2,256,312	784,208	3,634,869	1,914,624
	5,054,649	6,031,202	7,824,782	7,128,922	12,879,431	13,160,123

Government grant expenses

The Company has received property tax rebate and cash grants granted by the Singapore Government as a landlord and transferred the related rental rebate to the tenant of $153,425 for the financial year ended 31 December 2020. The grant income and grant expenses have been disclosed separately.

24 Income tax expense/(credit)

	General Insurance		Life Insurance		Total	
	2021	2020	2021	2020	2021	2020
	$	$	$	$	$	$
Current tax expense						
Current year	2,005,905	–	(2,044)	–	2,003,861	–
(Over)/Under provision of tax for prior year	(59,571)	–	229,078	78,807	169,507	78,807
	1,946,334	–	227,034	78,807	2,173,368	78,807
Deferred tax expenses/(credit)						
Recognition of tax effect of previously unrecognised tax losses	–	–	–	(482,038)	–	(482,038)
Recognition of tax effect of unutilised capital allowance	(21,574)	–	(22,261)	–	(43,835)	–
Under-provision for prior year	81,188	–	274,782	–	355,970	–
	59,614	–	252,521	(482,038)	312,135	(482,038)
Total tax expense/(credit)	2,005,948	–	479,555	(403,231)	2,485,503	(403,231)

Reconciliation of effective tax rate

	2021	2020
	$	$
Profit before tax	(12,816,318)	2,201,979
Tax using the Singapore tax rate of 17% (2020: 17%)	(2,178,774)	374,336
Effects of:		
- Non-deductible expenses	5,134,318	1,246,477
- Income subject to a concessionary tax rate of 10%	71,306	10,091
- Tax-exempt income	(184,981)	(399,973)
- Recognition of tax effect of previously unrecognised tax losses	–	(482,038)
- Under provision of tax in prior years	525,477	78,807
- Utilisation of unabsorbed tax losses	(838,008)	(1,230,931)
- Recognition of tax effect of unutilised capital allowance	(43,835)	–
	2,485,503	(403,231)

25 Dividends

The following exempt (one-tier) dividends were declared and paid by the company:

	Shareholders' Fund 2021 $	2020 $
Paid by company to owners of the company		
Nil cents per qualifying ordinary share (2020: 0.21 cents)	–	432,000

26 Leases

Leases as lessee

The Company leases properties and equipment under a number of leases.

The Company leases office space and apartments for the purpose of back office operations and staff accommodations respectively. The leases typically run for a period of 2 years, with an option to renew the lease after that date.

The Company leases IT equipment for back office operations. The leases are typically contracted for a period of 5 years.

Information about leases for which the Company is a lessee is presented below.

Right-of-use assets

	Leasehold properties 2021 $	Furnitures, fixtures and equipment 2021 $	Total 2021 $
Life Insurance			
Balance at 1 January	641,696	74,122	715,818
Depreciation charge for the year	(693,672)	(24,851)	(718,523)
Additions to right-of-use assets	2,290,817	240	2,291,057
Derecognition of right-of-use assets	(154,560)	–	(154,560)
Balance at 31 December	2,084,281	49,511	2,133,792
General Insurance			
Balance at 1 January	–	–	–
Depreciation charge for the year	(67,732)	–	(67,732)
Additions to right-of-use assets	147,779	–	147,779
Balance at 31 December	80,047	–	80,047

Right-of-use assets

	Leasehold properties 2020 $	Furnitures, fixtures and equipment 2020 $	Total 2020 $
Life Insurance			
Balance at 1 January	1,297,562	98,829	1,396,391
Depreciation charge for the year	(795,577)	(24,707)	(820,284)
Additions to right-of-use assets	139,711	–	139,711
Balance at 31 December	641,696	74,122	715,818
General Insurance			
Balance at 1 January and 31 December	–	–	–

Amounts recognised in profit or loss

	2021 $	2020 $
Interest expenses on lease liabilities	61,448	64,359
Expenses relating to variable leases	42,780	58,422
Expenses relating to short-term leases	35,100	49,500

Amounts recognised in statement of cash flows

	2021 $	2020 $
Total cash outflow for leases	930,307	829,616

Extension options

Some property leases contain extension options exercisable by the Company up to one year before the end of the non-cancellable contract period. Where practicable, the Company seeks to include extension options in new leases to provide operational flexibility. The extension options held are exercisable only by the Company and not by the lessors. The Company assesses at lease commencement date whether it is reasonably certain to exercise the extension options. The Company reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant changes in circumstances within its control.

Leases as lessor

The Company leases out its investment properties consisting of its owned commercial properties as well as leased properties (see Note 12). All leases are classified as operating leases.

Operating lease – as a lessor

The Company leases out certain of its investment properties to third parties. The Company has classified these leases as operating leases, because they do not transfer substantially all of the risks and rewards incidental to the ownership of the assets. Note 12 sets out information about the operating leases of investment properties.

Rental income, net of expenses from investment properties recognised by the Company during 2021 was $980,613 (2020: $881,702).

The following table sets out a maturity analysis of lease payments, showing the undiscounted lease payments to be received after the reporting date:

	2021	**2020**
	$	**$**
Operating leases under FRS116		
Within 1 year	1,222,314	1,067,997
After 1 year but within 2 years	209,032	602,587
After 2 years but within 3 years	12,400	4,800
Total	1,443,746	1,675,384

27 Insurance and financial risk management

27.1 Enterprise Risk Management

The Company has an Enterprise Risk Management ("ERM") framework, which is a company-wide approach to identify, assess, measure, monitor, control and mitigate risks that arises from the company's business activities. The Company adopts three lines of defence model in its risk management framework.

