



Manulife

Manulife Holdings Berhad

# ANNUAL REPORT

2021

## Mission

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Decisions made *easier*.  
Lives made *better*.

## Strategic Priorities

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Portfolio  
Optimisation



Expense  
Efficiency



Accelerate  
Growth



Digital,  
Customer  
Leader



High  
Performing  
Team

## Our Values

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**Obsess about  
customers**

We predict their needs and do everything in our power to satisfy them.



**Think big**

Anything is possible. We can always find a better way.



**Do The Right  
Thing**

We act with integrity and do what we say.



**Own it**

We feel empowered to make decisions and take action to deliver our Mission.



**Get it done  
together**

We're surrounded by an amazing team. We can do it better by working together.



**Share your  
humanity**

We build a supportive, diverse and thriving workplace.

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**NOTICE IS HEREBY GIVEN THAT** the Forty-Sixth Annual General Meeting of Manulife Holdings Berhad (“**Manulife**” or “**the Company**”) will be held on a virtual basis at the Broadcast venue at Meeting Room of Securities Services (Holdings) Sdn. Bhd., Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Wilayah Persekutuan on Friday, 10 June 2022 at 2:30 p.m. for the following purposes:

## AGENDA

1. To receive the Audited Financial Statements for the financial year ended 31 December 2021 together with the Reports of the Directors and the Auditors thereon.
2. To approve the declaration of a First and Final Single-Tier Dividend of 7.0 sen per share for the financial year ended 31 December 2021. **(Resolution 1)**
3. To re-elect the following Directors who retire pursuant to Clause 123 of the Company's Constitution:
  - (a) Dato' Dr. Zaha Rina Binti Zahari; and **(Resolution 2)**
  - (b) Mr. Matthew Edward Lawrence. **(Resolution 3)**
4. To approve the additional payment of Directors' fees for the period from 1 January 2022 until 10 June 2022, to the following Directors in view of the increase of Directors' fees with effect from 1 January 2022:
  - (a) Dato' Dr. Zaha Rina Binti Zahari, Independent Non-Executive Chairman, of RM667.58; **(Resolution 4)**
  - (b) Mrs. Vijayam A/P Nadarajah, Independent Non-Executive Director, of RM4,029.08; and **(Resolution 5)**
  - (c) Mr. Renzo Christopher Viegas, Independent Non-Executive Director, of RM4,029.08. **(Resolution 6)**
5. To approve the payment of Directors' fees from 11 June 2022 until the next Annual General Meeting of the Company to be held in year 2023, payable quarterly in arrears after each quarter of completed service of the Directors of the Company to the following Directors:
  - (a) Dato' Dr. Zaha Rina Binti Zahari, Independent Non-Executive Chairman; **(Resolution 7)**
  - (b) Mrs. Vijayam A/P Nadarajah, Independent Non-Executive Director; **(Resolution 8)**
  - (c) Mr. Renzo Christopher Viegas, Independent Non-Executive Director; **(Resolution 9)**
  - (d) Mr. Matthew Edward Lawrence, Non-Independent Non-Executive Director; and **(Resolution 10)**
  - (e) such person(s) to be appointed as Non-Executive Director(s) of the Company, based on the amount as stated under explanatory note no. 3 of the Notice of Meeting. **(Resolution 11)**
6. To approve the payment of Directors' benefits of up to an amount of RM100,000.00 from 11 June 2022 until the next Annual General Meeting of the Company to be held in year 2023. **(Resolution 12)**
7. To re-appoint Messrs. Ernst & Young PLT as Auditors of the Company until the conclusion of the next Annual General Meeting and to authorise the Directors to fix their remuneration. **(Resolution 13)**

## AS SPECIAL BUSINESS

8. To consider and if thought fit, with or without modifications, to pass the following resolutions:
  - (a) **ORDINARY RESOLUTION 1** **(Resolution 14)**  
**- AUTHORITY TO ISSUE SHARES**

“**THAT** subject always to the Companies Act 2016 (“**the Act**”), the Company's Constitution and approvals from Bursa Malaysia Securities Berhad (“**Bursa Malaysia Securities**”) and any other governmental and/or regulatory authorities, the Directors of the Company be and are hereby empowered pursuant to the Act, to issue and allot shares in the capital of the Company from time to time at such price to such persons and upon such terms and conditions, for such



purposes as the Directors of the Company may in their absolute discretion deem fit, provided always that the aggregate number of shares to be issued pursuant to this resolution does not exceed twenty per centum (20%) of the total number of issued shares of the Company for the time being to be utilised until 31 December 2022 (pursuant to the extension of enhanced general mandate announced by Bursa Malaysia Securities on 23 December 2021) ("**20% General Mandate**") on the basis that the Company has not utilised for the 20% General Mandate approved by the shareholders at the Annual General Meeting ("**AGM**") held on 4 June 2021 for issuance of new securities and thereafter, ten per centum (10%) of the total number of issued shares of the Company for the time being as stipulated under Paragraph 6.03(1) of Bursa Malaysia Securities' Main Market Listing Requirements to be utilised before the conclusion of the first AGM of the Company following the general meeting at which such approval was given or at the expiry of the period within which the next AGM is required to be held after the approval was given, whichever is the earlier;

**AND THAT** the Directors of the Company be and are hereby empowered to obtain the approval for the listing of and quotation for the additional shares so issued on Bursa Malaysia Securities."

(b) **ORDINARY RESOLUTION 2**

(Resolution 15)

- **PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE**

**"THAT** subject always to the provisions of Bursa Malaysia Securities Berhad's Main Market Listing Requirements, a renewal of existing shareholders' mandate be and is hereby granted to Manulife Holdings Berhad and its subsidiary companies to enter into the recurrent related party transactions of a revenue or trading nature ("**Recurrent Related Party Transactions**") as described in the circular to shareholders dated 29 April 2022 with the related parties mentioned therein **PROVIDED THAT:**

- (i) the Recurrent Related Party Transactions are in the ordinary course of business which are necessary for day-to-day operations and are on terms not more favourable than those generally available to the public; and
- (ii) disclosure is made in the annual report breakdown of the aggregate value of transactions conducted pursuant to the shareholders' mandate during the financial year;

**AND THAT** the authority conferred by such mandate shall commence immediately upon the passing of this ordinary resolution and continue to be in force until:

- (a) the conclusion of the first Annual General Meeting ("**AGM**") of the Company following the general meeting at which such mandate was passed, at which time it will lapse, unless by a resolution passed at the meeting, the authority is renewed;
- (b) the expiration of the period within which the next AGM of the Company after that date is required to be held pursuant to Section 340(2) of the Companies Act 2016 ("**the Act**") [but must not extend to such extension as may be allowed pursuant to Section 340(4) of the Act]; or
- (c) revoked or varied by resolution passed by the shareholders of the Company in general meeting,

whichever is the earlier;

**AND THAT**, the Directors of the Company be authorised to complete and do all such acts and things (including executing all such documents as may be required) as they may consider expedient or necessary to give effect to the transactions contemplated and/or authorised by this resolution."

(c) **ORDINARY RESOLUTION 3****(Resolution 16)**- **PROPOSED NEW SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE**

**"THAT** subject always to the provisions of Bursa Malaysia Securities Berhad's Main Market Listing Requirements, a shareholders' mandate be and is hereby granted to Manulife Holdings Berhad and its subsidiary companies to enter into the recurrent related party transactions of a revenue or trading nature ("**Recurrent Related Party Transactions**") as described in the circular to shareholders dated 29 April 2022 with the related parties mentioned therein **PROVIDED THAT:**

- (i) the Recurrent Related Party Transactions are in the ordinary course of business which are necessary for day-to-day operations and are on terms not more favourable than those generally available to the public; and
- (ii) disclosure is made in the annual report breakdown of the aggregate value of transactions conducted pursuant to the shareholders' mandate during the financial year;

**AND THAT** the authority conferred by such mandate shall commence immediately upon the passing of this ordinary resolution and continue to be in force until:

- (a) the conclusion of the first Annual General Meeting ("**AGM**") of the Company following the general meeting, at which such mandate was passed, at which time it will lapse, unless by a resolution passed at the meeting, the authority is renewed;
  - (b) the expiration of the period within which the next AGM of the Company after that date it is required to be held pursuant to Section 340(2) of the Companies Act 2016 ("**the Act**") [but must not extend to such extension as may be allowed pursuant to Section 340(4) of the Act]; or
  - (c) revoked or varied by resolution passed by the shareholders of the Company in general meeting;
- whichever is the earlier;

**AND THAT**, the Directors of the Company be authorised to complete and do all such acts and things (including executing such documents as may be required) as they may consider expedient or necessary to give effect to the transactions contemplated and/or authorised by this resolution."

(d) **ORDINARY RESOLUTION 4****(Resolution 17)**- **PROPOSED RENEWAL OF AUTHORITY TO ALLOT AND ISSUE NEW ORDINARY SHARES IN MANULIFE HOLDINGS BERHAD ("MANULIFE" OR "THE COMPANY") ("MANULIFE SHARES"), FOR THE PURPOSE OF THE DIVIDEND REINVESTMENT PLAN ("DRP") OF MANULIFE WHICH WILL PROVIDE THE SHAREHOLDERS OF MANULIFE WITH THE OPTION TO ELECT TO REINVEST THEIR DIVIDENDS IN NEW MANULIFE SHARES ("PROPOSED RENEWAL OF DRP AUTHORITY")**

**"THAT** pursuant to the DRP as approved by the shareholders at the Extraordinary General Meeting of the Company held on 26 June 2020 and renewed at the Annual General Meeting of the Company held on 4 June 2021, and subject to the approval of all relevant regulatory authorities or parties being obtained, where required, approval be and is hereby given to the Directors of the Company to allot and issue such number of new Manulife Shares from time to time as may be required to be allotted and issued pursuant to the DRP ("**New Shares**") until the next Annual General Meeting of the Company, upon such terms and conditions and to such persons as the Directors of the Company may, in their absolute discretion, deem fit and in the best interest of the Company;

**THAT** the issue price of the New Shares, which will be determined and fixed by the Board of Directors on the price-fixing date to be determined, shall not be at more than ten per centum (10%) discount to the five (5)-day volume weighted average market price (“**VWAP**”) of Manulife Shares immediately preceding the price-fixing date, of which the VWAP shall be adjusted ex-dividend before applying the aforementioned discount in fixing the issue price at the material time;

**AND THAT** the Directors of the Company be and are hereby authorised to do all such acts and enter into all such transactions, arrangements, deeds and undertakings and to execute, sign and deliver for and on behalf of the Company, all such documents and impose such terms and conditions or delegate all or any part of its powers as may be necessary or expedient in order to implement, finalise and give full effect to the issuance of New Shares pursuant to the DRP, with full power to assent to any conditions, modifications, variations and/or amendments including amendments, modifications, suspension and termination of the DRP as the Directors of the Company may, in their absolute discretion, deem fit and in the best interest of the Company and/or as may be imposed or agreed to by any other relevant authorities.”

9. To transact any other ordinary business for which due notice has been given.

By Order of the Board

**CHUA SIEW CHUAN** (SSM PC NO. 201908002648) (MAICSA 0777689)

**CHIN MUN YEE** (SSM PC NO. 201908002785) (MAICSA 7019243)

Company Secretaries

Kuala Lumpur

Dated: 29 April 2022

#### NOTES:

1. In respect of deposited securities, only members whose names appear in the Record of Depositors on 3 June 2022 shall be eligible to attend the Meeting.
2. Pursuant to Clauses 96(b) and (c) of the Company's Constitution, a member entitled to attend and vote at the Meeting is entitled to appoint not more than two (2) proxies to attend and vote in his stead. Where a member appoints two (2) proxies, the appointments shall be invalid unless he specifies the proportion of his holdings to be represented by each proxy.
3. A proxy may but does not need to be a member of the Company and a member entitled to attend and vote at the Meeting may appoint any person to be his proxy to attend and vote instead of the member at the Meeting. There shall be no restriction as to the qualification of the proxy. A proxy appointed to attend and vote at the Meeting shall have the same rights as the member to speak at the Meeting.

As guided by the Securities Commission Malaysia's Guidance and FAQs on the Conduct of General Meetings for Listed Issuers that was issued on 18 April 2020 and its subsequent amendments, the right to speak is not limited to verbal communication only but includes other modes of expression. Therefore, all shareholders and proxies shall communicate with the main venue of the Meeting via real time submission of typed texts through a text box within Securities Services e-Portal's platform during the live streaming of the Meeting as the primary mode of communication. In the event of any technical glitch in this primary mode of communication, shareholders and proxies may email their questions to [eservices@sshsb.com.my](mailto:eservices@sshsb.com.my) during the Meeting. The questions and/or remarks submitted by the shareholders and/or proxies will be broadcasted and responded by the Chairman/Board of Directors (“**Board**”)/relevant advisers during the Meeting. In the event of any unattended questions and/or remarks submitted, the Company will respond to the said unattended questions and/or remarks after the Meeting.

4. In the case of a corporate member, the instrument appointing a proxy must be either under its common seal or under the hand of an officer or attorney duly authorised.
5. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account (“**omnibus account**”), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.



## 6. Appointment of proxy and registration for remote participation and voting

The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority shall be deposited at Securities Services (Holdings) Sdn. Bhd. of Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Wilayah Persekutuan not less than forty-eight (48) hours before the time for holding the Meeting or any adjournment thereof. The proxy appointment may also be lodged electronically via Securities Services e-Portal at <https://sshsb.net.my/>. The lodging of the proxy form will not preclude you from attending and voting at the Meeting should you subsequently wish to do so provided a notice of termination of authority to act as proxy is given to the Company and deposited at Securities Services (Holdings) Sdn. Bhd. of Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Wilayah Persekutuan not less than twenty-four (24) hours before the time stipulated for holding the Meeting or any adjournment thereof. The notice of termination of authority to act as proxy may also be submitted via email to [eservices@sshsb.com.my](mailto:eservices@sshsb.com.my). All resolutions set out in this notice of meeting are to be voted by poll.

Should you wish to personally participate at the Meeting remotely, please register electronically via Securities Services e-Portal at <https://sshsb.net.my/> by the registration cut-off date and time. Please refer to the Administrative Guide on the Conduct of a Virtual General Meeting for further details.

The Administrative Guide on the Conduct of a Virtual General Meeting is available for download at [www.manulife.com.my](http://www.manulife.com.my).

## EXPLANATORY NOTE ON DIVIDEND PAYMENT

Dividend declaration may be limited in the event the Company's wholly-owned subsidiary, Manulife Insurance Berhad is unable to meet its Internal Capital Adequacy Ratio target set pursuant to regulatory requirements.

## EXPLANATORY NOTES

### (1) RESOLUTIONS 2 TO 3 – RE-ELECTION OF DIRECTORS WHO RETIRE BY ROTATION PURSUANT TO CLAUSE 123 OF THE COMPANY'S CONSTITUTION:

Pursuant to Clause 123 of the Company's Constitution, one-third (1/3) of the Directors [or if the number is not a multiple of three (3), the number nearest to one-third (1/3)] at the time being of whom have been longest in office shall retire from office by rotation at the Annual General Meeting of the Company and be eligible for re-election.

The Board considered that the performance of Dato' Dr. Zaha Rina Binti Zahari and Mr. Matthew Edward Lawrence (each referred to as "**retiring Director**") to be effective. Both retiring Directors were able to meet the Board's expectation in terms of experience, expertise, integrity, competency, participation and contribution. Each retiring Director demonstrates commitment to the role and has sufficient time to meet his/her commitment to the Company. Both retiring Directors have also provided their declaration of fitness and propriety in February 2022. These two (2) retiring Directors had abstained from deliberations and decisions on their own eligibility to stand for re-election at the Board and Group Nominating/Remuneration Committee meetings.

The Board is in support of re-appointment of both retiring Directors. Below outlines the reasons why each retiring Director provides valuable contribution to the Board:

#### Resolution 2 – Re-election of Dato' Dr. Zaha Rina Binti Zahari

Dato' Dr. Zaha Rina Binti Zahari joined the Company in year 2013 and has over twenty-six (26) years of experience in the financial, commodities and securities industry, and the development of the Malaysian Capital Market. During the course of the year, she has demonstrated both the leadership and skills required of a Board Chairman.

#### Resolution 3 – Re-election of Mr. Matthew Edward Lawrence

Mr. Matthew Edward Lawrence joined the Company in year 2020 and has over twenty (20) years of experience in the insurance industry, holding leadership roles in both the corporate and professional services fields that span across North America, Europe and Asia. His extensive experience and knowledge of the operations of Manulife continues to be valuable to the Company.