The Company's Board of Directors is ultimately responsible for the ERM framework. The Company's senior management oversees the functioning of the framework, and establishes risk management objectives, risk appetite and risk tolerance statements. The Company has a Risk Management Committee that periodically reviews all risks identified by business units, ensures adequate controls are in place to mitigate them, and monitors the adherence to established risk limits.

The lines of defence are:

- First line defence – Business Units' primary responsibility is to identify, assess, measure, and control risks affecting their day-to-day business. They report to senior management on matters in the daily business operation.

- Second line defence – Risk Management and Compliance department reviews risk assessment outcomes by first line and reviews the adequacy and effectiveness of internal controls implemented to mitigate the relevant risks. The department also monitors the risk exposure against the Company's risk tolerance or limits and reports to senior management on the overall company risk profile.

- Third line defence – Taiping Financial Audit Services (Shenzhen) Co., Ltd reviews the risk management framework and provides independent assurance on the completeness and effectiveness of the risk management policies and controls. The Company internal audit function is outsourced to Taiping Financial Audit Services (Shenzhen) Co., Ltd. The assurance and internal audit from Taiping Financial Audit Services (Shenzhen) Co., Ltd focus on meeting the group requirements. Audit assignment and independence assurance on MAS regulatory requirements may be covered by internal audit function based on agreed scope, and local providers will be engaged for work not covered by internal audit function.

The Company's risk management process includes (i) Risk Identification, (ii) Risk Assessment and Measurement, (iii) Risk Controls and Mitigation, and (iv) Risk Monitoring and Review. Business Units as first line of defence, evaluate the risks arising from their processes based on this, and they are subject to second and third lines of defences' review and validation.

Asset-liability management ("ALM")

Part of management's strategy in the management of risks is to holistically manage its assets and liabilities. A different approach is adopted for life and general business in consideration to the very different nature of the two.

The Company adopts Singapore's Revised Risk Based Capital ("RBC2") regime as a basis to measure assets and liabilities for ALM purposes. The Company holds capital in accordance with the regulatory requirements of the RBC2 regime for any mismatch between assets and liabilities.

(a) Life insurance business ALM

The Company conducts its asset-liability management for the life insurance business through the following:

- Development of the strategic asset allocation ("SAA") with consideration for the required return on liabilities, risk return characteristics of each asset class, duration, nature and currency of the assets and liabilities, and the impact and sensitivity of solvency position. All investment activities must adhere to the SAA.

- Design and pricing of new products with consideration for the underlying assets backing the product and the characteristics of those assets, including the level of uncertainty in investment returns, duration, nature and currency of assets and liabilities, and liquidity considerations.

- Maintenance of a satisfactory liquidity position to meet liability cash flows, whether arising from expected (e.g. maturities) or unexpected (e.g. surge in policyholder surrenders) sources.

(b) General insurance business ALM

The Company proactively manages its financial position using an approach that balances quality, diversification, liquidity and investment return. The goal of the investment process is to optimise the net of taxes, risk-adjusted investment income and risk-adjusted total return. As general insurance business is short term in nature, the assets are managed to ensure adequate liquidity to meet cash flow of the liability. The investment portfolio is managed by asset management companies, one of which is a subsidiary of the holding company. The investment portfolio is under the close supervision of the Chief Executive and the investment committee. The monthly management report submitted to the holding company includes the performance of the investment portfolios. The holding company also reviews the investment guidelines and limits on a periodic basis, and provides oversight on the asset/liability management process.

27.2 Insurance risk

(a) Life Insurance

The Company is exposed to life insurance risk when it signs a contract with the insured party for a premium amount and in return promises to pay a sum of money if a specified event occurs within the time frame stipulated in the contract. The terms of acceptance of such risks are generally long term in nature. These risks accepted by the Company are mortality and morbidity risk, longevity risk and persistency risk. In general, payment occurs upon death or illness, surrender, or survival of the policyholder, depending on the type of policy.

The Company has implemented underwriting and claims management guidelines and procedures to manage such insurance risk. It also considers its reinsurance coverage to manage its overall risk exposure according to the risk appetite.

Mortality and morbidity risks are selected through underwriting and appropriate premiums are charged based on the level of risks that applicants carry. The levels of mortality and morbidity risks are determined by age, gender, and underwriting experience. For death covers, the Company transfers insurance risk in excess of its retention limit to its appointed reinsurers on a per life basis. The current retention limit for life insurance is set generally at $200,000 per life and at USD400,000 per life for Universal Life contracts. Some products with specific features may have different retentions to reflect their different nature (e.g. special and juvenile benefits, or premium waiver riders).

Mortality and morbidity risk is also managed through appropriate claim management procedures that detect and address potential fraudulent claims. The results of experience reviews of mortality, morbidity, longevity and persistency are used to decide on the bases for reserving and pricing of products.

Lapse rates are evaluated prudently through the pricing of new products, product design, and regular monitoring of persistency experience.

For contracts with Critical Illness benefits, the Company generally has the right to vary the non-guaranteed future premium rates if claim experience deteriorates in the future. Additionally, for Participating contracts, the discretionary participating feature results in a significant portion of the insurance risk being shared with the policyholders. These mitigate the amount of insurance risk accepted by the Company.

Additionally, the Company also perform regular stress tests to assess its ability to withstand adverse deviations in various parameters, including insurance assumptions.

(b) General Insurance

The key insurance risks for general insurance contracts arise from uncertainty in the timing and amount of claims. The Company addresses these risks through its underwriting and reinsurance strategy.

The Company also monitors and reacts to changes in the general economic and commercial environment in which it operates, especially in Singapore where the Company underwrites the majority of its insurance risks.

Underwriting strategy

The underwriting strategy of the Company is to seek diversity to ensure a balanced portfolio. The underwriting department prepares business plans every year that establishes the classes of business and industry sectors in which the Company is prepared to underwrite. The strategy is cascaded to individual underwriters through detailed underwriting authorities that set out the limit that any one underwriter can write by line, size, class of business and industry in order to ensure appropriate risk selection within the portfolio of business to be underwritten.

For general insurance contracts that are annual in nature, the underwriting department has the right to refuse renewal or change the terms and conditions of the contracts at renewal.

The general insurance underwriting function's performance and adherence to the underwriting guidelines/authority limits are measured on a periodic basis.

Reinsurance strategy

Ceded insurances contain credit risks, and such reinsurance recoverable is reported after impairment provisions as a result of occurred recognised asset. The Company monitors the financial condition of reinsurers on an on-going basis and reviews its reinsurance arrangements periodically.

As the Company is required to monitor its solvency margin and capital adequacy ratio under the RBC2 Framework introduced by the Monetary Authority of Singapore (the "MAS"), the Company deals mainly with reinsurers approved by the immediate holding company with good credit ratings. The General Insurance Underwriting, Reinsurance and Claims Committee ("GIURCC") and the Life Insurance Underwriting, Reinsurance and Claims Committee ("LIURCC") review and approve the reinsurance programmes of the general insurance business and life insurance business respectively. This is to ensure that the appropriate type, mix, and risk retention limits of reinsurance arrangements and reinsurers are used. Prior approval is required to be sought from the Chief Executive and management for any deviations.

(c) Interaction between insurance risk and capital adequacy

The insurance risk that the Company is exposed to directly impacts its capital adequacy levels. Insurance risks where the expected pay-out is estimated with a high degree of uncertainty would require a higher level of provision of adverse deviation. The RBC2 regime which the Company operates in also prescribes higher capital requirements in areas where insurance risk is higher, for example when premium rates are guaranteed and non-reviewable.

27.3 Concentrations of insurance risk

A key aspect of the insurance risk faced by the Company is the extent of concentration of insurance risk which may exist where a particular event or series of events could impact significantly upon the Company's liabilities. Such concentrations may arise from a single insurance contract or through a small number of related contracts, and relate to circumstances where significant liabilities could arise. An important aspect of the concentration of insurance risk is that it may arise from the accumulation of risks within a number of individual classes or contracts tranche.

Life Insurance

Concentration risk in the Company's life insurance business is primarily on the amount of insurance coverage based on a single life. A high concentration of insurance benefits on any single life could lead very volatile claims experience and a large loss when there is a claim on that life.

The Company manages this risk by setting appropriate coverage limits on each product to control the concentration of insurance risks on any single life. In addition, the Company utilizes suitable reinsurance arrangements to ensure that the risk retained within the Company on a per life basis is within its risk appetite. The table below shows the aggregate retained sum at risk per life by size band.

	31 December 2021		31 December 2020	
	Before reinsurance $	After reinsurance $	Before reinsurance $	After reinsurance $
Within $0.2 million	698,467,382	596,138,998	455,764,066	429,788,919
Between $0.2 and $0.5 million	744,134,241	47,499,363	464,158,177	10,862,252
Greater than $0.5 million	425,808,200	2,157,973	171,766,481	5,845,885

Almost of the Company's life business is written in Singapore, there is some concentration in terms of the contract type. The table below shows the concentration of actuarial liabilities by type of contract.

	31 December 2021		31 December 2020	
	Gross (Before reinsurance) $	Net (After reinsurance) $	Gross (Before reinsurance) $	Net (After reinsurance) $
Whole Life	187,869	186,232	127,393	126,009
Endowment	523,876	304,981	301,720	246,495
Term	22	13	9	7
Others	20,993	20,993	22,281	22,281

General Insurance

Concentrations of risk can arise in both high-severity, low frequency events, such as natural disasters and in situations where underwriting is biased towards a particular group, such as a particular geographic or demographic trend or a particular group of companies that belong to the same shareholder.

The Company's key methods in managing these risks are as follows:

Firstly, the risk is managed through appropriate underwriting procedures. Underwriters are not permitted to underwrite risks unless the expected profits are commensurate with the risks assumed.

Secondly, the risk is managed through the use of reinsurance. The Company enters into treaty arrangements with reputable reinsurers that provide protection on the insurance business written by the Company above a certain net retention of risk. The costs and benefits associated with the reinsurance programmes are being reviewed periodically. For general insurance, the Company has also obtained excess of loss reinsurance coverage in addition to the treaty arrangements. For general insurance, the Company has not entered into a catastrophe reinsurance arrangement as at end of 2020 and 2021 in view of its small portfolio.

For general insurance activities, the Company writes its business primarily in Singapore and a geographical analysis is not relevant to the Company. There is some concentration risk in terms of lines of business, where the Company is more susceptible to adverse experience in subsets of the portfolio where most of the business is written.

The following tables disclose the concentration of gross and net written premiums in relation to the type of general insurance risk accepted by the Company:

	31 December 2021		31 December 2020	
	Gross written premium $	**Net written premium $**	**Gross written premium $**	**Net written premium $**
Lines of business				
- Motor	63,011,697	61,922,199	51,949,279	51,090,760
- Workmen's compensation	15,363,034	14,716,175	12,822,726	12,375,438
- Marine cargo	5,366,855	1,931,497	5,554,675	2,086,063
- Marine hull	8,935,126	4,545,233	7,578,055	2,765,328
- Fire	10,474,149	2,417,442	23,105,259	12,972,194
- Bonds	14,170,312	10,715,276	9,547,784	6,835,632
- Personal accident	495,782	450,137	528,011	434,256
- Health	7,402,324	7,372,062	6,810,144	6,797,459
- Public liability	1,134,381	328,581	1,267,387	358,492
- Engineering/CAR/EAR	3,758,419	909,910	1,430,158	429,852
- Professional indemnity	35,903	10,432	57,234	14,323
- Trade Credit	353,297	(798)	403,001	(41,225)
- Others	2,516,384	2,002,199	4,892,002	4,394,964
	133,017,663	107,320,345	125,945,715	100,513,536

The Company sets out the total aggregate exposure that it is prepared to accept in relation to concentration of risks based on the guidelines given by MAS under the RBC2 framework. It monitors these exposures both at the time of underwriting a risk, and on a quarterly basis by reviewing reports which show the key aggregations of risks to which the Company is exposed.