### (2) RESOLUTIONS 4 TO 6 – DIRECTORS' FEES

The additional payment of Directors' fees for the period from 1 January 2022 until 10 June 2022 is due to the increase of Directors' fees with effect from 1 January 2022 after taking into consideration the increased demand, time commitments and market competitiveness, as follows:

Independent Non-Executive Chairman	: Additional RM375.00 per quarter
Independent Non-Executive Director	: Additional RM2,263.25 per quarter

**(3) RESOLUTIONS 7 TO 11 – DIRECTORS' FEES**

The payment of Directors' fees shall be payable quarterly in arrears after each quarter of completed service of the Directors of the Company as follows:

Independent Non-Executive Chairman of the Board	: RM30,062.50 per quarter*^
Each Independent Non-Executive Director	: RM21,875.00 per quarter*^
Each Non-Independent Non-Executive Director	: RM18,375.00 per quarter

Notes:

- \* excluding additional fees payable to the Independent Non-Executive Chairman of the Board and the Independent Non-Executive Directors for attending the Board Strategy Day meeting at RM5,000.00 per meeting.
- ^ excluding additional fees payable to the Independent Non-Executive Chairman of the Board and/or Independent Non-Executive Directors for assuming the role of Chairman of Group Audit Committee/ Group Nominating and Remuneration Committee/ Group Risk Management Committee at RM1,000.00 per quarter.

**(4) RESOLUTION 14 – AUTHORITY TO ISSUE SHARES**

The Company wishes to renew the mandate on the authority to issue shares pursuant to the Companies Act 2016 at the Forty-Sixth Annual General Meeting of the Company. The Company had been granted a general mandate by its shareholders at the Forty-Fifth Annual General Meeting of the Company held on 4 June 2021 (hereinafter referred to as the **"Previous Mandate"**).

The Previous Mandate granted by the shareholders had not been utilised and hence, no proceed was raised therefrom.

As part of the initiative from Bursa Malaysia Securities Berhad (**"Bursa Malaysia Securities"**) to aid and facilitate listed issuers in sustaining their business or easing their compliance with Bursa Malaysia Securities' rules, amid the unprecedented uncertainty surrounding the recovery of the COVID-19 pandemic and the Movement Control Order imposed by the Government, Bursa Malaysia Securities had on 16 April 2020 introduced the twenty per centum (20%) general mandate as an interim relief measure to allow a listed issuer to seek a higher general mandate under Paragraph 6.03 of the Main Market Listing Requirements of Bursa Malaysia Securities of not more than twenty per centum (20%) of the total number of issued shares (excluding treasury shares) for issue of securities (**"20% General Mandate"**). The 20% General Mandate may be utilised to issue new securities until 31 December 2021, and thereafter, the ten per centum (10%) of the total number of issued shares of the Company for the time being as stipulated under Paragraph 6.03(1) of the Main Market Listing Requirements of Bursa Malaysia Securities shall apply (**"10% General Mandate"**). The 20% General Mandate and 10% General Mandate are sought to provide flexibility to the Company for allotment of shares without convening a general meeting, which may be both time and cost-consuming, if the need arises.

Bursa Malaysia Securities had on 23 December 2021 resolved to extend the implementation period of the 20% General Mandate as part of their continuous support and assistance to listed issuers in these trying and challenging times amid the COVID-19 pandemic.

The Board, having considered the current and prospective financial position, and future financial needs of the Group, is of the opinion that the increase in general mandate limit for new issue of shares of up to twenty per centum (20%) is in the best interest of the Company and its shareholders. These 20% General Mandate and 10% General Mandate would provide the Company with additional fundraising flexibility to undertake fundraising activities in an expeditious and efficient manner. The funds raised may be used for the purpose of funding investment(s), working capital and/or acquisitions(s).

**(5) RESOLUTIONS 15 AND 16 – PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE AND NEW SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE ("RECURRENT RELATED PARTY TRANSACTIONS")**

The proposed adoption of Resolutions 15 and 16 are to renew the shareholders' mandate for Recurrent Related Party Transactions granted by the shareholders of the Company at the Forty-Fifth Annual General Meeting of the Company held on 4 June 2021 (**"Renewal of Shareholders' Mandate"**) and to obtain new shareholders' mandate for Recurrent Related Party Transactions (**"New Shareholders' Mandate"**), respectively. Both Renewal of Shareholders' Mandate and New Shareholders' Mandate will enable the Company and its subsidiary companies (**"the Group"**) to enter into the Recurrent Related Party Transactions which are necessary for the Group's day-to-day operations, subject to the transactions being in the ordinary course of business and on normal commercial terms which are not more favourable to the related parties than those generally available to the public and are not to the detriment of the minority shareholders of the Company.

**(6) RESOLUTION 17 - PROPOSED RENEWAL OF DRP AUTHORITY**

The proposed Resolution 17, if approved, will give authority to the Board to allot and issue new Manulife Shares under the DRP, until the conclusion of the next Annual General Meeting of the Company. A renewal of this authority will be sought at subsequent Annual General Meetings of the Company on an annual basis, where applicable.

## — BOARD OF DIRECTORS

### Dato' Dr. Zaha Rina Binti Zahari

DSAP, MBA, DBA  
Bachelor of Arts (Honours) in Accounting and Finance, Leeds Metropolitan University, United Kingdom ("UK")  
Master in Business Administration, University of Hull, UK  
Doctorate in Business Administration, University of Hull, UK  
*Chairman/Independent Non-Executive Director*

### Mrs. Vijayam A/P Nadarajah

CPA, C.A.(M), C.F.I.I.A  
Bachelor of Economics, Monash University, Melbourne, Australia  
Bachelor of Laws (L.L.B.), University of London, UK  
Master of Business Administration, Monash University, Melbourne, Australia  
*Independent Non-Executive Director*

### Mr. Matthew Edward Lawrence

Bachelor of Science in Economics, London School of Economics and Political Science, UK  
Fellow of the Institute of Chartered Accountants in England & Wales  
Certificate to practise as a Chartered Accountant in England & Wales  
*Non-Independent Non-Executive Director*

### Ms. Vibha Hamsi Coburn

Bachelor of Commerce, Dehli University, India  
Post Graduate Applied Finance Diploma, Securities Institute of Australia  
Master of Business Administration, University of Western Australia, Australia  
Graduate of Australian Institute of Company Directors (GAICD), Australia  
*Group Chief Executive Officer/Executive Director*

### Mr. Renzo Christopher Viegas

Bachelor of Commerce, Bombay University, India  
Chartered Accountant, Fellow of the Institute of Chartered Accountants of India  
Advance Management Program in Strategic Marketing Planning, Michigan State University, United States of America  
*Independent Non-Executive Director*

## — SECRETARIES

### Chua Siew Chuan

(SSM PC No. 201908002648)  
(MAICSA 0777689)

### Chin Mun Yee

(SSM PC No. 201908002785)  
(MAICSA 7019243)

## — COMMITTEES OF THE BOARD

### • Group Audit Committee

**Mr. Renzo Christopher Viegas**

*(Chairman)*

**Mrs. Vijayam A/P Nadarajah**

**Mr. Matthew Edward Lawrence**

### • Group Risk Management Committee

**Mrs. Vijayam A/P Nadarajah**

*(Chairman)*

**Mr. Matthew Edward Lawrence**

**Mr. Renzo Christopher Viegas**

### • Group Nominating/ Remuneration Committee

**Dato' Dr. Zaha Rina Binti Zahari**

*(Chairman)*

**Mrs. Vijayam A/P Nadarajah**

**Mr. Matthew Edward Lawrence**

**Mr. Renzo Christopher Viegas**

## — REGISTERED OFFICE

16th Floor, Menara Manulife  
6 Jalan Gelenggang  
Damansara Heights  
50490 Kuala Lumpur  
Tel: 03 2719 9228  
Fax: 03 2095 3804  
[www.manulife.com.my](http://www.manulife.com.my)

## — REGISTRAR

Securities Services (Holdings) Sdn. Bhd.  
Level 7, Menara Milenium  
Jalan Damanlela  
Pusat Bandar Damansara  
Damansara Heights  
50490 Kuala Lumpur  
Tel: 03 2084 9000  
Fax: 03 2094 9940

## — PRINCIPAL BANKERS

Malayan Banking Berhad  
Public Bank Berhad  
OCBC Bank (Malaysia) Berhad  
Citibank Berhad  
HSBC Bank Malaysia Berhad  
Alliance Bank Malaysia Berhad  
Standard Chartered Bank Malaysia Berhad  
United Overseas Bank Malaysia Berhad  
DBS Bank Limited

## — AUDITORS

Ernst & Young PLT (202006000003)  
(LLP0022760-LCA & AF0039)  
Chartered Accountants  
Level 23A, Menara Milenium  
Jalan Damanlela, Pusat Bandar Damansara  
50490 Kuala Lumpur

## — INVESTOR RELATIONS

Tel: 03 2719 9228 ext: 609740  
Email: [Eza\\_Dzulkarnain@manulife.com](mailto:Eza_Dzulkarnain@manulife.com)

## — AGM HELPDESK

Tel: 03 2719 9260  
Email: [MY\\_CG@manulife.com](mailto:MY_CG@manulife.com)

## — STOCK EXCHANGE LISTING

Bursa Malaysia Securities Berhad –  
Main Market





## Five-Year Group Financial Highlights

	2017	2018	2019	2020	2021
<b>OPERATING RESULTS</b>					
For the financial year ended 31 December (RM'million)					
Group Premiums	896.4	913.4	988.0	1,014.0	1,071.0
Fee Income	96.1	106.7	109.7	109.5	150.3
Net Investment Gains/Losses <sup>1</sup>	392.3	18.8	329.8	340.4	346.5
Policyowners Benefit Paid and Payable	634.2	657.3	711.6	805.6	776.4
Group Profit Before Taxation	41.6	38.2	38.4	45.8	105.5
Group Net Profit Attributable To Shareholders	28.0	26.3	26.1	38.8	87.0
<b>KEY BALANCE SHEET DATA</b>					
<b>As at 31 December (RM'million)</b>					
Life Fund Assets	4,765.8	4,705.4	5,073.4	5,599.5	5,763.0
General/Shareholder Fund Assets	868.2	829.5	881.7	904.3	886.1
Total Assets	5,634.0	5,534.9	5,955.1	6,503.8	6,649.1
Total Liabilities	4,818.7	4,713.0	5,117.5	5,596.4	5,695.5
Shareholders' Equity	815.3	821.9	837.6	907.4	953.6
<b>SHARE INFORMATION</b>					
Group Basic Earnings Per Share (sen)	13.8	13.0	12.9	19.0	41.6
Net Dividend Per Share (sen)	8.0	7.0	7.0	7.0	7.0
Group Net Asset Per Share (RM)	4.02	4.05	4.14	4.38	4.51
Share Price – High (RM)	3.32	3.31	2.85	2.46	2.54
Share Price – Low (RM)	3.00	2.30	2.31	1.65	1.95
Share Price As At 31 December (RM)	3.30	2.50	2.48	2.01	2.30
Market Capitalisation (RM'million)	667.8	505.9	501.9	416.0	486.6
<b>FINANCIAL RATIO (%)</b>					
Return on Equity <sup>2</sup>	3.5	3.2	3.2	4.4	9.3
Return on Assets <sup>3</sup>	0.5	0.5	0.5	0.6	1.3

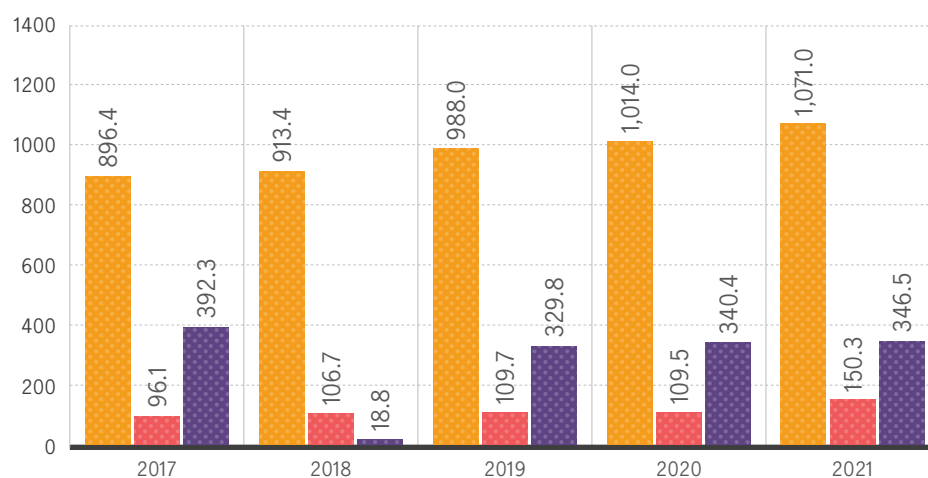
<sup>1</sup> Comprises Investment income and Net realised/fair value losses, net off Investment expenses

<sup>2</sup> Return on Equity = Group Net Profit Attributable To Shareholders / Average Shareholder's Equity

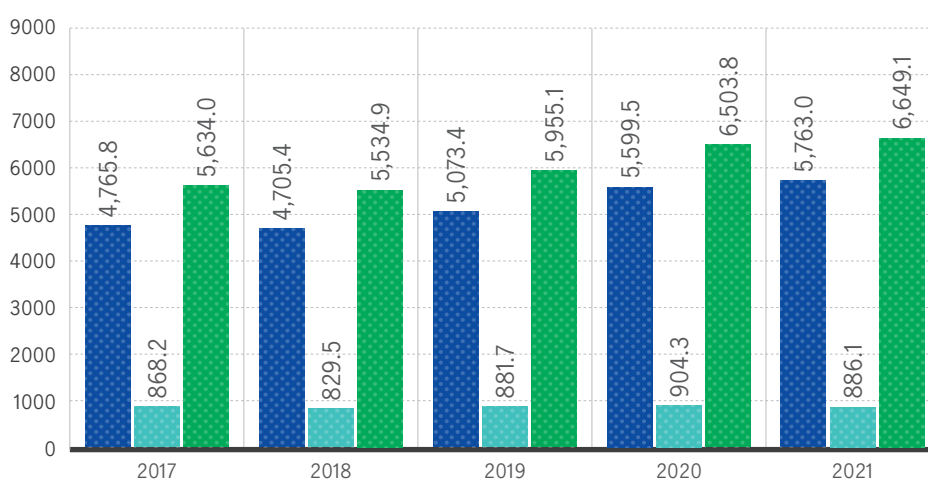
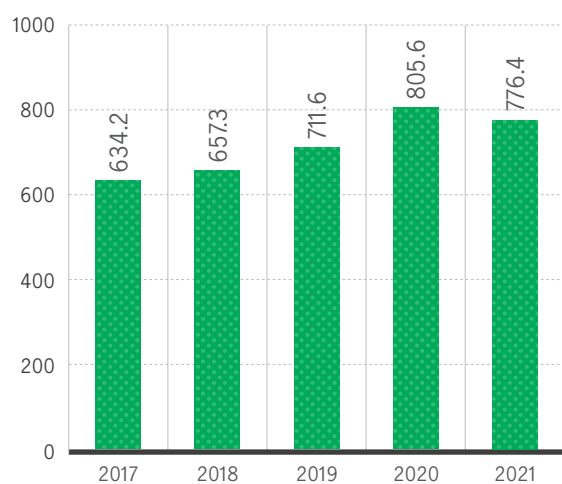
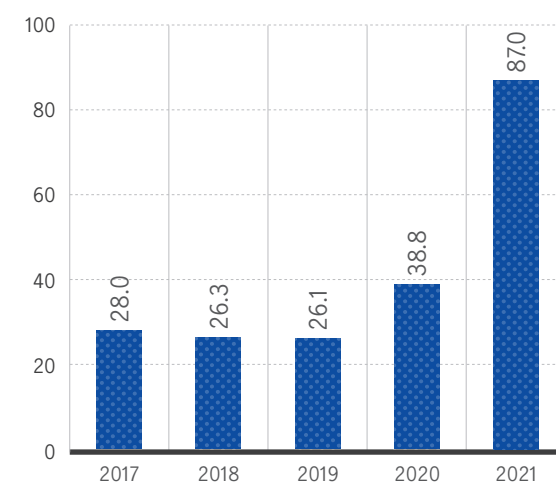
<sup>3</sup> Return on Assets = Group Net Profit Attributable To Shareholders / Average Total Assets

**GROUP INCOME**  
(RM million)

- Group Premium
- Fee Income
- Net Investment Gains/Losses

**GROUP ASSETS**  
(RM million)

- Life Fund Assets
- General/Shareholder Fund Assets
- Total Assets

**POLICYOWNERS BENEFIT PAID AND PAYABLE**  
(RM million)**GROUP NET PROFIT ATTRIBUTABLE TO SHAREHOLDERS**  
(RM million)





## Dato' Dr. Zaha Rina Binti Zahari

Chairman/  
Independent Non-Executive Director

Malaysian

61 years old

Female

Appointed to the Board:  
**12 December 2013**

Number of Board Meetings Attended in year 2021:  
**6/6**

Dato' Dr. Zaha Rina binti Zahari ("**Dato' Dr. Zaha Rina**") holds a Bachelor of Arts (Honours) in Accounting and Finance from Leeds Metropolitan University, United Kingdom ("**UK**") and Master in Business Administration from University of Hull, UK. She also holds a Doctorate in Business Administration from University of Hull, UK, focusing on capital markets research and specialising in derivatives.