Claims development

(i) Analysis of claims development - gross of reinsurance at 31 December 2021

	Accident years										
	2012 $'000	2013 $'000	2014 $'000	2015 $'000	2016 $'000	2017 $'000	2018 $'000	2019 $'000	2020 $'000	2021 $'000	Total $'000
Estimate of cumulative claims:											
At end of accident year	42,904	49,167	57,566	53,185	58,954	78,522	69,052	67,609	56,183	65,379	
- One year later	38,254	45,846	56,659	50,628	57,784	83,033	83,844	74,016	52,700		
- Two years later	34,711	42,003	53,162	43,454	52,870	78,827	78,154	76,881			
- Three years later	34,438	39,478	48,985	41,403	50,148	84,081	78,553				
- Four years later	32,937	36,987	50,905	40,202	49,639	84,276					
- Five years later	31,305	35,631	55,274	40,224	49,034						
- Six years later	29,926	33,655	55,593	40,216							
- Seven years later	29,013	33,547	57,868								
- Eight years later	29,000	33,530									
- Nine years later	28,999										
Current cumulative ultimate claims incurred	28,999	33,530	57,868	40,216	49,034	84,276	78,553	76,881	52,700	65,379	567,437
Cumulative payments	28,999	33,510	55,533	39,122	47,515	77,296	69,085	67,722	40,828	20,419	480,029
Estimate of claims reserves	–	20	2,334	1,094	1,519	6,980	9,468	9,159	11,872	44,960	87,408
Indirect claims expenses											1,882
Best estimate of claims liabilities											89,290
Estimated claims for prior accident years											232
Provision for adverse deviation											9,869
Gross provision for insurance claims determined by appointed actuary											99,391
Additional provision for insurance claims by the insurer											79
Gross provision for insurance claims (Note 13(c))											99,470

(ii) Analysis of claims development - net of reinsurance at 31 December 2021

	Accident years										
	2012 $'000	2013 $'000	2014 $'000	2015 $'000	2016 $'000	2017 $'000	2018 $'000	2019 $'000	2020 $'000	2021 $'000	Total $'000
Estimate of cumulative claims:											
At end of accident year	35,938	41,097	45,913	45,672	54,772	63,422	55,445	52,470	46,000	59,378	
- One year later	32,023	38,501	45,843	43,067	53,663	68,155	67,115	60,263	44,865		
- Two years later	29,167	35,805	42,686	36,698	49,362	67,562	62,460	64,228			
- Three years later	28,740	33,479	39,659	35,203	46,937	72,768	62,544				
- Four years later	27,238	31,759	37,171	34,144	46,507	73,167					
- Five years later	26,311	30,559	36,815	34,194	45,994						
- Six years later	25,506	29,486	36,302	34,282							
- Seven years later	25,169	29,376	36,170								
- Eight years later	25,156	29,369									
- Nine years later	25,155										
Current cumulative ultimate claims incurred	25,155	29,369	36,170	34,282	45,994	73,167	62,544	64,228	44,865	59,378	475,153
Cumulative payments	25,155	29,355	36,036	33,306	44,585	67,793	56,792	56,913	34,338	19,992	404,266
Estimate of claims reserves	–	13	135	976	1,408	5,375	5,752	7,315	10,527	39,386	70,887
Indirect claims expenses											1,882
Best estimate of claims liabilities											72,769
Estimated claims for prior accident years											188
Provision for adverse deviation											7,068
Net provision for insurance claims determined by appointed actuary											80,025
Additional provision for insurance claims by the insurer											99
Net provision for insurance claims (Note 13(c))											80,124

Claims development

(i) Analysis of claims development - gross of reinsurance at 31 December 2020

	Accident years										
	2011 $'000	2012 $'000	2013 $'000	2014 $'000	2015 $'000	2016 $'000	2017 $'000	2018 $'000	2019 $'000	2020 $'000	Total $'000
Estimate of cumulative claims:											
At end of accident year		42,904	49,167	57,566	53,185	58,954	78,522	69,052	67,609	56,183	
- One year later	40,576	38,254	45,846	56,659	50,628	57,784	83,033	83,844	74,016		
- Two years later	38,986	34,711	42,003	53,162	43,454	52,870	78,827	78,154			
- Three years later	37,442	34,438	39,478	48,985	41,403	50,148	84,081				
- Four years later	38,047	32,937	36,987	50,905	40,202	49,639					
- Five years later	35,008	31,305	35,631	55,274	40,224						
- Six years later	32,445	29,926	33,655	55,593							
- Seven years later	31,771	29,013	33,547								
- Eight years later	31,613	29,000									
- Nine years later	31,609										
Current cumulative ultimate claims incurred	31,609	29,000	33,547	55,593	40,224	49,639	84,081	78,154	74,016	56,183	532,046
Cumulative payments	31,559	28,997	33,494	45,562	38,957	46,501	74,859	64,086	55,297	22,443	441,755
Estimate of claims reserves	50	3	53	10,031	1,267	3,138	9,222	14,068	18,719	33,740	90,291
Indirect claims expenses											1,334
Best estimate of claims liabilities											91,625
Estimated claims for prior accident years											327
Provision for adverse deviation											10,580
Gross provision for insurance claims determined by appointed actuary											102,532
Additional provision for insurance claims by the insurer											355
Gross provision for insurance claims (Note 13(c))											102,887