Dato' Dr. Zaha Rina was a Consultant to Financial Technologies Middle East based in Bahrain for the set-up of Bahrain Financial Exchange launched in January 2009. Prior to this, she was with Royal Bank of Scotland Group in Singapore from August 2007 to May 2008. She has more than twenty-six (26) years of experience in the financial, commodities and securities industry and the development of the Malaysian Capital Market, which includes managing a futures broking company. She was the Chief Executive Officer of RHB Securities Sdn. Bhd. from year 2004 to year 2006. She has previous Board appointments at the Commodity and Monetary Exchange of Malaysia from year 1993 to year 1996, and then as the Chief Operating Officer of Kuala Lumpur Options and Financial Futures

Exchange in year 2001, which merged to become Malaysian Derivatives Exchange ("**MDEX**") in June 2001.

Dato' Dr. Zaha Rina was then appointed Head of Exchanges, managing the operations of Kuala Lumpur Stock Exchange ("**KLSE**") [now known as Bursa Malaysia Securities Berhad ("**Bursa Malaysia Securities**")], Malaysia Exchange of Securities Dealings & Automated Quotation (MESDAQ), MDEX and Labuan International Financial Exchanges in September 2003 prior to KLSE's [now known as Bursa Malaysia Securities] demutualisation. She is also a regular speaker at many international conferences and forums.

Dato' Dr. Zaha Rina was a Director of Zurich Insurance Malaysia Bhd. from year 2007 to year 2013 and Hong Leong Industries Bhd. from year 2012 to year 2021. She sits on the Boards of Mizuho Bank (Malaysia) Berhad, Hibiscus Petroleum Bhd., IGB Berhad, Pacific & Orient Berhad, Pacific & Orient Insurance Co. Berhad and Keck Seng (Malaysia) Berhad, besides holding directorships in several private limited companies. She was a member of Market Participants Committee of Bursa

Malaysia Securities. She is currently a member of the Appeals Committee of Bursa Malaysia Securities.

Dato' Dr. Zaha Rina is a Divemaster with National Association of Underwater Instructors (NAUI). She was a member of Global Board of Advisers for XBRL until year 2009 and was also on the Board of Trustees for Malaysia AIDS Foundation until May 2010.

Dato' Dr. Zaha Rina is the Chairman of the Group Nominating/Remuneration Committee of the Company. She is also a Director and the Chairman of Manulife Investment Management (M) Berhad, a wholly-owned subsidiary of the Company.

Dato' Dr. Zaha Rina does not have any family relationship with any Director and/or major shareholder of the Company nor any conflict of interest with the Company. She does not have any convictions for any offences within the past five (5) years and any public sanction or penalty imposed by the relevant regulatory bodies during the financial year ended 31 December 2021.



## Vibha Hamsi Coburn

Group Chief Executive Officer/  
Executive Director

Australian

57 years old

Female

Appointed to the Board:

**1 October 2020**

Number of Board Meetings Attended in year 2021:

**5/6**

Ms. Vibha Hamsi Coburn (“**Ms. Vibha Coburn**”) holds a Master of Business Administration from the University of Western Australia, post graduate diploma from the Securities Institute of Australia [Chartered Financial Analyst (CFA) equivalent] and a Bachelor of Commerce (Hons) from Delhi University. She is also a Graduate member of Australia Institute of Company Directors (GAICD).

Ms. Vibha Coburn was formerly the Chief Distribution Officer at Manulife Asia, responsible for developing and executing strategy for Manulife distribution across Asia, including championing the adoption of digital channels. Under her leadership, Manulife’s agency force grew significantly and became the world’s third best amongst international

insurers in terms of Million Dollar Round Table membership. At the same time, she has helped to vastly strengthen Manulife’s bancassurance capabilities, delivering strong growth to its regional partnerships and, renewing and establishing new partnerships in Vietnam, Indonesia and Myanmar. She has also championed the development and adoption of digital tools throughout all channels in distribution.

Prior to joining Manulife, Ms. Vibha Coburn had a wide range of senior roles over thirty (30) years in banking, insurance and management consulting across Asia, Europe and Australia. These included roles in e-business, sales, customer acquisition, finance, wealth management, liabilities, mortgages and credit cards.

Ms. Vibha Coburn also sits on the Boards of Manulife Insurance Berhad (“**MIB**”) and Manulife Investment Management (M) Berhad (“**MIMMB**”), L.I.A.M. Holding Sdn. Bhd. and L.I.A.M. Property Sdn. Bhd. Both MIB and MIMMB are the wholly-owned subsidiaries of the Company.

Ms. Vibha Coburn does not have any family relationship with any Director and/or major shareholder of the Company nor any conflict of interest with the Company. She does not have any convictions for any offences within the past five (5) years and any public sanction or penalty imposed by the relevant regulatory bodies during the financial year ended 31 December 2021.



## Vijayam A/P Nadarajah

Independent Non-Executive Director

Malaysian

60 years old

Female

Appointed to the Board:

**19 April 2019**

Number of Board Meetings Attended in year 2021:

**6/6**

Mrs. Vijayam A/P Nadarajah ("**Mrs. Vijayam Nadarajah**") holds a Master degree in Business Administration and a Bachelor degree in Economics (with a major in accounting) from Monash University in Melbourne, Australia. She has also acquired a law degree from University of London, United Kingdom. She is a Fellow Member of CPA Australia, a Chartered Accountant under the Malaysian Institute of Accountants and a Fellow Member of the Institute of Internal Auditors Malaysia ("**IIAM**").

Mrs. Vijayam Nadarajah was the president of the IIAM from year 1996 to year 1997 and was then re-appointed as a governor to the Board of Governors of IIAM in year 2018. She co-chaired the taskforce on Guidance for Effective Internal Audit Function.

Mrs. Vijayam Nadarajah was the Independent Non-Executive Director of The Bank of Nova Scotia Berhad. Prior to her appointment to the Board of The Bank of Nova Scotia Berhad, she was a consultant for China Construction Bank Malaysia Berhad. She was in charge of overseeing the incorporation of a public company to set up the bank in Malaysia and application for a bank

license. During this process, she liaised with Bank Negara Malaysia ("**BNM**") on matters related to application of license and operational readiness audit. Furthermore, she advised on the structure and nomination of independent directors for the board, and also drafted the board charter and terms of reference of board committees, on top of other governance policies.

From year 2013 to year 2016, Mrs. Vijayam Nadarajah served as a Specialist for the Research and Development/Corporate Program of the Financial Accreditation Agency, which is an initiative supported by BNM and the Securities Commission Malaysia. She also served as Financial Controller at CIMB Aviva Assurance Berhad and CIMB Aviva Takaful Berhad, Assistant General Manager of Finance at Oriental Capital Assurance Berhad, as well as senior roles in RHB Bank Berhad and Sime Bank Berhad/UMBC Bank Berhad.

Mrs. Vijayam Nadarajah presently sits on the Boards of BNP Paribas Malaysia Berhad, MPI Generali Insurans Berhad and Monash University Malaysia Sdn Bhd. She is a consultant and trainer in topics such as risk management,

compliance, internal audit and board governance.

Mrs. Vijayam Nadarajah is the Chairman of the Group Risk Management Committee and is a member of the Group Audit Committee and Group Nominating/Remuneration Committee of the Company. She is also a Director and Chairman of the Risk Management Committee, and a member of Audit Committee and Nominating/Remuneration Committee of Manulife Insurance Berhad, a wholly-owned subsidiary of the Company.

Mrs. Vijayam Nadarajah does not have any family relationship with any Director and/or major shareholder of the Company nor any conflict of interest with the Company. She does not have any convictions for any offences within the past five (5) years and any public sanction or penalty imposed by the relevant regulatory bodies during the financial year ended 31 December 2021.





## Renzo Christopher Viegas

Independent Non-Executive Director

Indian

61 years old

Male

Appointed to the Board:

**1 November 2020**

Number of Board Meetings Attended in year 2021:

**6/6**

Mr. Renzo Christopher Viegas (**"Mr. Renzo Viegas"**) holds a Bachelor of Commerce from the University of Bombay, India. He is a Chartered Accountant and Fellow Member of the Institute of Chartered Accountants of India.

Mr. Renzo Viegas started his career with Citibank in year 1985, where he progressively held senior positions in various Asia Pacific countries including regional responsibilities until year 2008. His last held position was Chief Operating Officer and Chief Financial Officer of Citibank Malaysia.

In year 2008, Mr. Renzo Viegas joined RHB Bank Berhad as Director of Retail Banking where he managed the consumer, insurance, hire purchase and small and medium enterprises businesses. In year 2011, he was appointed as the Principal Officer overseeing overall operation of RHB Bank Berhad. His last held position was Deputy Chief Executive Officer (**"CEO"**) of the bank with direct covers for the Consumer and International businesses.

Mr. Renzo Viegas was the Deputy CEO and Executive Director of CIMB Bank from year 2012 to year 2015 with

direct oversight over the Consumer and Commercial businesses and CEO of Group Consumer Banking from year 2015 to year 2016. He was responsible for the development of overall business strategies of consumer banking for the smooth implementation of the strategies, and transformed the consumer bank of the Group to become its growth engine. He provided support to the Group Chief Executive and other senior management, leveraging on the regional platform to better reap synergies and accelerate business delivery. He also served as Adviser to the Group CEO of CIMB Bank, where he was responsible for the development of overall Group business strategies until March 2019. He was also a non-independent director for CIMB Bank (Vietnam) Ltd. from August 2018 to July 2019, and non-independent director for CIMB Cambodia Bank PLC from November 2017 to July 2019.

Mr. Renzo Viegas served as non-executive director of Sun Life Malaysia Assurance Berhad and Sun Life Malaysia Takaful Berhad from May 2013 to July 2017.

Mr. Renzo Viegas is presently an independent non-executive director on the Board of Astro Malaysia Holdings Bhd. He is the Chairman of Audit and Risk

Committee, Chairman of Strategy and Business Transformation Committee and member of the Remuneration Committee of Astro Malaysia Holdings Bhd. He also sits on the Board of Ujjivan Financial Services Limited, a company listed on National Stock Exchange of India and the holding company of Ujjivan Small Finance Bank.

Mr. Renzo Viegas is the Chairman of the Group Audit Committee and is a member of the Group Risk Management Committee and Group Nominating/Remuneration Committee of the Company. He is also a Director and the Chairman of the Audit Committee and is a member of the Risk Management Committee and Nominating/Remuneration Committee of Manulife Insurance Berhad, a wholly-owned subsidiary of the Company.

Mr. Renzo Viegas does not have any family relationship with any Director and/or major shareholder of the Company nor any conflict of interest with the Company. He does not have any convictions for any offences within the past five (5) years and any public sanction or penalty imposed by the relevant regulatory bodies during the financial year ended 31 December 2021.



## Matthew Edward Lawrence

Non-Independent  
Non-Executive Director

British

46 years old

Male

Appointed to the Board:

**1 January 2020**

Number of Board Meetings Attended in year 2021:

**6/6**

Mr. Matthew Edward Lawrence (“**Mr. Matthew Lawrence**”) graduated from the London School of Economics and Political Science with a Bachelor of Science in Economics. He is a member and Fellow of the Institute of Chartered Accountants in England and Wales.

Mr. Matthew Lawrence has over twenty (20) years of experience in the insurance industry, holding leadership positions in both the corporate and professional services fields that span across North America, Europe and Asia. He joined Manulife as Regional Controller, Asia in year 2019. In this role, he is responsible for the Asia regional finance team, overseeing financial planning and analysis, management reporting,

expense management and accounting policy.

Prior to joining Manulife, Mr. Matthew Lawrence worked at Prudential where he held a series of progressive roles; his last held position was Finance Director of Prudential Assurance Company Singapore, where he was responsible for strategic planning and analysis, financial reporting, finance operations, and finance innovation. Prior to his time with Prudential, he spent many years at KPMG and has experience that covers accounting advisory, audit, and transaction services. He speaks frequently at industry events on the subject of accounting change for insurance.

Mr. Matthew Lawrence is a member of the Group Audit Committee, Group Risk Management Committee and Group Nominating/Remuneration Committee of the Company.

Mr. Matthew Lawrence does not have any family relationship with any Director and/or major shareholder of the Company nor any conflict of interest with the Company. He does not have any convictions for any offences within the past five (5) years and any public sanction or penalty imposed by the relevant regulatory bodies during the financial year ended 31 December 2021.

## Senior Key Management Profile

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### Vibha Hamsi Coburn

Group Chief Executive Officer / Executive Director

Australian 57 Female

Ms. Vibha Hamsi Coburn's profile is listed in the Directors' Profile on page 13 of this Annual Report.



### Jason Chong Soon Min

Chief Executive Officer & Executive Director

Malaysian 55 Male

Mr. Jason Chong Soon Min ("**Mr. Jason Chong**") joined Manulife Holdings Berhad's ("**MHB**") asset management arm in February 2010 as Chief Executive Officer/Executive Director. Following the merger of Manulife Malaysia's asset management and unit trust businesses in July 2012, known today as Manulife Investment Management (M) Berhad, Mr. Jason Chong was the Chief Investment Officer/Managing Director. In May 2017, he was promoted to Chief Executive Officer/Executive Director.

Mr. Jason Chong has more than thirty-two (32) years of experience in the investment industry. Before joining Manulife, he was Chief Investment Officer of another asset management company where he was responsible for the management of Malaysian and regional funds totaling approximately RM5 billion. Prior to that, he spent fifteen (15) years as an investment analyst covering both local and foreign equities, with his last position as Head of Research at Merrill Lynch/Smith Zain Securities.

Mr. Jason Chong holds a Bachelor of Science degree in Economics and Finance (Honors) from the University of Southern New Hampshire, United States of America as well as a Capital Markets and Services Representative License in Fund Management and Financial Planning in Malaysia.

Mr. Jason Chong does not hold any directorship in other public companies and/or listed issuers. He does not have any family relationship with any Director and/or major shareholder of MHB, nor any conflict of interest in any business arrangement involving MHB. Other than traffic offences, he does not have any convictions for any offences within the past five (5) years and any public sanction or penalty imposed by the relevant regulatory bodies during the financial year ended 31 December 2021.



**Tan Chue Chau**

Chief Financial Officer

Malaysian

46

Male

Mr. Tan Chue Chau (**"Mr. Tan"**) was appointed as the Chief Actuary and Pricing Officer of Manulife Insurance Berhad (**"MIB"**) in February 2019. He was also the interim Appointed Actuary of MIB and Manulife Insurance Labuan Limited (**"MILL"**) until end of year 2019. He was subsequently appointed as the Chief Financial Officer of MIB in March 2020. He is currently the Director of MILL and Britama Properties Sdn. Bhd.

Mr. Tan built his career in Sun Life Malaysia before moving on to Tokio Marine Life as Actuarial Manager. He then moved on joining MIB as Appointed Actuary. He then joined Prudential BSN Takaful Berhad as the Chief Actuary. He was a member of the Executive Committee of Prudential BSN Takaful Berhad who was responsible collectively with other members in forming and executing business strategies. At industry level, he was a member of Family Takaful Sub-Committee of Malaysian Takaful Association.

Mr. Tan graduated from Malaya University with Bachelor of Science in Mathematics. He is a fellow member of Society of Actuaries and Actuarial Society of Malaysia.

Mr. Tan does not hold any directorship in public companies and/or listed issuers. He does not have any family relationship with any Director and/or major shareholder of Manulife Holdings Berhad (**"MHB"**), nor any conflict of interest in any business arrangement involving MHB. Other than traffic offences, he does not have any convictions for any offences within the past five (5) years and any public sanction or penalty imposed by the relevant regulatory bodies during the financial year ended 31 December 2021.



**Alex Tan Cheng Leong**

Chief Agency Officer

Malaysian

46

Male

Mr. Alex Tan Cheng Leong (**"Mr. Alex Tan"**) is the Chief Agency Officer of Manulife Insurance Berhad. In this role, he oversees all aspects of agency growth, including developing and implementing dynamic initiatives to heighten agency productivity and achieve profitability objectives.

Prior to his appointment in January 2019, Mr. Alex Tan served as the Head of Retail & Retirement Funds (Malaysia & International) for AmFunds Management Berhad, a role in which he led the company's efforts to provide best-in-industry investment solutions to retail unit trust advisors and bank distribution partners.

Mr. Alex Tan has more than two (2) decades of experience in the financial sector and has held several senior leadership roles including as the Chief Marketing Officer of Syarikat Takaful Malaysia and Director of Alliance Management, Communication, STAR CLUB and Training (Malaysia and Singapore) for CIMB Principal Asset Management Berhad.

Mr. Alex Tan holds a degree in Accounting from La Trobe University, Australia. He is also a Fellow of the Life Management Institute of United States of America and Registered Financial Planner of Malaysia's Financial Planning Council.

Mr. Alex Tan does not hold any directorship in public companies and/or listed issuers. He does not have any family relationship with any Director and/or major shareholder of Manulife Holdings Berhad (**"MHB"**), nor any conflict of interest in any business arrangement involving MHB. Other than traffic offences, he does not have any convictions for any offences within the past five (5) years and any public sanction or penalty imposed by the relevant regulatory bodies during the financial year ended 31 December 2021.





### Jasbender Kaur

Chief Counsel & Corporate Services Officer

Malaysian 51 Female

Ms. Jasbender Kaur is the Chief Counsel & Corporate Services Officer of Manulife Holdings Berhad (“**MHB**”). In her role, she is directly responsible for legal and corporate governance responsibilities, and oversees regulatory compliance and risk management within MHB and its subsidiaries excluding Manulife Investment Management (M) Berhad. Additionally, she was appointed as the Principal Officer of Manulife Insurance Labuan Limited in April 2019 and Director of Britama Properties Sdn. Bhd. in September 2015. She graduated from the University of London, United Kingdom with a Bachelor of Law (Hons) and was called to the Malaysian Bar in year 1996. She is also a certified Company Secretary and alongside her other roles, serves as Company Secretary to several local subsidiaries of MHB.

Ms. Jasbender Kaur joined Manulife in year 2005 and was appointed as the Head of Legal, Compliance and Corporate Secretariat in year 2011. In addition to her role, she has headed up several different departments from time to time in the course of her tenure with Manulife.

Ms. Jasbender Kaur has almost twenty-one (21) years of experience in the life insurance industry in Malaysia. Prior to joining Manulife, she served as Legal Officer with a large multinational insurer in Malaysia before being appointed Managing Editor with a world-leading provider of professional information solutions.

Ms. Jasbender Kaur does not hold any directorships in public companies and/or listed issuers. She does not have any family relationship with any Director and/or major shareholder of MHB, nor any conflict of interest in any business arrangement involving MHB. Other than traffic offences, she does not have any convictions for any offences within the past five (5) years and any public sanction or penalty imposed by the relevant regulatory bodies during the financial year ended 31 December 2021.



### Lee Tat Fatt

Chief Operations Officer

Malaysian 51 Male

Mr. Lee Tat Fatt (“**Mr. Lee**”) was appointed as the Chief Operations Officer of Manulife Insurance Berhad (“**MIB**”) in October 2020, overseeing MIB’s Operations portfolio.

Mr. Lee joined MIB in September 2019 as the Head of Customer Solutions responsible for New Business Underwriting, Claims and Operational Excellence. Prior to joining MIB, he was the Chief Underwriter of AIA Malaysia, and has more than twenty-five (25) years of experience in the life insurance industry in Malaysia managing the new business underwriting in multinational companies such as ING, Great Eastern Life and AIA. He started his career in AIA Malaysia as Management Trainee before moving on to ING Insurance Berhad as Underwriting Manager. He then moved on joining Great Eastern Life as Vice President and Chief Underwriter. He rejoined AIA Berhad as the Director and Chief Underwriter and played an important role during the integration of AIA-ING in year 2013.

Mr. Lee holds a Bachelor’s degree in Political Science and the Fellow, Life Management Institute (FLMI) designation from the Life Office Management Association.

Mr. Lee does not hold any directorship in public companies and/or listed issuers. He does not have any family relationship with any Director and/or major shareholder of Manulife Holdings Berhad (“**MHB**”), nor any conflict of interest in any business arrangement involving MHB. Other than traffic offences, he does not have any convictions for any offences within the past five (5) years and any public sanction or penalty imposed by the relevant regulatory bodies during the financial year ended 31 December 2021.





### Mohamed Adam Wee Abdullah

Chief Marketing Officer

Malaysian

54

Male

Mr. Mohamed Adam Wee Abdullah (**“Mr. Adam Wee”**) joined Manulife Insurance Berhad (**“MIB”**) in year 2021 as the Chief Marketing Officer, responsible for Marketing Management, Brand Management, Corporate Communications, Customer Experience Management and Marketing Analytics.

Mr. Adam Wee is a veteran in the field of marketing across multi-disciplines with a career spanning over thirty (30) years in multinational corporations, government-linked corporations and international brand agencies. He spent the last decade in the financial services industry. Prior to joining MIB, Mr. Adam Wee was the Group Chief Marketing Officer and Group Chief Customer Experience Officer of CIMB Holdings Berhad Group and Malayan Banking Bhd. Group, Chief Marketing Officer of Sunrise Berhad, and Brand & Advertising Director of Astro Malaysia Holdings Berhad. He also served in BMW Group Asia and was responsible for marketing management across India, China, South-East Asia and the South Pacific Island Nations.

Mr. Adam Wee holds a Master of Business Administration from the University of Southern Queensland, Australia and was a recipient of two Dean’s Awards. He is an Industry Advisory Board member of Sunway University Business School.

Mr. Adam Wee does not hold any directorship in public companies and/or listed issuers. He does not have any family relationship with any Director and/or major shareholder of Manulife Holdings Berhad (**“MHB”**), nor any conflict of interest in any business arrangement involving MHB. Other than traffic offences, he does not have any convictions for any offences within the past five (5) years and any public sanction or penalty imposed by the relevant regulatory bodies during the financial year ended 31 December 2021.



### Bernard Sia

Chief Information Officer

Malaysian

46

Male

Mr. Bernard Sia (**“Mr. Sia”**) joined Manulife Insurance Berhad (**“MIB”**) as the Chief Information Officer on 1 November 2021. In this role, he oversees both MIB’s digital transformation and information technology operations.

Prior to joining MIB, Mr. Sia served eight (8) years with MetLife, holding regional leadership roles that span across Asia; most recently as Head of Global Product Configuration and prior to that as Chief Information Officer for MetLife Hong Kong, MetLife Bangladesh’s interim IT Head and Head of Business Enablement, and formerly the Lead Architect for Asia encompassing nine (9) markets.

Mr. Sia has over twenty-three (23) years of experience and began his career as a software developer for retail banking and securities investments and subsequently embarked on a multi-industry journey into eCommerce, eLogistics, Oil and Gas, and IT Outsourcing as a vendor. Through that journey, Mr. Sia held Project Management, Departmental Head and Enterprise Architecture roles, serving iPerintis Sdn. Bhd., a captive IT outsourcer for Petronas Nasional Berhad for six (6) years before joining Malayan Banking Berhad as a Technology Director. Prior to joining the insurance industry, Mr. Sia was the Head of Strategy for Mesiniaga Alliances Sdn. Bhd.

Mr. Sia holds a Master’s degree in Business Administration from Nottingham Business School, University of Nottingham; and a Bachelor’s degree in Information Technology from Universiti Kebangsaan Malaysia. He is also a Certified Human Centric Design Practitioner from the LUMA Institute.

Mr. Sia does not hold any directorship in public companies and/or listed issuers. He does not have any family relationship with any Director and/or major shareholder of Manulife Holdings Berhad (**“MHB”**), nor any conflict of interest in any business arrangement involving MHB. Other than traffic offences, he does not have any convictions for any offences within the past five (5) years and any public sanction or penalty imposed by the relevant regulatory bodies during the financial year ended 31 December 2021.



### Aiza Aryati Binti Kasim

Chief Human Resources Officer

Malaysian 45 Female

Ms. Aiza Aryati Kasim (**"Ms. Aiza Kasim"**) joined Manulife Holdings Berhad (**"MHB"**) as the Chief Human Resources (**"HR"**) Officer in year 2018.

Prior to joining MHB, Ms. Aiza Kasim served as Head of HR, Business Banking, Wholesale Banking & AmInvestment Bank at AmBank Berhad (**"AmBank"**). She has more than twenty-one (21) years of experience across the whole spectrum of HR functions such as HR Transformation, change management, business partnering, employee engagement, talent management and succession, recruitment, leadership and learning development. Apart from AmBank, she has worked in established financial institutions such as OCBC Bank (M) Berhad, HSBC Bank (M) Berhad, RHB Bank Berhad and Citibank (M) Berhad as well as an information technology company known as Petronas ICT Sdn. Bhd.

Ms. Aiza Kasim holds a Bachelor of Science degree in Business Management from the University of Bradford, United Kingdom.

Ms. Aiza Kasim does not hold any directorships in public companies and/or listed issuers. She does not have any family relationship with any Director and/or major shareholder of MHB, nor any conflict of interest in any business arrangement involving MHB. Other than traffic offences, she does not have any convictions for any offences within the past five (5) years and any public sanction or penalty imposed by the relevant regulatory bodies during the financial year ended 31 December 2021.



### Ricky Lim Soon Joo

Chief Product Officer

Malaysian 49 Male

Mr. Ricky Lim Soon Joo (**"Mr. Lim"**) joined Manulife Insurance Berhad (**"MIB"**) as the Chief Product Officer in October 2021. In this role, he oversees Product and Pricing portfolios.

Mr. Lim has more than twenty-five (25) years of experience in the life insurance and reinsurance industry (both conventional and takaful), developing innovative products and propositions for agency, bancassurance, direct marketing and digital channels. Prior to joining MIB, he was a Director of Business Development for Pacific Life Re, Singapore supporting Malaysia direct insurers.

Mr. Lim graduated from Heriot-Watt University, Scotland, with a Bachelor's degree in Actuarial Mathematics and Statistics.

Mr. Lim does not hold any directorship in public companies and/or listed issuers. He does not have any family relationship with any Director and/or major shareholder of Manulife Holdings Berhad (**"MHB"**), nor any conflict of interest in any business arrangement involving MHB. Other than traffic offences, he does not have any convictions for any offences within the past five (5) years and any public sanction or penalty imposed by the relevant regulatory bodies during the financial year ended 31 December 2021.



### Ng Chze How

Head of Retail Wealth Distribution

Malaysian 50 Male

Mr. Ng Chze How (“**Mr. Ng**”) joined Manulife Investment Management (M) Berhad (“**MIMMB**”) in January 2019 as the Head of Retail Wealth Distribution. He currently holds the Capital Market Services Representative License, and his key functional area includes strategic business development with the agency force, financial advisors and partnership distribution.

Mr. Ng has more than twenty-one (21) years of experience in asset management, banking and life insurance industry in Malaysia. Prior to joining MIMMB, he was a General Manager and Director of AIA Pension and Asset Management Sdn. Bhd. He was subsequently appointed as a Chief Agency Officer of AIA Bhd. He has also held several senior leadership roles in AmFunds Management Berhad, Prudential Funds Management Berhad and Standard Chartered Bank (Malaysia) Berhad.

Mr. Ng is a graduate with Bachelor of Art from University of Strathclyde, United Kingdom.

Mr. Ng does not hold any directorship in public companies and/or listed issuers. He does not have any family relationship with any director and/or major shareholders of Manulife Holdings Berhad (“**MHB**”), nor any conflict of interest in any business arrangement involving MHB. Other than traffic offences, he does not have any convictions for any offences within the past five (5) years and any public sanction or penalty imposed by the relevant regulatory bodies during the financial year ended 31 December 2021.



### Rahulan Vamadeva

Head of Operations

Canadian 51 Male

Mr. Rahulan Vamadeva (“**Mr. Ragu**”) joined Manulife Investment Management (M) Berhad (“**MIMMB**”) in June 2020 as the Head of Operations. Mr. Ragu oversees the daily operations of unit trust and private retirement scheme, fund accounting and investment operations, and customer service.

Mr. Ragu has more than twenty-five (25) years of experience in securities services and asset management covering operations and customer service with product knowledge in transfer agency, fund accounting, alternative investments and global custody. Prior to joining MIMMB, he was Director and Head of Client Services and Operations APAC for Citi Group Transaction Services. He also held the position of Global Head of Reconciliations and Control at RBC Investor Services and held various executive roles at CIBC/BNY Mellon Securities Services globally having worked in Canada, Cayman Islands, Luxembourg and Japan before moving to Malaysia.

Mr. Ragu earned a Bachelor of Science in Finance at Arkansas State University, the United States of America (“**USA**”) and a Master of Business Administration in Accounting at Wharton School of Business, University of Pennsylvania, USA.

Mr. Ragu does not hold any directorship in public companies and/or listed issuers. He does not have any family relationship with any director and/or major shareholders of Manulife Holdings Berhad (“**MHB**”), nor any conflict of interest in any business arrangement involving MHB. Other than traffic offences, he does not have any convictions for any offences within the past five (5) years and any public sanction or penalty imposed by the relevant regulatory bodies during the financial year ended 31 December 2021.



## Yooi Foong Hing

Head of Legal & Compliance

Malaysian

54

Female

Ms. Yooi Foong Hing ("**Ms. Yooi**") is the Head of Legal & Compliance of Manulife Investment Management (M) Berhad ("**MIMMB**"). She joined MIMMB in September 2014. She is the designated person responsible for all legal and compliance matters of MIMMB.

Ms. Yooi has more than twenty-five (25) years of experience in legal, corporate and financial services industry. Prior to joining MIMMB, she was the Head of Compliance of MAAKL Mutual Bhd and prior to that the Compliance Manager of MBF Unit Trust Management Berhad.

Before joining the unit trust industry, Ms. Yooi was with a public-listed company involved in property development as a Manager in the Legal and Secretarial Department. She started her career as a practising lawyer before joining the corporate sectors.

Ms. Yooi holds an Honours degree in Law from University of Malaya. She is also a certified member of Financial Planning Association of Malaysia (FPAM).

Ms. Yooi does not hold any directorship in public companies and/or listed issuers. She does not have any family relationship with any Director and/or major shareholder of Manulife Holdings Berhad ("**MHB**"), nor any conflict of interest in any business arrangement involving MHB. Other than traffic offences, she does not have any convictions for any offences within the past five (5) years and any public sanction or penalty imposed by the relevant regulatory bodies during the financial year ended 31 December 2021.



“The Manulife Malaysia brand is ready to Scale Up to greater heights in 2022 – as we aspire to reach further for opportunities, digitally and physically, by leveraging Manulife’s international presence and 59 years of rooted legacy in Malaysia.”



Vibha Hamsi Coburn Group Chief Executive Officer

**Dear Shareholders,**

I am pleased to report that the Group recorded a 9.0% growth in operating revenue to RM1,434.6 million mainly contributed by the growth in life insurance gross premium and higher fee income earned from higher Asset-under-Management (“AUM”) and higher unit trust sales. The Group recorded a 130.3% rise in profit before tax from RM45.8 million in 2020 to RM105.5 million in 2021, benefiting from the recovery of the global economy during the year.



The Group's Net Profit After Tax for financial year ended 2021 stood at RM 87.0 million, an increase of RM 48.2 million from previous financial year. The key driver is our insurance segment that reported a growth of RM48.1 million in Net Profit, mainly contributed by higher gains from equity investments and increase in Malaysian Government Securities (MGS) and US Treasury rates that led to a lower reserving of insurance contract liabilities. In addition, our asset management business also recorded a higher profit driven by higher management fee income from higher AUM.