(ii) Analysis of claims development - net of reinsurance at 31 December 2020

	Accident years										
	2011 $'000	2012 $'000	2013 $'000	2014 $'000	2015 $'000	2016 $'000	2017 $'000	2018 $'000	2019 $'000	2020 $'000	Total $'000
Estimate of cumulative claims:											
At end of accident year		35,938	41,097	45,913	45,672	54,772	63,422	55,445	52,470	46,000	
- One year later	29,469	32,023	38,501	45,843	43,067	53,663	68,155	67,115	60,263		
- Two years later	28,789	29,167	35,805	42,686	36,698	49,362	67,562	62,460			
- Three years later	27,622	28,740	33,479	39,659	35,203	46,937	72,768				
- Four years later	27,941	27,238	31,759	37,171	34,144	46,507					
- Five years later	25,870	26,311	30,559	36,815	34,194						
- Six years later	23,850	25,506	29,486	36,302							
- Seven years later	23,695	25,169	29,376								
- Eight years later	23,628	25,156									
- Nine years later	23,625										
Current cumulative ultimate claims incurred	23,625	25,156	29,376	36,302	34,194	46,507	72,768	62,460	60,263	46,000	436,651
Cumulative payments	23,610	25,153	29,342	35,966	33,155	43,697	65,612	52,757	45,116	16,895	371,303
Estimate of claims reserves	15	3	34	336	1,039	2,810	7,156	9,703	15,147	29,105	65,348
Indirect claims expenses											1,336
Best estimate of claims liabilities											66,684
Estimated claims for prior accident years											310
Provision for adverse deviation											6,821
Net provision for insurance claims determined by appointed actuary											73,815
Additional provision for insurance claims by the insurer											223
Net provision for insurance claims (Note 13(c))											74,038

27.4 Financial instruments, financial risk and capital risk management

(a) Categories of financial instruments

	2021 $	2020 $
Financial assets		
Held-to-maturity financial assets		
- Debt securities	31,244,994	21,965,643
Available-for-sale financial assets		
- Debt securities	113,061,837	85,227,080
- Equity securities	56,193,917	34,815,442
Financial assets designated at fair value through profit or loss		
- Debt securities	491,370,317	449,725,239
- Unit trusts	17,959,344	11,506,799
- Equity securities	80,924,525	54,176,267
Loans and receivables		
- Cash and cash equivalents	76,325,563	86,890,153
- Amount due from related companies	–	325,960
- Deposits, prepayments and other receivables (excluding prepayments and GST recoverable)	36,632,075	6,485,532
Insurance receivables	17,362,860	16,943,739
Derivative receivables	8,252,817	16,120,654
	929,328,249	784,182,508
Financial liabilities		
Insurance payables	26,657,537	16,436,216
Other payables and accruals (excluding GST payable and deferred grant income)	72,437,156	38,722,968
Amount due to related companies	2,413,642	2,160,578
Derivative payable	1,658,490	–
	103,166,825	57,319,762

(b) Financial instruments subject to offsetting, enforceable master netting arrangements and similar agreements.

The Company does not have any financial instruments which are subject to offsetting, enforceable master netting agreements or similar netting agreements.

(c) Financial risk management policies and objectives

The Company has to meet substantial long-term liabilities to policyholders for claims and maturity payments and to ensure that adequate liquidity is available to meet short-term claims, solvency margin and capital adequacy for existing and new business.

The Company's Risk Management and Investment Committees manage such financial risks. The Risk Management Committee sets the relevant financial risk policies and procedures and reviews them periodically. The financial risk management process addresses the mitigating of the risks due to uncertainties of the financial market to minimise the adverse impact of these risks on the financial performance of the Company, including matching the timing of cash flows from assets and liabilities. The Investment Committee sets the strategic and tactical asset allocations that are consistent with the asset/liability management requirements and approves relevant investment guidelines and procedures.

The Company's financial risk management policies and procedures covering specific areas, such as market risk (including foreign exchange risk, interest rate risk and equity price risk), credit risk and liquidity risk. Financial risk management is carried out by the individual risk owners under these policies and procedures approved by the Risk Management Committee.

The financial risks measurement have been expanded to cover life business. Market risk exposures are measured using sensitivity analysis indicated below.

(i) Interest rate risk management

The Company is exposed to interest-rate risk primarily through investments in interest-earning financial assets by the insurance funds and policy liabilities in those funds which are guaranteed. The interest-rate risk arises from not holding assets that match policy liabilities fully. The Investment Committee monitors such interest-rate risk arising from asset-liability tenure mismatch actively to limit the extent to which solvency can be affected by an adverse movement in interest rates.

The long duration of policy liabilities in the insurance funds and the uncertainty of the cash flows of these funds mean interest rate risk cannot be completely eliminated. The Company aims to match the guaranteed liabilities of insurance funds' tenures with assets' tenures as much as possible. However, the Company does not hedge against such exposures.

Summary quantitative data of the Company's interest-bearing financial instruments can be found in Note 27.6.

(ii) Foreign currency risk management

During the ordinary course of business, the Company engages in foreign currency denominated transactions. As a result, the Company is exposed to movements in foreign currency exchange rates.