The Group's total assets stood at RM6,649.1 million while total equity stood at RM953.6 million, delivering a net asset per share of RM4.51 as at 31 December 2021.

There was no capital expenditure commitment and no significant changes to the Group's capital structure and capital resources in 2021, other than as disclosed in the financial statements.

The Group's five-year financial highlights are set out on pages 10 to 11 of this Annual Report.

## OPERATIONS REVIEW

### • Insurance Business

Despite the on-going lockdown in the country, we continued implementing revolutionary initiatives and strategies, resulting in many positive marks for the year.

Manulife Insurance Berhad ("**MIB**") recorded an APE of RM167.4 million in 2021, which is a 6% growth YoY. Our agency channel recorded new business sales of RM128 million with a 10% year-on-year (YoY) growth. We defended our position at number 6 in the industry as we remain focused on leveraging every opportunity amidst the uncertainties.

We are proud to have outperformed in the total Million Dollar Round Table (MDRT) qualifiers with a record-breaking 69% YoY growth, highest growth among Manulife Asia's emerging markets and in the industry versus the top 5 insurance companies in Malaysia. We achieved 1 Top of the Table (TOT), 6 Court of Table (COTs) and 84 MDRTs.

Agency headcount recorded 10% YoY growth, closing the year with an overall agency headcount of 3,115. This was mainly contributed by our intensified virtual recruitment initiatives via a series of recruitment talks on social media platforms, aimed at presenting job opportunities to those who were impacted with pay cuts and retrenchments due to closure of businesses. Aligned with our ambition to build a team of elite producers and leaders, we stepped up our focus of attracting Industry Recruits and MDRT producers from the financial services, to drive business growth. As at

Q42021, we recorded a significant 45% new recruits from the banking and financial industry.

In charting a growth trajectory through diversification, we had successfully expanded our agency business to the underpenetrated markets in the northern region of the country. Additionally, we launched the Direct Sales Northern Team to support our objective of attaining a larger and more diverse customer base with higher ticket size.

Our Bancassurance channel recorded new business sales of RM37.4 million for year 2021, marginally lower by 5% in 2020 despite the many variations of MCOs due to COVID-19. Credit life sales improved with the Home Ownership campaign and the many small and medium enterprises (SMEs) initiatives by Bank Negara Malaysia (BNM).

Manulife Insurance Labuan Limited ("**MILL**") recorded new business of RM6.78 million in 2021 through its product solution for the high-net-worth customer segment. MILL has successfully onboarded United Overseas Bank (Malaysia) Bhd as our second Bancassurance Partner in October 2021 and continue to onboard other banks as referral partners. We are also working on expanding our product offerings to meet different insurance needs of our customers.

### • Unit Trust and Asset Management Business

We continued to register strong growth in 2021 with gross sales and AUM, growing by 58% (from RM1.6 billion in 2020 to RM2.5 billion in 2021) and 11% (from RM12.6 billion in 2020 to RM14.0 billion in 2021) respectively. This helped drive net earnings up 91% during the year.

During the year, Manulife Investment Management (M) Berhad ("**Manulife IM (Malaysia)**") launched 8 new, unique and best-in-class foreign funds to provide more choices and diversification for our customers in both the conventional and Syariah spaces.

## CUSTOMER CENTRICITY

Manulife Malaysia continued to focus on relationship Net Promoter Score (rNPS) as a key tool to measure and enhance customer experience. The metrics provides the organisation insights into customer perception on our products, services and the company as a whole, through a yearly survey. The feedback received from the survey helps to identify customers' pain points and gauge where Manulife Malaysia stands amongst its key competitors. Our 2021 priority to deliver superior customer experience, intensify customer engagement and gain deeper insights of our overall customer journey remained at the forefront of all our efforts, as we embraced the core principles of NPS: Listen, Learn and Act.

Based on our 2021 performance, we saw a positive closing for the year with an increase from +17 in 2020 to +21 in 2021 on our customers' performance rating, further closing the gap with our competitors. We stayed vigilant and committed to ensuring the well-being of our customers despite the challenges that was imposed by the pandemic. We focused on enhancing customer experiences through the use of technology, our branches, contact centres, agents' servicing and ease of making payments that helped shift the overall rating positively.

When COVID-19 pandemic hit our shores, bringing about economic and financial challenges to people from all walks of life, we introduced the "RM1 million Special Financial Assistance Programme (SFAP)" from 26 February 2020 to support our customers. This programme provided policyholders a daily income of RM200 upon diagnosis of COVID-19 and compassionate benefit of up to RM15,000. And on 1 June 2021, we allocated an additional RM500,000 under SFAP 2.0 to continue supporting policyholders who were affected by COVID-19. Both programmes benefitted over 600 customers.

## CORPORATE BRANDING

2021 continued to present itself with COVID-19 challenges that morphed into ways that challenged not only Malaysia, but other nations globally too. Despite prolonged socio-economic volatility, the Manulife brand remained nimble, and resistant to negative repercussions of the pandemic – by staying focused on leveraging every opportunity that was presented – to continue to make every day better for all our stakeholders.

Manulife Malaysia's social media channels garnered approximately one million in reach (Facebook) and approximately 400,000 (Instagram) – as well as a spike in Share of Voice (SoV) of 344% (Facebook) & 67% (Instagram) further solidifying the steadiness of the brand through another delicate year like 2021.

Highlights of 2021 include the launch of Manulife Run & Ride 2021, the first of its kind for Manulife Malaysia, amidst the Movement Control Order (MCO) restrictions – challenging ourselves to source for creative avenues to stay connected with our audiences – despite limitations to display physical presence. Our Brand Index score (by YouGov) saw a steady increase from 3.0 prior to the campaign launch, to an average of 3.3 throughout the event period (score marked at 3.0 prior to campaign launch).

## DIGITISATION

With COVID-19 having accelerated digital transformation, we further gained momentum in 2021 by continuing to leverage on technology and digital advancement in various aspects of our sales and operations.

Our agency's digital transformations propelled us to be sustainable by being future-ready via our ePOS (e-submission tool) and Non Face-to-Face platforms, ManuLearn online trainings, agency digital communications via CAO Channel app and virtual events to keep agency members and customers up to date. Additionally, we upgraded our Agency e-Recruitment app with LIMRA Career Profiling Tool to help agency leaders identify the best candidates to pursue insurance as their profession, ensuring that we groom only the best professionals to serve our customers.

In 2021, the ePOS adoption rate was 99% with almost 80% of overall new business submitted digitally: reducing manual processes tremendously, improving turnaround time for new business submissions and allowing our agency members and team to be both productive and safe. This allowed the organisation to achieve higher standards of straight-through-processing, and ultimately better customer experience for new insurance application. We have also digitised over 50% of the volume of all paper-based letters and correspondences sent to customers, enabling faster delivery to our customers via email or SMS.

With our audience and customers almost 100% on digital platforms, we focused on digital marketing strategies, adopting an iterative performance marketing approach to ensure that we are reaching our audiences in a relevant manner, effectively engaging them, and are efficient with our media investments.

We introduced several adviser-centric modules for our Manulife iFUNDS, a digital tool that enables our agency force and investors to open an investment account digitally and manage their investments with a comprehensive portfolio dashboard.

With Enterprise Data Lake, we have the foundation to gain better data and insights, for the improvement of customer experience and agency performance. The Group also deployed persistency models to improve customer retention.

As the Group continued its digital transformation journey, further focus on security to better protect Manulife Malaysia against external cybersecurity threats and potential internal data leakages, were in place. The goal is to continuously deliver secure consumer-grade digital experience via further enforcement of Information Risk measures and controls.

## RISK MANAGEMENT

Effective risk management is fundamental to the business activities of the group. We remain committed to increasing shareholder value by developing and growing our business within our board-determined risk appetite. We seek to achieve an appropriate balance between risk and reward in our business and continue to build and enhance the risk management capabilities that assist in delivering our growth plans in a controlled environment.

Despite another challenging COVID-19 pandemic environment, our risk management processes have continued to prove effective throughout 2021. Executive management remained closely involved in important risk management initiatives, which have focused particularly on preserving appropriate levels of liquidity and capital, and effectively managing other risk areas within the context of its enterprise risk management. Responsibility and accountability for risk management resides at all levels within the group, from the board down through the organisation structure to each business manager within its businesses.

For the financial year under review, Manulife emphasised the importance of addressing strategic, market, information, technology and operational risks and where required, has put in place specific plans for action.

## SUSTAINABILITY

The COVID-19 pandemic has highlighted the deep interconnectedness between people, economies and the environment, and the importance of what we do at Manulife. It has also strengthened our commitment to sound Environmental, Social, and Governance (ESG) practices; ensuring that we continue to live and breathe our mission of making decisions easier and lives better for all. 2021 has been a year powered by collaboration. As an organisation, we have moved ahead with greater urgency and purpose than ever before. In 2021, that meant continuing serving the communities in which we operate, taking care of our customers and employees, and driving our digitisation agenda whilst embracing the marketplace for growth opportunities. It brings me a great sense of pride to share that in line with the above, we managed to align our sustainability initiatives with

15 of the 17 United Nations Sustainable Development Goals (UNSDGs) in 2021.

Our flagship CSR initiative 'MY Community Grant' was a key enabler in ensuring we supported an additional 8 SDGs in comparison to the previous year. The programme – the first of its kind within life insurers in Malaysia – empowered organisations who made every day better for communities but have been drastically impacted by the pandemic, and the environment. We are delighted to have been able to positively contribute by way of an in-kind grant to 10 amazing beneficiaries; whose causes ranged from installing clean, running water for Orang Asli communities, to connecting farmers to consumers whilst tackling food security in the regional parts of Sabah.

There's an old saying that "if you want to go fast, go alone. If you want to go far, go together". Through these special collaborations with our partner beneficiary-organisations, our grant positively impacted more than 17,000 people across Malaysia, whilst fulfilling a key criterion we had earmarked at the start: to maximise our reach and impact from our community investment endeavours.

The year 2021 underlined how resilient people are, and how much of a driving force they are behind our business. It goes without saying how important it is for us to continue empowering and taking care of our community, as they are the key to our future success.

## AWARDS AND RECOGNITION

The Group was bestowed several accolades in recognition of its performance in 2021:

Recognition/ Award	Achievement
HR Asia Best Companies to Work for in Asia Awards 2021 (Malaysia Edition)	These awards recognise Manulife Malaysia as an employer of workplace excellence that promotes greater employee engagement.
HR Excellence Awards 2021 (Bronze Winner)	
Financial Industry Collective Outreach (FINCO) Volunteerism Award 2021	Overall financial institution with the most volunteers (non-banking)
Top in Tech Innovation Award 2021	This award recognises us for our string of successful digital adoptions, exceptional productivity, resilience, and creative thinking in managing our business through the adoption of technology amidst the pandemic.
Refinitiv Lipper Fund Awards 2021	<ul style="list-style-type: none"> <li>Equity Malaysia Income - Malaysia Islamic Funds, 10 years, Manulife Investment Al-Fauzan</li> <li>Mixed Asset MYR Flexible - Malaysia Provident Funds, 10 years, Manulife Investment-HW Flexi Fund</li> </ul>
Refinitiv Lipper Fund Awards 2021 - Global Islamic Funds	Equity Malaysia Income, 10 years, Manulife Investment Al-Fauzan
Global Islamic Finance Awards 2021	Best Emerging Islamic REIT Fund 2021, Manulife Shariah Global REIT Fund

## CURRENT ECONOMIC SITUATION AND OUTLOOK

Malaysia's economy grew at +3.1% in 2021 (2020: -5.6%) coming within the range of 3% - 4% as guided by BNM. In terms of quarterly achievement, gross domestic product (GDP) growth YoY was Q1 21: -0.5%, Q2 21: +16.1%, Q3 21: -4.5% and Q4 21: +3.6%. This trend was very much in line with other economies around the world where the third wave of COVID-19 decimated economic recovery in the third quarter of 2021.

Economic recovery in the fourth quarter of 2021 was mainly driven by manufacturing, services and agriculture sectors on the supply side, whereas demand saw growth in all components except in private investment. Malaysia's manufacturing Purchasing Managers' Index (PMI) was 52.8 in December 2021 (November 2021: 52.3) on account of strong external and local demand from the gradual opening of global economies and the phased movement in handling COVID-19 from a pandemic to an endemic.

By December 2021, 97.6% of the adult population in Malaysia had been fully vaccinated whereas 87.5% of adolescents (aged 12-17 years) had been fully vaccinated. On the strength of this vaccination drive, the government had opened most economic sectors by year-end and had also assured businesses that there would not be a complete economic shutdown as seen in the early onset of the pandemic. Notwithstanding the recent onset of the Omicron wave in Malaysia in early 2022, the Government has indicated that no economic lockdowns would be instituted.

GDP forecast for 2022 is expected to come in at between 5.5% to 6.5%. At BNM's last MPC meeting in January 2022, the Overnight Policy Rate (OPR) was kept unchanged at 1.75%. Analysts and market observers expect for the OPR to rise in the 2H of 2022 but any tinkering by BNM on the OPR would be very much data dependent especially in view of the year starting with the genesis of a new COVID-19 variant and geopolitical tension in Europe.

## INSURANCE AND ASSET MANAGEMENT BUSINESS OUTLOOK

### • MIB

Life insurance business is on an increased demand with the reopening of the economy and heightened consumer realisation on the importance of health and life insurance. Furthermore, as we settle into the new norm, acceleration

of digital and technology has become a necessity. The industry is ensuring that life insurance becomes more digital-friendly to cater to this new need, which is in line with Manulife's vision to be the most digital, customer-centric company in our industry.

We echo this shift and have outlined these 2022 key focus areas to achieve our ambitions for the year:

- Strengthen growth via strong growth in agency headcount, expansion of distribution presence, bancassurance and alternative partnerships, and focus on new customer acquisition
- Customer centricity to improve customer experience with the establishment of a strong customer value proposition and be the insurer of choice
- Accelerate digitisation with continuous investment and encouragement of automation in servicing and submissions
- Level-up talent through "skill-up to future-proof" high performing teams, and culture with focus on Diversity, Equity and Inclusion (DEI)
- Enhance value creation for shareholders by efficient expense management, inforce management through active persistency and medical business management and optimising resource utilisation.
- Continually fostering a strong risk culture with effective governance in place; and putting more focus on embedding ESG considerations in all our initiatives.

### • MIMMB

While 2021 has been a stellar year for developed market equities, performance was mixed in emerging markets, including Malaysia, dragged by poor performance of glove counters, political uncertainties and uncertainties brought upon by announcements of new tax regulations on businesses.

Looking forward, we are cautiously optimistic, spurred by anticipation of earnings recovery from the COVID-19 pandemic (especially for mid- and small-cap stocks), economic reopening trades and the relatively attractive dividend yield relative to regional peers. That said, we remain vigilant on the possibility of new variants such as Omicron derailing economic growth, elevated inflationary pressure, global supply chain bottlenecks and geopolitical shocks to the financial system and markets.

Looking ahead, we will continue to make sustainability central to the way we invest and manage risks. In 2021, we launched two funds that focused on sustainable investments, namely Manulife Global Aqua Fund and Manulife Global Energy Transition Fund. We will build on that by continuing to identify ESG opportunities and enhance our product offerings to meet clients' sustainability objectives, leading to greater investment resilience, preservation of capital and creation of long-term value.

## DIVIDEND

I am pleased to inform that the Board of Directors has recommended, subject to shareholders' approval at the forthcoming Annual General Meeting, a First and Final dividend of 7.0 sen per share amount approximately to RM14,809,000 for the financial year ended 31 December 2021. A Dividend Reinvestment Plan (DRP) with relation to this will also be offered subject to approval, hence giving shareholders an option to elect to reinvest cash dividend in new ordinary shares of Manulife Holdings Berhad. The recommendation is made in accordance with the nature of profits arising in 2021.

## APPRECIATION

Manulife Malaysia demonstrated tremendous resilience as we navigated another year ravaged by the pandemic, following the whirlwind impact the year 2020 experienced. This was done by staying focused on the course of supporting our customers, employees and the communities.

From providing financial assistance and flexible repayment options to policyholders, continuing to prioritise the safety and well-being of employees, to empowering the communities in which we operate, we once again rose to the challenge together, with much passion, hard work and empathy.

As a life insurance company, Manulife Malaysia is well-positioned to accelerate our growth with the heightened awareness on health and financial security among people. Through harnessing the strengths of our winning team, continuing to be agile and adaptable in the face of changing trends and rapid changes, while also being creative and innovative, we will be able to make our mark towards being the trusted and most preferred financial services provider in Malaysia by making our customers' decisions easier and lives better.

These achievements can only be arrived at as we Get It Done Together. For that, the safety and well-being of our employees, customers and agency members will continue to be our top priority as we continuously work towards providing the best form of support to each facet when the need arises.

The Manulife Malaysia brand is ready to Scale Up to greater heights in 2022 – as we aspire to reach further for opportunities, digitally and physically, by leveraging Manulife's international presence and 59 years of rooted legacy in Malaysia. Subsequently, we aim to improve brand relevance by addressing the specific needs of our valuable stakeholders, as it is an honour and privilege to walk with people of all ages – throughout their life stages.

Looking ahead to 2022, I look forward eagerly to Manulife Malaysia making a positive contribution in our fight against climate change. As we move towards a "net zero emissions" future, it is now more important than ever for us to work together to bring about sustained change for the sake of future generations. On top of that, I am also determined to strengthen our commitment to our communities as we transition to an endemic world. We will be there for them – like we have been during the pandemic – as the world continues to open up again.

I would like to take this opportunity to extend my gratitude to our customers, shareholders and business associates for their continued support. My appreciation also goes out to the Board of Directors for their keen insights and guidance.

Last but not least, I wish to convey my gratitude to the agency force, business partners and employees for their dedication and hard work. I am hopeful we will continue to enjoy the support and confidence of our stakeholders as we accelerate our way forth for the Group.

## VIBHA HAMSI COBURN

Group Chief Executive Officer  
Manulife Holdings Berhad





**At Manulife, we endeavour to conduct our business in a profitable, but responsible manner. Sustainability is ingrained at the core of our decision-making processes and applied across our value chain, with the highest standards of corporate governance taking centre stage. Our sustainability strategy hinges on creating long-term shareholder value, being an employer of choice, empowering our communities, as well as minimising our environmental footprint to secure the well-being of future generations.**

During these unprecedented times, there has never been a greater need for businesses to prioritise sustainability. In a year like no other, Manulife Malaysia has continued to collaborate with a global network of colleagues, suppliers, and advocates to further our efforts to make every day better for our stakeholders. We have aspired to be nimble and adapt to the challenging conditions brought about by the COVID-19 pandemic, climate change risks, increased digitisation and as a result, a rapidly evolving corporate landscape. These disruptions have brought about an opportunity for us to Scale Up whilst creating shared value for our stakeholders.

As this report was being compiled in early 2022, many countries throughout the world faced a resurgence of infections, especially with the emergence of the Omicron variant. Since early 2020, Manulife has implemented various measures across the Organisation to ensure the wellbeing of our employees and customers, and maintain first-class service to support our customers and communities, with minimal disruptions. Once again, this year's sustainability statement provides us with the opportunity of sharing these efforts, namely Manulife Malaysia's economic, environmental and social ("EES") performance in 2021 in full throughout this report. We have continued to align the key focus areas within our sustainability framework to our brand values in order to drive our strategy and agenda, as well as improve our sustainability performance.

As we look ahead in the year to come, we are now shifting gears to focus on pushing the needle even further to ensure sustainability remains central to all that we do and aspire to, as a business. We will continue to build strong relationships with all our stakeholders; specifically, our employees, customers, regulators, and communities we serve along with the planet we inhabit. In reading this year's Sustainability Statement, we hope that it will provide you with clarity on our sustainability agenda, and that you will be encouraged by how we are contributing towards a better Malaysia.

#### Reporting period

This annual report covers Manulife Malaysia's sustainability-related performance for the calendar year i.e. 1 January to 31 December 2021, unless otherwise specified.

#### Reference & guidelines

As per the previous year, our sustainability related disclosures are in accordance with Bursa Malaysia Securities Berhad ("Bursa Malaysia") Main Market Listing Requirements relating to the Sustainability Statement in Annual Reports, as well as the Sustainability Reporting Guide issued by Bursa Malaysia. We have also reviewed how our sustainability framework aligns with the United Nations Sustainable Development Goals ("SDGs"). This widely utilised reporting framework allows the structure of our sustainability report to be presented in a clear and transparent manner.

An additional reference we employed in preparing this report is the Manulife Financial Corporation's 2020 Sustainability Report & Public Accountability Statement.

#### Coverage

The scope of our sustainability disclosures cover Manulife Holdings Berhad; a public listed entity on Bursa Malaysia, and its subsidiaries; Manulife Insurance Berhad ("MIB"), Manulife Investment Management (Malaysia) Berhad ("Manulife IM (Malaysia)") and Manulife Insurance Labuan Limited ("MILL"). References to 'Manulife', 'Manulife Malaysia', 'the Organisation', 'the Company', 'Group', 'we' or 'our' refer to Manulife Holdings Berhad and/or its subsidiaries.

## Process

In our effort to identify matters that are important to our business and stakeholders, we plan to continue actively engaging our stakeholders over the coming years to prioritise and reaffirm our material matters. We recognise the importance of this exercise in the direction of proactively managing our economic, environmental and social (EES) risks and opportunities, whilst maintaining best management practices to address our sustainability impacts.

## Assurance

We have not sought external assurance for this sustainability statement but will consider it in the future as our reporting develops over time.

## Feedback

Constructive feedback and comments are welcome. Kindly send them to:

Brand & Communications Department

Manulife Insurance Berhad

Email: MY\_Sustainability@manulife.com.

## Our Key Sustainability Highlights in 2021



MIB's Net Promoter Score increased  
**+5 points**  
from 2020



Launch of  
**Manulife Global Aqua & Manulife Global Energy Transition Funds**



Awarded the  
**'Overall Financial Institution with the most volunteers Award'**  
at FINCO's Annual Awards 2021



**6,024 hours**  
accumulated on employees' Training & Development



**76th percentile**  
in Gallup's overall benchmark



**57%**  
reduction in the utilisation of A4 paper from 2020



**50%**  
of our Board of Directors are women



**13.7%**  
decrease in electricity consumption from 2020



**> 17,000 people**  
positively impacted from MY Community Grant



**RM2.8 million**  
worth of savings reinvested towards our digitalisation agenda

## Sustainability Governance

Manulife's mission of making decisions easier and lives better represents the foundation of our approach to upholding the highest standards of sustainability governance, which promotes integrity, accountability, and transparency.

Setting the tone from the top, our sustainability governance is led by the Group's Board of Directors (the Board) which sits at the summit of the three-tier structure, whose primary responsibility involves overseeing and reviewing the Group's sustainability performance and strategies. Acting as the 'executive arm' of the Board, the Group CEO is situated at the core of our corporate governance practices and represents the figurehead for driving the Organisation's sustainability agenda. Established in 2019, the inaugural Manulife Sustainability Committee (MSC) proposes and implements sustainability-related initiatives and strategies.

The governance structure which we have implemented gives accountability to our stakeholders on how we, as an Organisation, manage EES risks and opportunities. This setup also ensures that all our sustainability initiatives are tabled and discussed at the highest level. As a result, decision-making and subsequent actions are clearly transpired across the organisation.

## Manulife Sustainability Governance Structure



## Roles & Responsibilities

### Board of Directors

- Oversee the sustainability agenda at Manulife
- Review and approve sustainability strategy, policies and initiatives including the annual Sustainability Statement
- Supervise and advise on the Company's Corporate Governance practices and processes to manage and mitigate challenges posed by the evolving operational landscape

### Group CEO

- Review and approves internal sustainability-related guidelines
- Figure-head for driving the Organisation's sustainability agenda
- Link between the sustainability committee and Board

### Sustainability Committee

- Ideate and develop sustainability initiatives and oversees the implementation of sustainability-related strategies and initiatives
- Report sustainability plans and progress to the CEO
- Develop sustainability-related guidance documents for internal use
- Collect and monitor data for reporting purposes, as well as evaluate the Organisation's sustainability progress

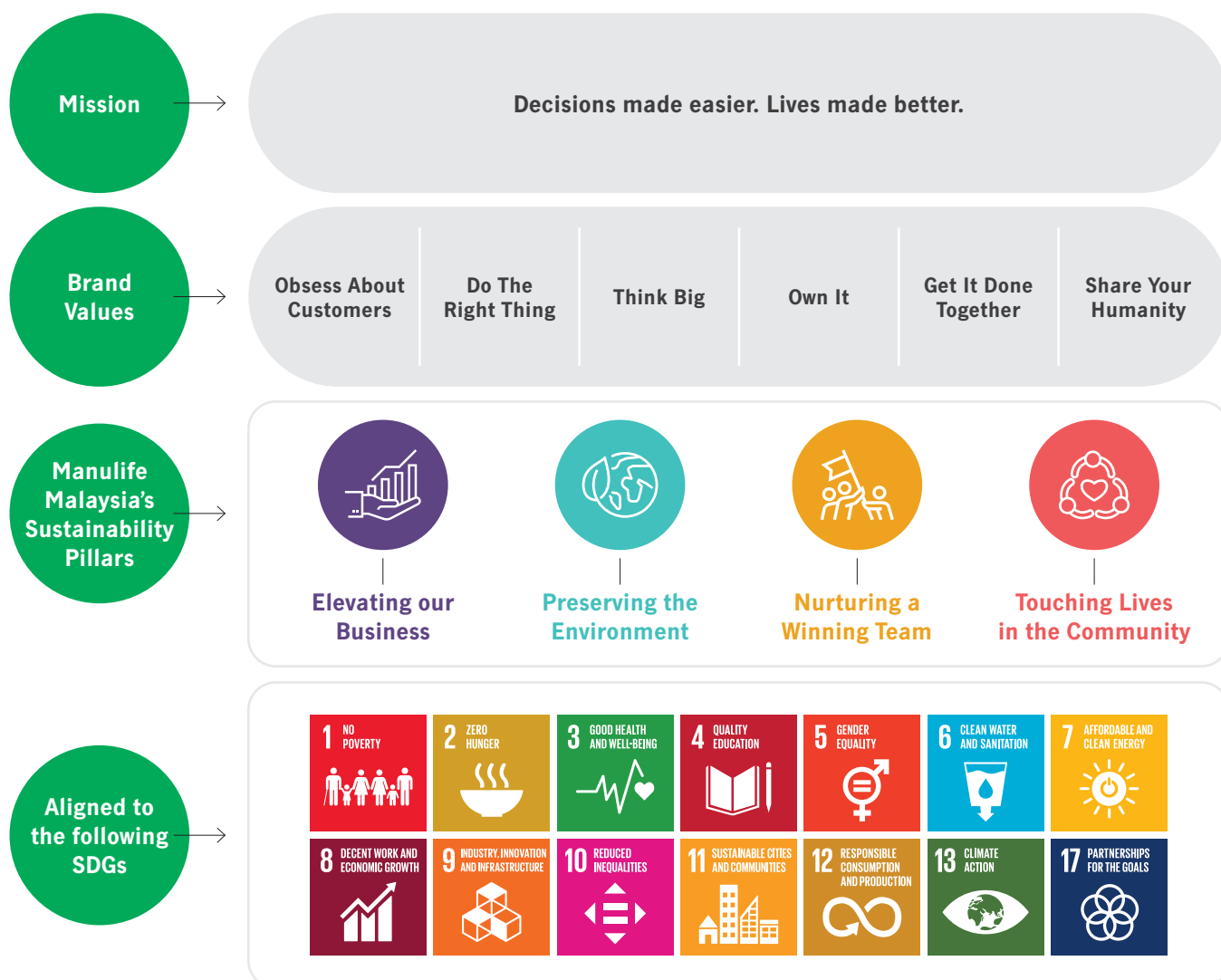
## OUR APPROACH TO SUSTAINABILITY

One of the cornerstones of creating long-term value for our stakeholders is being clear about who we are and what we stand for as an Organisation. As a global financial services company, Manulife has been around for more than 155 years. The world has experienced significant changes in that period, and we have had to change with it. As the needs of our customers, communities, and environment evolve, so have we, and as we move forward together, our mission and values will drive us to continue delivering our strategy, whilst, making our world a better, healthier and more equitable place to be.

Our mission, *Decisions made easier. Lives made better*, guides us in everything we do, as we seek to turn our aspirations into action. It inspires our winning team to build a business that benefits all stakeholders and has a positive social and environmental impact. We endeavour to position ourselves as a

digital, customer-centric market leader, creating significant value for our customers, employees, and shareholders. Alongside our mission, our values dictate that we operate in a sustainable way; they reflect our culture, inform our behaviours, and help define how we work together. They also represent how we operate: we obsess about our customers; we do the right thing; we think big; we get it done together; we own it and share our humanity.

Manulife Malaysia's sustainability framework below highlights our approach, where our four pillars of sustainability are driven by our mission and values at the top. In turn, our sustainability pillars align with various Sustainability Development Goals (SDGs). From 2022, Manulife will have a new Global Impact Agenda to incorporate what is important to us - from a sustainability perspective - under a unified framework that will transcend markets we are present in around the world. We are committed to making *every day better* and advancing healthier, more resilient people and planet.



### Our Commitment to Sustainability

We recognise there is a long road ahead to reach our sustainability goals and are convinced that we are heading in the right direction, making purposeful strides for the benefit of all our stakeholders. Continuing to build upon our progress from previous years remains an integral part of our plans to progress our sustainability agenda. We are aware that building impactful solutions to society's biggest challenges, such as climate change, requires all of us to band together. At Manulife, we are excited about the work ahead as we support the transition to a net-zero emissions economy and continue to drive a measurable social impact across our business.

As responsible corporate citizens, we are proud to maintain our commitment in support of the SDGs. In 2019, we adopted seven SDGs that reflected the Organisation's efforts in positively contributing towards sustainable development. Since then, we have been driven to develop new initiatives and programmes,

alongside improving our internal processes, to support these global goals. Our performance in 2021 saw Manulife Malaysia adopt seven additional SDGs, further demonstrating our commitment to advancing sustainable development.

### SUSTAINABLE DEVELOPMENT GOALS



The table below demonstrates how we support the fourteen SDGs we have aligned to in 2021.



### End poverty in all its forms everywhere

- Disbursed **RM100,000** via our CSR flagship initiative 'MY Community Grant' to Organisations assisting underserved communities, benefitting more than 17,000 people across Malaysia.



### End hunger, achieve food security and improved nutrition and promote sustainable agriculture

- Under the 'Thankful Merdeka with Manulife' programme, in collaboration with PanJam Food Rescue, a total of 909 warm meals were served to the needy in Penang, benefitting approximately 200 families.



### Ensure healthy lives and promote well-being for all, at all ages

- Launch of **Fuel Up Fridays and Wellness Wednesdays**, mental health campaign for the benefit of employees
- COVID-19 vaccination support programme** rolled out to support employees during the pandemic
- Introduction of 'Thank You Day' and **5 additional personal off days**
- > 10,000** children benefitted from the installation of portable hand washing/sanitiser stations, donated by Manulife, across Malaysia



### Ensure inclusive and equitable quality education, and promote lifelong learning opportunities for all

- > 2,800** students positively impacted from education initiatives supported by MY Community Grant
- Manulife teamed up with LinkedIn Learning to provide employees with access to continued learning anytime, anywhere.
- Manulife invested in a new internal learning platform, **Pursuit Learning** for all employees to pursue independent learning and growth through expert-led videos presented in a portfolio of programmes and tools



### Achieve gender equality and empower all women and girls

- 50%** of our Board of Directors are women
- 53%** of our Senior Management (VPs and HODs) are women
- Celebrated **International Women's Day** with various initiatives organised for the benefit of our employees



### Ensure availability and sustainable management of water and sanitation for all

- 'Project BUMI'; an initiative that was supported under MY Community Grant, to provide training and equipment for Orang Asli communities in ensuring sustainable household sanitation and water access. Approximately **1,500** people benefitted from the initiative.



### Ensure access to affordable, reliable, sustainable and modern energy for all

- Manulife Global Energy Transition Fund invests at least **95%** of its net asset value (NAV) in renewable energy production (decarbonising) amongst others.





**Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all**

- Provide employment to a total of 490 people in 2021 (with **73** new employments in 2021).



**Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation**

- Manulife Global Energy Transition Fund invests at least **95%** of its net asset value (NAV) in energy infrastructure (decentralising).