At the end of the reporting period, the carrying amounts of monetary assets and monetary liabilities categorised by currency are as follows:

	SGD $'000	USD $'000	HKD $'000	Others $'000	Total $'000
2021					
Assets					
Held-to-maturity financial assets					
- Debt securities	–	31,245	–	–	31,245
Available-for-sale financial assets					
- Debt securities	47,100	65,962	–	–	113,062
- Equity securities	–	–	56,194	–	56,194
Financial assets designated at fair value through profit or loss					
- Debt securities	40,191	451,180	–	–	491,371
- Unit trusts	5,442	8,463	4,054	–	17,959
- Equity securities	–	–	80,925	–	80,925
Cash and cash equivalents	66,653	9,673	–	–	76,326
Deposits and other receivables (excluding prepayments and GST recoverable)	36,570	62	–	–	36,632
Insurance receivables	10,408	6,396	–	559	17,363
Derivative receivables	–	8,253	–	–	8,253
Total assets	206,364	581,234	141,173	559	929,330
Liabilities					
Insurance payables	21,664	4,948	8	38	26,658
Amount due to related companies	623	359	773	659	2,414
Other payables and accruals (excluding GST payable and deferred grant income)	71,613	617	4	203	72,437
Derivative payables	206	1,452	–	–	1,658
Total liabilities	94,106	7,376	785	900	103,167
Net financial assets/(liabilities)	112,258	573,858	140,388	(341)	826,163
Less: Net financial assets/(liabilities) denominated in the Company's currency	(112,258)	–	–	–	(112,258)
Less: currency forwards	–	(688,588)	–	–	(688,588)
Currency exposures	–	(114,730)	140,388	(341)	25,317

	SGD $'000	USD $'000	HKD $'000	Others $'000	Total $'000
2020					
Assets					
Held-to-maturity financial assets					
- Debt securities	–	21,966	–	–	21,966
Available-for-sale financial assets					
- Debt securities	47,362	37,865	–	–	85,227
- Equity securities	–	–	34,815	–	34,815
Financial assets designated at fair value through profit or loss					
- Debt securities	41,597	406,125	–	2,003	449,725
- Unit trusts	–	2,757	8,750	–	11,507
- Equity securities	–	–	54,176	–	54,176
Cash and cash equivalents	79,058	7,832	–	–	86,890
Amount due from related companies	(582)	865	(8)	51	326
Deposits and other receivables (excluding prepayments and GST recoverable)	6,481	2	–	3	6,486
Insurance receivables	12,186	4,159	–	599	16,944
Derivative receivables	(464)	16,618	–	(33)	16,121
Total assets	185,638	498,189	97,733	2,623	784,183
Liabilities					
Insurance payables	13,275	2,839	–	322	16,436
Amount due to related companies	357	233	979	592	2,161
Other payables and accruals (excluding GST payable and deferred grant income)	37,330	2,110	(973)	256	38,723
Total liabilities	50,962	5,182	6	1,170	57,320
Net financial assets	134,676	493,007	97,727	1,453	726,863
Less: Net financial assets/(liabilities) denominated in the Company's currency	(134,676)	–	–	–	(134,676)
Less: currency forwards	–	(554,655)	–	(2,028)	(556,683)
Currency exposures	–	(61,648)	97,727	(575)	35,504

The following table details the sensitivity to a 10% increase and decrease in the relevant foreign currencies against the functional currency of the Company. 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates.

If the relevant foreign currency weakens by 10% against the functional currency, profit before tax and equity will increase/(decrease) by:

	2021		2020	
	Profit before tax $'000	Equity $'000	Profit before tax $'000	Equity $'000
US Dollar impact	18,069	(6,596)	9,952	(3,787)
Hong Kong Dollar impact	(8,420)	(5,619)	(6,291)	(3,482)

If the relevant foreign currency strengthens by 10% against the functional currency, profit before tax and equity will increase/(decrease) by:

	2021		2020	
	Profit before tax $'000	Equity $'000	Profit before tax $'000	Equity $'000
US Dollar impact	(18,069)	6,596	(9,952)	3,787
Hong Kong Dollar impact	8,420	5,619	6,291	3,482

The above assessment does not take into account the impact of exchange rate movements in outstanding loss reserves. The company measures its overall required reserving in its functional currency and does not separately assess the impact of exchange rate movements on this balance sheet item.

(iii) Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a loss to the Company. The Company has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. The counterparties include security issuers, derivatives transactional counterparties, policyholders, reinsurers, brokers and other intermediaries.

Credit risk management is performed in the management of the Company's investments and business activities, which includes the monitoring of established credit quality controls, and exposures against the credit risk limits. The Risk Management Committee reviews such credit risk management framework periodically, and provides oversight of the credit risk taken by the Company.

The Company extends credit to its General Insurance' brokers, agents and corporate customers based on normal commercial terms. The outstanding balances are closely monitored and ageing information of major debtors are highlighted in the Company's monthly Credit Control Committee.

In addition, the credit control committee approves and reviews the General Insurance' intermediaries and corporate customers' credit limits.

The carrying amount of claims recoverable from reinsurers, investments in debt securities, insurance and other receivables, and cash and cash equivalents represent the Company's maximum exposure to credit risk.

The Company also has exposure to credit risk to reinsurers generally and also to specific reinsurers. The Reinsurance Department is responsible for setting guidelines about the quality of General Insurance' reinsurers used. The Reinsurance Department and the Finance Department work closely to monitor the recovery from these reinsurers.

In relation to the life reinsurers, the Life Underwriting, Reinsurance and Claims Committee reviews and approves new and modifications to life reinsurance programmes to manage the credit exposure.

At the end of the reporting period, there is no significant concentration of credit risk and exposures are well spread. The Company's exposure to credit risk relating to its financial assets is summarised below:

	Neither past-due nor impaired				
	Grade B to AAA $	Grade C $	Not rated $	Past due but not impaired $	Total $
2021					
Held-to-maturity financial assets:					
- Debt securities	31,244,994	–	–	–	31,244,994
Available-for-sale financial assets:					
- Debt securities	113,061,837	–	–	–	113,061,837
- Equity securities	–	–	56,193,917	–	56,193,917
Financial assets designated at fair value through profit or loss					
- Debt securities	456,037,142	–	35,333,175	–	491,370,317
- Unit trusts	–	–	17,959,344	–	17,959,344
- Equity securities	–	–	80,924,525	–	80,924,525
Cash and cash equivalents	70,666,554	–	5,659,009	–	76,325,563
Amount due from related companies	–	–	–	–	–
Deposits and other receivables (excluding prepayments and GST recoverable)	6,012,418	–	30,619,657	–	36,632,075
Insurance receivables	–	–	7,315,910	10,046,950	17,362,860
Derivative receivables	8,252,817	–	–	–	8,252,817
	685,275,762	–	234,005,537	10,046,950	929,328,249

	Neither past-due nor impaired			Past due	
	Grade B to AAA $	Grade C $	Not rated $	but not impaired $	Total $
2020					
Held-to-maturity financial assets:					
- Debt securities	21,965,643	–	–	–	21,965,643
Available-for-sale financial assets:					
- Debt securities	85,227,080	–	–	–	85,227,080
- Equity securities	–	–	34,815,442	–	34,815,442
Financial assets designated at fair value through profit or loss					
- Debt securities	390,446,016	–	59,279,223	–	449,725,239
- Unit trusts	–	–	11,506,799	–	11,506,799
- Equity securities	–	–	54,176,267	–	54,176,267
Cash and cash equivalents	83,196,589	–	3,693,564	–	86,890,153
Amount due from related companies	–	–	325,960	–	325,960
Deposits and other receivables (excluding prepayments and GST recoverable)	5,211,399	–	1,274,133	–	6,485,532
Insurance receivables	–	–	4,708,192	12,235,547	16,943,739
Derivative receivables	16,120,654	–	–	–	16,120,654
	602,167,381	–	169,779,580	12,235,547	784,182,508

Age analysis of financial assets past-due but not impaired:

	Less than 6 months $	6 months to 12 months $	More than 12 months $	Total $
2021				
Insurance receivables	8,834,120	1,180,150	32,680	10,046,950
2020				
Insurance receivables	9,285,312	2,236,796	713,439	12,235,547

Receivables from insurance and reinsurance contracts amounting to $1,039,913 and $607,143 (2020: $833,112 and $1,805,163) have been impaired respectively.

The Company has not recognised an impairment allowance for the remaining financial assets as there has not been no objective evidence of impairment and the amounts are still considered recoverable.

(iv) Liquidity risk management

An important aspect of the Company's management of assets and liabilities is to ensure that cash is available to settle liabilities as they fall due. The Company is exposed to liquidity risk when it is unable to meet its obligations at a reasonable cost. In addition, the Company could experience unexpected cash demands from huge amount of life policies' surrenders arising from adverse market conditions and publicity. Thus, the Company may have to sell off assets to fulfil such obligations. The Company maintains cash and liquid deposits deemed adequate by management to finance its operations and to mitigate the effects of fluctuations in cash requirements. In normal circumstances, the majority of claims are settled with the bank balances and cash deposits available. The Company also constantly reviews its investment portfolio allocation to ensure that there are sufficient cash and liquid deposits to meet its estimated cash outflow from its insurance contracts. The Company monitors the liquidity risk through the periodic tracking of the liquidity of relevant insurance funds and through the performance of liquidity stress tests. Details of the contractual maturities for financial assets and liabilities are disclosed in Note 27.6.

(v) Equity price risk management

The Company is exposed to equity risks arising from equity investments classified as held-for-trading and available-for-sale financial assets. Available-for-sale equity investments are held for strategic rather than trading purposes. The Company does not actively trade available-for-sale financial assets.

Further details of these equity investments are disclosed in Note 9 to the financial statements.

The sensitivity analysis on the exposure to equity price risks at the end of the reporting period are disclosed in Note 27.7.

27.5 Fair value of financial assets and financial liabilities

The Company's assets measured at fair value are its available-for-sale financial assets, fair value through profit and loss financial assets and derivative financial instruments.

The following table gives information about how the fair values of these financial assets and financial liabilities are determined.

	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
2021				
Assets				
Available-for-sale financial assets	169,256	–	–	169,256
Financial assets designated at fair value through profit or loss	572,295	16,118	1,841	590,254
Derivative financial instruments	–	8,253	–	8,253
Total assets	741,551	24,371	1,841	767,763

	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
2021				
Liabilities				
Derivative financial instruments	–	1,658	–	1,658
Total liabilities	–	1,658	–	1,658
2020				
Assets				
Available-for-sale financial assets	120,043	–	–	120,043
Financial assets designated at fair value through profit or loss	503,901	–	11,507	515,408
Derivative financial instruments	–	16,121	–	16,121
Total assets	623,944	16,121	11,507	651,572
Liabilities				
Derivative financial instruments	–	–	–	–
Total liabilities	–	–	–	–

During the year, the transfers from Level 3 to Level 2 are due to correction of the fair value hierarchy classification. In 2020, unit trusts amounting to $11.5 million were transferred from Level 2 to Level 3.

In 2020, level 3 investments comprise of unquoted equity portfolios and their fair values were measured based on fund's net asset value.

The following table shows a reconciliation from the opening balances to the ending balances for Level 3 fair values:

	Financial assets designated at fair value through profit or loss $'000
At 1 January 2021	11,507
Purchases	12,064
Disposals	(4,838)
Total unrealised gains/(losses) recognised in profit or loss	(774)
Transfer from level 3 to level 2	(16,118)
At 31 December 2021	1,841

Fair value of the Company's financial assets and financial liabilities that are not measured at fair value on a recurring basis (but fair value disclosures are required)

Except as detailed in the following table, management considers that the carrying amount of financial assets and financial liabilities of the Company recorded at amortised cost in the financial statements approximate their fair values:

	2021		2020	
	Carrying amount $	Fair value $	Carrying amount $	Fair value $
Financial instruments				
Held-to-maturity financial assets:				
- Debt securities	31,244,994	32,000,692	21,965,643	24,431,858

27.6 Liquidity and interest rate risk analysis

Financial assets

In respect of interest-earning financial assets, the following table indicates their weighted average effective interest rates per annum at the end of the reporting period drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets except where the Company anticipates that the cash flow will occur in a different period. The adjustment column represents the possible future cash flows attributable to the instrument included in the maturity analysis which are not included in the carrying amount of the financial asset on the balance sheet.