**Reduce inequality within and among countries**

- Inauguration of Manulife Malaysia's **Employee Resource Group (ERG)**, creating a culture that recognises diversity and embraces inclusion.



**Make cities and human settlements inclusive, safe, resilient and sustainable**

- Manulife Global Energy Transition Fund invests at least **95%** of its net asset value (NAV) in transportation (decentralising).
- **RM10,000** disbursed via an in-kind grant towards the development of the Petaling Street Community Centre, to preserve the area's culture and heritage.



**Take urgent action to combat climate change and its impacts**

- **317 metric tons** of CO2 saved from being emitted into the atmosphere, through reduced consumption of electricity in Menara Manulife across 2021.
- Formation of Manulife Malaysia's **Climate Change Working Group**



**Ensure sustainable consumption and production patterns**

- Continuation of 'paperless' initiative, resulting in a **57%** reduction in the utilisation of paper between 2020 and 2021
- **916kg** of waste diverted from entering the landfill
- **RM10,000** in funding provided to Fly Technology Agriculture Sdn Bhd; an organisation that converts surplus food into healthy food products.



**Strengthen the means of implementation and revitalise the global partnership for sustainable development**

- Continuously seek to collaborate within internal and external means to collectively work together to achieve desired outcomes.

Figure 1: We support the SDGs by aligning our initiatives with fourteen of the seventeen goals.



# Elevating our Business

In support of:



With the COVID-19 pandemic heightening in 2021, we continued pivoting our operations, commercial strategies and accelerating our digitisation agenda to meet the requirements of our customers and fast-changing market dynamics. We prioritised making *every day better* for our customers by ensuring we were there for them; that they were supported and kept informed as we navigated a turbulent year brought forth by the pandemic. At Manulife Malaysia, we strive to keep our promise of making our customers' decisions easier and lives better, and always staying true to our values that have underpinned our growth and success over the years.

2021 marked the end of *NEXT Manulife*; Manulife Malaysia's internal 3-year transformation initiative from 2019. Looking ahead, we have aligned our aspirations with the Emerging Market Bold Ambition (EMBA). As the saying goes: when one door closes, another opens. The year 2022 will signify a new beginning where we focus on Scaling Up 5x5. This new Bold Ambition theme will unify all of our efforts at arriving to Manulife Malaysia's business goals; ultimately to see 5x growth in 5 years and becoming a Top 5 insurer by 2025. This chapter highlights how we have gone about attempting to achieve our Bold Ambition. **This is our time to lead the change.**

# ScaleUP 5X

## PUTTING CUSTOMERS AT THE FOREFRONT OF OUR BUSINESS

### Maintaining customer experience as a top priority

Manulife Malaysia continued to focus on the relationship Net Promoter Score (rNPS) as a key tool to measure and enhance customer experience. The metrics provides the organisation with an insight into what the customer thinks about our products

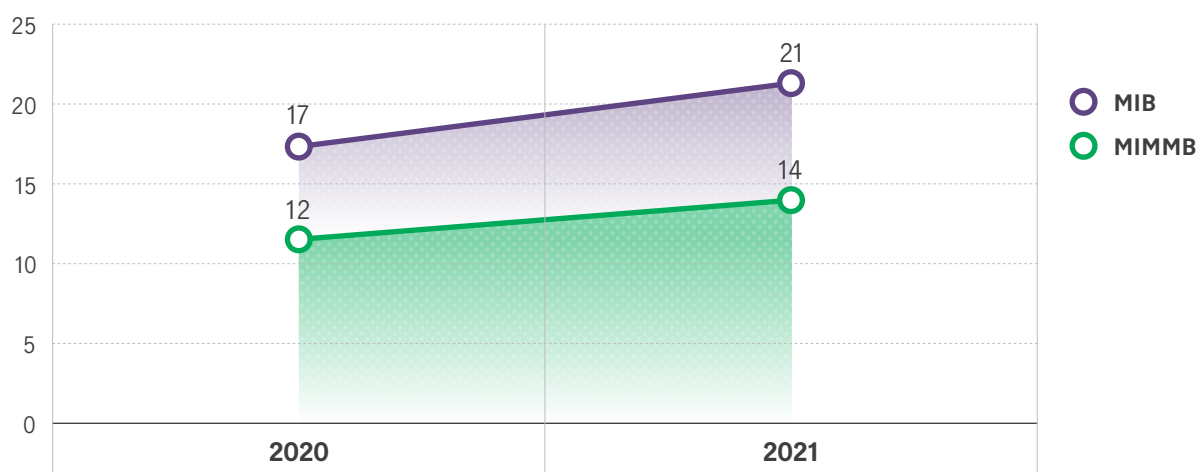
and services and overall, as a company, through a yearly survey. The feedback from the survey helps to identify customers' pain points and gauge where Manulife Malaysia stands amongst its key competitors. Our 2021 priority to deliver superior customer experience, intensify customer engagement and gain deeper insights into our overall customer journey remained at the forefront of all our efforts, as we embraced the core principles of NPS: *Listen, Learn and Act*.

Based on MIB's 2021 performance, we saw a positive closing for the year with an increase from +17 in 2020 to +21 in 2021 on our customers' performance rating; further closing the gap to our competitors. Although we saw a decline in the overall customer sentiment for the year due to the pandemic, we intend to stay vigilant and committed to ensuring the well-being of our customers. Our efforts for 2021 were revolved around technology resilience and looking into the branch and contact centers' experience, as well as agent servicing and payments which helped to shift the overall rating.

Under Manulife IM (Malaysia), we have emerged stronger from the pandemic and reoriented our customer-experience efforts to meet customers' primary needs, such as safety, security, and everyday convenience. We saw positive improvement in our NPS score; from +12 to +14, significant improvement and satisfaction displayed by our customers (consistently above 85% with our Customer Service target set at 80%) between 2020 and 2021 respectively. Besides this, our digital transformation strategy with Manulife iFUNDS has rapidly accelerated from convenience to now a necessity. Process improvements for existing systems and developing new products and services to cater to the evolving needs of our customers in this digital age proved timely.

We have been here for our customers in 2021 and will continue to be professional, patient and serve with top notch quality in our industry while facilitating extraordinary growth and sustainable profitability with cutting edge standards.

Manulife Malaysia Net Promoter Score (NPS)



### Broadening customer relationships through Customer Portfolio Management (CPM)

The key focus of Customer Portfolio Management (CPM) is to proactively manage customer portfolio by interacting at the right moment, offering needs-basis products/services, and growing loyalty across the customer life cycle. It is an ongoing initiative that is driven mainly to deepen our relationship with customers through cross-selling efforts with the aim to increase sales and capture better margins. Ensuring our customers remain protected in their life journey remains our top priority!

### Accelerating our digital agenda to support our customers

#### An opportunity for innovative solutions

In 2021, we continued driving our digitalisation agenda by extending and improving the usage of digital channels. Besides Investment-linked sustainability notices, the Annual Premium Statement is also sent to the customer via email and SMS. At the same time, these statements are also available in eLITE for viewing and download.

The SMS channel is also being added with different types of notifications to provide our customers with immediate updates, including but not limited to billing status, policy status, claim statuses and undelivered correspondences.

As part of our continuous improvement, ePolicy will now be delivered to our customers electronically via SMS or email. Customers can view their ePolicy immediately in a secured environment seamlessly.

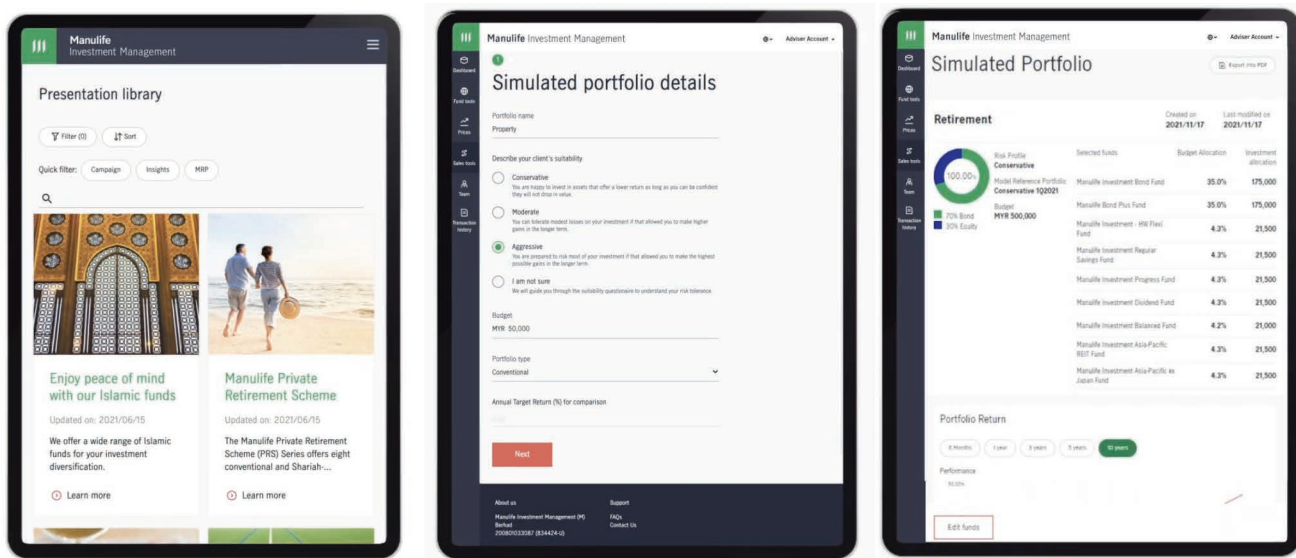
In 2022, virtual servicing will be introduced to our agency force. This will enable us to support our distributors at another

level of service standards, with the advancement of technology regardless of their location. This indirectly provides a faster and immediate response to our customers.

#### Transforming customer engagements in a digital age

Manulife IM (Malaysia) recognises the importance of digitising processes in the space in which we operate in to accelerate growth. Manulife iFUNDS has been instrumental in improving our operational efficiency and enabling us to create a meaningful engagement with our customers since its launch in 2020. By going digital, paperless transactions and automation provide a convenient and seamless experience to our customers in managing their portfolios at any time and from any place. Understandably, our customers have increasingly turned to use Manulife iFUNDS as their preferred online fund investment platform to select, manage and track their unit trust investments with us. In 2021, on a monthly average basis, 70% of new accounts, 78% of fund subscriptions and 93% of switching transactions were completed online using Manulife iFUNDS. As of November 2021, over 16,000 of our customers are actively using Manulife iFUNDS.

Following the successful adoption of Manulife iFUNDS by our customers and unit trust advisers ("Advisers"), the Manulife iFUNDS Regular Savings Plan (RSP) was introduced in February 2021. Manulife iFUNDS RSP is a monthly subscription plan that enables customers to invest a fixed sum of money into a particular investment product on a regular basis. Manulife iFUNDS RSP provides a much quicker turnaround of only a few days for a new RSP application to be completed compared to six weeks for a paper application. In addition, comprehensive tools such as Goal-based Investment, Fund Screener and What-If Analysis make it much easier and faster for our customers to make informed decisions when setting up their RSPs.



Manulife iFUNDS has been a key driver in our digitisation journey.



Innovation is key for us to be truly digital. As we continue to enhance and expand the use of Manulife iFUNDS, the Manulife iFUNDS for Advisers was launched in December 2021 for our dynamic team of professional advisers to provide engaging touchpoints with customers and to service customers more effectively and meaningfully. In continuing our digitisation footprint, functional features namely the QR code generator, portfolio simulation and presentation library were introduced to help advisers to work smarter and more efficiently and deliver optimal services to customers.

### Closing the protection gap via innovative products & services

Health and Protection remains a focus in making our customers' every day better

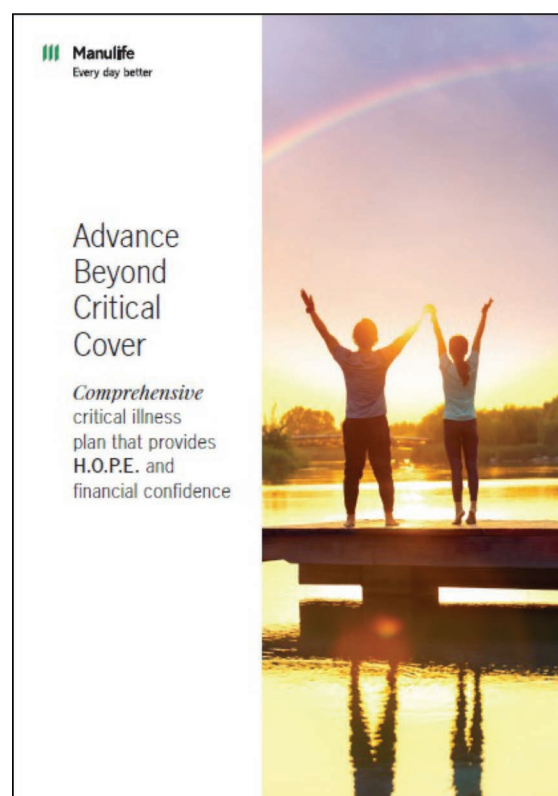
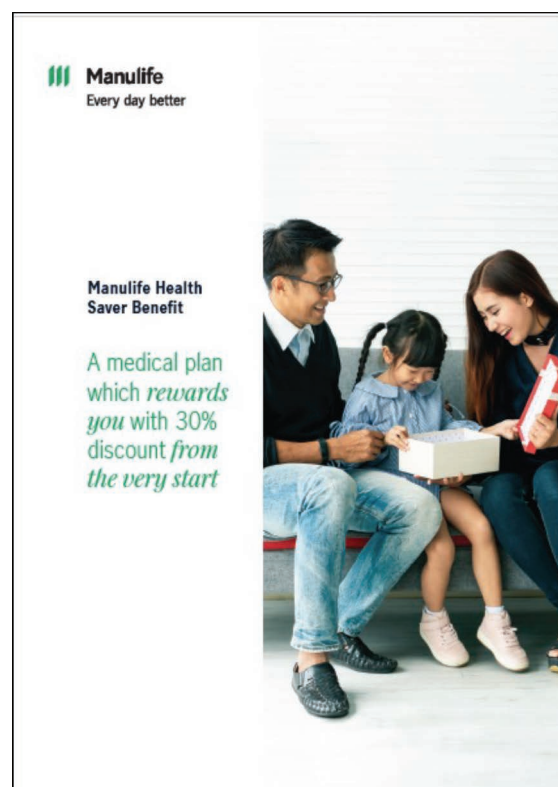
From the start of the COVID-19 pandemic in Malaysia, Manulife customers have been supported by our COVID-19 programme. In early 2020, we set up a fund under the Special Financial Assistance Programme (SFAP) amounting to RM1 million. Subsequent to the fund being utilised, the Company pledged an additional RM500,000 with the launch of SFAP 2.0 in June 2021. Both programmes have since been fully redeemed, benefitting close to 650 customers.



**Manulife Malaysia continued providing much-needed relief to both customers and non-customers throughout COVID-19.**

As the nation prepares to move from a pandemic to endemic era, Manulife launched the COVID-19 Private Hospital Medical Expenses Assistance in August 2021, which allows medical cardholders to reimburse their incurred medical expenses after being admitted to any private hospital for receiving

treatment as a clinical "Stage 3, 4 or 5" COVID-19 patient. In addition, we proudly took the initiative to provide a helping hand in the form of a free 90-day COVID-19 coverage to non-Manulife customers, under a programme called 'Manulife with You', where an RM5,000 death benefit was handed out for free to the first 80,000 eligible participants.



Rising healthcare costs remain one of the biggest concerns amongst Malaysians, making medical insurance a necessity today. Our new medical plan; *Manulife Health Saver Benefit* comes with a 'No Claim Discount', allowing our customers to enjoy an immediate discount on insurance charges, and therefore empowering them to prioritise their wellbeing and optimally manage their health. This product is designed so that upon purchase, policyholders benefit from an immediate 30% discount on insurance charges in the first policy year. If there is no claim made in the particular year, the no-claim discount on the insurance charges will increase by 10% the following year and be capped at a maximum of 40%. This will benefit our customers given the lower charges when no claim is made. To celebrate our product launch, we developed a campaign for our customers where we provided an additional RM1 million annual limit to their Manulife Health Saver Benefit plan at no extra cost.