	Effective interest rate %	Within 1 year $	Within 2 to 5 years $	After 5 years $	Total $
2021					
Held-to-maturity financial assets: - Debt securities	4.59%	1,104,731	15,630,088	14,510,175	31,244,994
Available-for-sale financial assets: - Debt securities	2.46%	3,183,231	24,460,922	85,417,684	113,061,837
Financial assets designated at fair value through profit or loss - Debt securities	3.13%	53,650,001	144,554,502	293,165,814	491,370,317
Fixed rate short-term bank deposits	0.54%	38,764,781	195,959	–	38,960,740
		96,702,744	184,841,471	393,093,673	674,637,888

	Effective interest rate %	Within 1 year $	Within 2 to 5 years $	After 5 years $	Total $
2020					
Held-to-maturity financial assets:					
- Debt securities	4.94%	825,077	12,237,622	8,902,944	21,965,643
Available-for-sale financial assets:					
- Debt securities	1.76%	1,766,387	16,905,471	66,555,222	85,227,080
Financial assets designated at fair value through profit or loss					
- Debt securities	3.11%	16,092,682	134,016,927	299,615,630	449,725,239
Fixed rate short-term bank deposits	0.59%	21,040,770	140,415	–	21,181,185
		39,724,916	163,300,435	375,073,796	578,099,147

Life insurance contract provisions cash flow profile

The following table indicates the liability cash flow profile of the Life Insurance business. The figures exclude the expense overruns that are expected to arise in future years.

	Within 1 year $	Within 2 to 5 years $	After 5 years $
2021			
Participating	50,505,661	65,972,116	(661,961,914)
Non-Participating	(102,794,614)	(104,397,850)	(23,108,588)
Total	(52,288,953)	(38,425,734)	(685,070,502)
2020			
Participating	34,260,168	67,036,752	(490,237,978)
Non-Participating	799,250	(195,419,895)	(13,052,424)
Total	35,059,418	(128,383,143)	(503,290,402)

27.7 Sensitivity analysis

In managing its interest rate and currency risks, the Company aims to reduce the impact of short-term fluctuations on the Company's earnings to the extent possible. Over the longer term, however, any prolonged adverse changes in foreign exchange and interest rates would have an impact on earnings.

The analysis below is performed for reasonably possible movements in key variables with all other variables held constant, showing the impact on profit before tax (due to changes in fair value of financial assets and liabilities whose fair values are recorded in the statement of comprehensive income) and equity (that reflects changes in fair value of available-for-sale financial assets).

Variables	Change in variable	Profit before tax		Equity	
		2021	2020	2021	2020
		$	$	$	$
Equity prices	+10%	8,092,453	5,417,627	5,619,392	3,481,544
Equity prices	-10%	(8,092,453)	(5,417,627)	(5,619,392)	(3,481,544)
Unit trust prices	+10%	1,795,934	1,150,680	–	–
Unit trust prices	-10%	(1,795,934)	(1,150,680)	–	–
Interest rate	+100bps	6,044,322	5,349,523	–	–
Interest rate	-100bps	(6,044,322)	(5,349,523)	–	–

27.8 Capital management policies and objectives

The Company manages capital in accordance with its Board approved Capital Management Policy. The key objectives for managing capital are as follows:

- Ensure obligations to policyholders are met with a high degree of certainty;
- Support the business strategy to achieve its commercial objectives; and
- Meet regulators' expectations on capital adequacy.

As stipulated in MAS Notice 133 (Notice on Valuation and Capital Framework for Insurers), MAS defines two supervisory solvency intervention thresholds:

- A higher solvency intervention threshold ("PCR") equal to 100% of the total risk requirement
- A lower solvency intervention threshold ("MCR") equal to a 50% of the total risk requirement

An insurer carrying on insurance business in Singapore is required to maintain fund solvency margins and a capital adequacy ratio as stipulated in the Insurance (Valuation and Capital) Regulations 2004. For each adjusted Insurance Fund, the insurer is required to maintain the financial resources at all times not less than the total risk requirement of the fund at the higher solvency level.

Internally, the Company uses the statutory capital requirements described above for its capital adequacy assessments, and sets its own minimum capital position with consideration for the above objectives.

The Company's capital adequacy ratio as at 31 December 2021 on RBC 2 basis is 173% (2020: 188%).

28 Holding company and related company transactions

The Company is a subsidiary of China Taiping International Company Limited, incorporated in Hong Kong SAR. The Company's ultimate holding corporation is China Taiping Insurance Group Co, incorporated in Beijing, China. Related companies in these financial statements refer to members of the ultimate holding company's group of companies.

During the year, apart from the balances and transactions disclosed elsewhere in these financial statements, the Company had the following significant transactions with its related companies:

	2021 $	2020 $
Related companies		
Gross premium written	2,586,655	2,954,929
Written premium ceded	(92,806,182)	(4,039,755)
Commission received	3,527,423	748,984
Commission paid	(181,902)	(183,562)
Claims recovery	5,464,899	4,563,347
Claims paid	(395,788)	(703,815)
Investment expense	(1,715,589)	(756,954)
IT service fee	(441,492)	(143,331)
Internal audit service fee	(105,055)	(28,182)
Write-off of doubtful debts	–	(474,910)

Key management personnel

Key management personnel of the Company are those persons having the authority and responsibility for planning, directing and controlling the activities of the entity. The directors, the chief executive and certain executive officers are considered as key management personnel of the Company.

Short-term employee benefits paid/ payable to key management personnel (included in staff costs) was $3,359,266 (2020: $2,904,335).