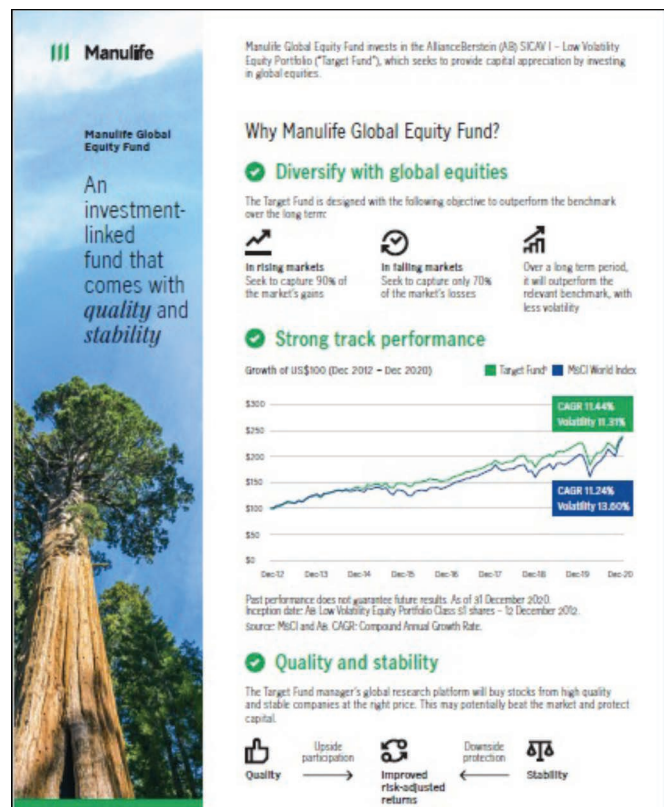
We recognised in times of uncertainty; critical illness coverage has become increasingly important. Our new critical illness plan; *Advance Beyond Critical Cover* (ABCC), is a health solution that provides holistic critical illness coverage from an early stage of diagnosis to post-treatment events. It covers up to 142 critical illness conditions and comes with additional benefits such as cancer treatment booster benefit, disability care benefit and diabetic/joint-related benefits. True to our beliefs, this plan also provides lump-sum payments for events resulting from hospitalisations, be it due to illnesses or accidents.

#### Planning with investment-linked plans

Our product solutions are mainly driven through investment-linked plans where customers are provided with an array of investment-linked funds to invest and benefit from. Our new investment-linked fund, *Manulife Global Equity Fund* was launched in May 2021 to widen our range of investment-linked funds and focus on high-quality overseas stocks and a long-term investment horizon, which is fit-for-purpose for an investment-linked plan.

The fund invests in the AllianceBernstein (AB) SICAV I – Low Volatility Equity Portfolio (the target fund), which seeks to provide capital appreciation by achieving quality and stability through diversification with global equities. The target fund's portfolio is positioned so that it is prepared for a downturn and poised for recovery. It seeks to capture 90% of the market's gains in rising markets while capturing only 70% of the declines in falling markets.

The target fund manager's global research platform aims to source high quality and stable companies at the right price. This may potentially beat the market and protect capital against downside risk. The fund is suitable for customers who seek capital appreciation, are looking for investment exposure in a diversified global market, are willing to accept a higher level of risk with low-income requirements and have a long-term investment horizon.



#### Breaking new ground on funds for investment

With the expectation of continuous demand for sustainable funds in 2021, Manulife IM (Malaysia) launched two feeder funds that focus on sustainable investments for the Malaysian market.

Launched in October 2021, the *Manulife Global Aqua Fund* is a qualified Sustainable and Responsible Investment (SRI) fund under the Securities Commission (SC) Malaysia's guidelines on Sustainable and Responsible Investment Funds. The fund aims to mitigate the increasing gap between the demand and supply of water and rising concerns over global water quality through investment. The fund aims to provide capital appreciation by investing at least 95% of the Fund's net asset value (NAV) in the BNP Paribas Funds Aqua (the "BNP Aqua Fund"), and focuses on companies that are overcoming water-related challenges and streamlining the transition to a more sustainable world. The BNP Aqua Fund invests in stocks across three broad sectors in the growing global water value chain: Water Infrastructure, Water Treatment and Water Utilities.

The *Manulife Global Energy Transition Fund*, launched in August 2021, is a feeder fund that aims to provide sophisticated investors with capital appreciation. The Manulife Global Energy Transition Fund invests at least 95% of the NAV in the BNP Paribas Funds Energy Transition (the "BNP ET Fund"), which aims to contribute to the low-carbon energy transition by investing in companies dedicated to finding solutions to address climate change. The BNP ET Fund invests in companies globally that

seek to leverage on energy transition by investing in three areas: renewable energy production (decarbonising); energy efficiency, technology & materials (digitalising); and energy infrastructure & transportation (decentralising). The BNP ET Fund currently contributes to three SDGs: 7 (affordable and clean energy), 9 (industry, innovation and infrastructure) and 11 (sustainable cities and communities).



### Managing risks and safeguarding our customers' interest

The Enterprise Risk Policy sets out the Enterprise Risk Management ("ERM") framework that governs all risk taking and risk management activities within Manulife and its subsidiaries. The ERM Framework provides a structured approach to risk taking and risk management activities, required to deliver the Company's Bold Ambition. The ERM Framework is communicated through risk policies and standards, which cover:

- **Risk Roles and Authorities** – Assignment of accountability and delegation of authority for risk oversight and risk management at various levels within the Company, as well as accountability principles.
- **Governance and Strategy** – The types and levels of risk the Company seeks given its strategic plan, the internal and external environment, and risk appetite which drives risk limits and policies.

- **Execution** – Risk identification, measurement, assessment and mitigation enable those accountable for risks to manage and monitor their risk profile.
- **Evaluation** – Validation, backtesting and independent oversight to confirm that the Company generated the risk profile it intended, root cause analysis of any notable variation and any action required to return risk to its desired level when exposures near or exceed risk appetite.

The Board approves the Company's Enterprise Risk Policy, which serves as the overarching umbrella risk policy. The Enterprise Risk Policy governs the principal risk category of Strategic Risk. The Board also approves the Company's risk-taking philosophy, risk appetite statements, and risk limits and tolerances. The Board delegates the oversight of the Company's other principal risk categories (Market/Liquidity, Product, Credit/Investment, Operational Risk and Capital Management) to the Board Risk Committee (BRC). The BRC, in turn, delegates the authority over the management of the risks to Management through individual BRC level policies that establish expectations for implementation and execution of risk strategies, frameworks, policies and practices.

**Risk Philosophy** – Manulife is a global financial institution offering insurance, wealth and asset management products and other financial services. As we work each day to deliver on our mission "Decisions made easier. Lives Made better", our bold ambition is to transform into a digital, customer-centric market leader, while delighting our customers, engaging our employees, and delivering superior returns for our shareholders. The activities required to achieve these results are guided by our values and involve elements of risk taking. Risk management drives the success of our Company by providing a framework to mitigate exposures to within risk appetite and effectively deploying our capital towards appropriate risk/return profiles.

**Risk Appetite Statements** – Manulife shall establish and/or reaffirm its risk appetite on at least an annual basis to ensure that risk appetite and the Company's strategy align. It is comprised of risk appetite statements that provide 'guideposts' on our appetite for identified risks, any conditions placed on associated risk taking, and direction for where quantitative risk limits should be established. The Company's risk appetite statements are as follows:

- Manulife accepts a total level of risk that provides a very high level of confidence to meet customer obligations while targeting an appropriate overall return to shareholders over time.
- Manulife operating units target to be aligned with our growth aspirations and our objective of honouring all commitments to policyholders and other stakeholders with a high degree of confidence.
- Manulife values innovation and encourages initiatives intended to advance the ambition to be a digital customer-centric market leader.



- Capital market risks are acceptable when they are managed within specific risk limits and tolerances.
- Manulife believes a diversified investment portfolio reduces overall risk and enhances returns; therefore, it accepts credit and alternative long-duration asset-related risks.
- Manulife pursues product risks that add customer and shareholder value where there is competence to assess and monitor them, and for which appropriate compensation is received.
- Manulife accepts that operational risks are an inherent part of the business when managed within thresholds and tolerances of key risk indicators and will protect its business and customers' assets through cost-effective operational risk mitigation; and
- Manulife expects its officers and employees to act in accordance with the Company's values, ethics and standards; and to protect its brand and reputation.

#### Protection through cyber security and data privacy

Customer data privacy is ensured through an existing information risk management process guided by policies and standards in place, in areas such as network security, encryption standards (for data at rest and in transit), operational security, application security, vulnerability management and logical access control. The information security measures and controls in these areas help Manulife identify, assess and manage cyber risk and security.

#### Staying abreast of our Business Continuity Plan (BCP)

Our comprehensive Business Continuity Management programme is established and updated continuously to reflect changes in the operating environment to provide holistic planning and arrangements of key resources and procedures that enable us to respond and continue to operate mission-critical business functions while considering all functions across a broad spectrum of interruptions to the business arising from internal and external events. This, coupled with corporate support and commitment, is the primary key to disruption preparedness and building strong business resilience to ensure all our customers are well taken care of during this unprecedented global pandemic.

### CREATING SHARED VALUE FOR OUR STAKEHOLDERS

#### **Building key strategic partnerships**

At Manulife Malaysia, we continued to grow our bancassurance partnership business with Alliance Bank, with a focus on building non-face-to-face capability to continue reaching out to the Bank's customers in mitigating the negative impact caused by the prolonged lockdown in Q2 & Q3 2021. We had also set up an alternate distribution channel in Q4 2021 to complement Banca business through non-traditional partnerships, leveraging on e-commerce platforms and an online-to-offline direct sales team approach to sell simple insurance solutions.

In 2021, Manulife Insurance Labuan Limited (MILL) expanded its distribution network by adding 3 more bank partners to reach out to more high-net-worth individuals in Malaysia. Our maiden tele-underwriting approach also assisted our clients to get assessed without going to a hospital for a medical check-up.

*Elite Smart Invest* is a new investment-linked plan designed for customers of Alliance Bank. This product provides life insurance protection and is designed for wealth accumulation through its product design and range of investment-linked funds. With a limited premium paying term of 5 years, this product provides the flexibility of an investment-linked policy and the opportunity to remain invested until the age of 99 next birthday.

MILL launched its latest universal life series; *Signature Heirloom (VI)*, a US Dollar-denominated plan that offers high insurance coverage for the whole of life and wealth creation. Signature Heirloom (VI) is tailor-made for high-net-worth individuals looking to leave a legacy to their family members. In advocating health and wellness, the product includes a unique feature to encourage customers who smoke, to quit smoking by offering a 'quit smoking incentive' where they can benefit from lower charges.

**ALLIANCE BANK**

Bancassurance  
**ELITE SMART INVEST**

Make Your Financial Goals  
Come True With The Right Plan

**Manulife**

Alliance Bank Malaysia Berhad  
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Underwritten by Manulife Insurance Berhad  
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## Enforcing sound financial practices

### Strategic cost management

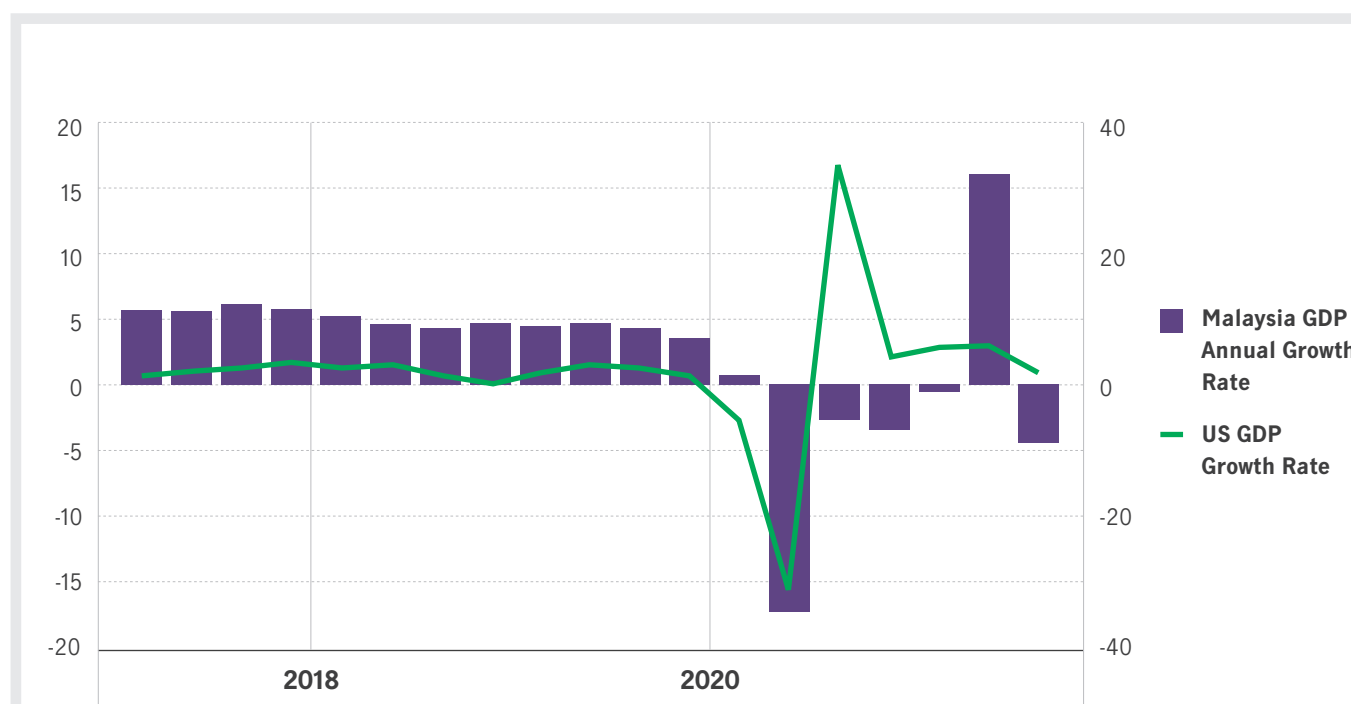
Managing our expenses to achieve expense efficiency and having a continuous CostFit mindset instilled at all levels throughout the Organisation continue to be our focus in ensuring sustainable growth for Manulife Malaysia in the coming years. The primary intent is continuing to sustainably enhance our cost competitiveness through improved economies of scale, effective utilisation and strategically investing our available resources, yielding maximum value and benefits to the Organisation over the longer-term period. The savings arising from the Strategic Cost Management exercise continue to create opportunities and additional funds for reinvestment as we embark on our Digitalisation Transformation Journey, without significantly increasing overall expense.

This exercise continues to create available resources in supporting our journey in enhancing our digital capabilities from the point-of-sale to the back-end reporting system, whilst also freeing up funds to meet other strategic priorities for business growth and expansion. More vigorous pre and post project launches and campaign review were also undertaken to assess the realisation of the benefits expected for future improvement and enhancement.

In 2021, we have reinvested RM2.8 million worth of savings from the continued cost-saving initiatives to enhance, develop and maintain new technological capabilities and digital assets, whilst also contributing to improved productivity, and additionally enhancing our distribution partners', customers' and employees' experience.

### Optimising our investments

Globally, investors expected 2021 to be a year with a V-shaped recovery following global GDP contraction of -3.5% in 2020 and specifically Malaysia's -5.6% GDP contraction in 2020. However, the evolving COVID-19 pandemic and the onset of new variants saw global and local economic activities remaining mostly muted in 2021 as the pandemic continued to rage. Accordingly, Malaysia's y-o-y GDP continued on a volatile trajectory contracting in Q1 21 at -0.5%, growing in Q2 21 +16.1% and contracting again in Q3 21 at -4.5% and growing at +3.6% in Q4 21 to bring 2021 GDP growth to 3.1% within the range forecasted by Bank Negara Malaysia (BNM). Mid-year, BNM had revised its previous 2021 GDP forecast of between 6% - 7.5% to between 3% - 4%.



Notwithstanding the continued uncertainty over the global macroeconomic outlook, the US economy was a bright spark registering GDP growth of Q1 21 + 6.4%, Q2 21 + 6.7% and Q3 21 + 2.1%. Consequently, inflationary pressures set in and while it was initially viewed as transitory, it was found to be more sustained subsequently. Amidst the nominal GDP contraction in Q1 21 and buoyant Q2 21 GDP growth, the local fixed income market also began to impute higher yields. Towards the end of Q1 21, we decided to shorten the fixed income duration to mitigate the risk of loss to the portfolio if interest rates trend up. This strategy is envisioned to continue in 2022 unless we assess that there would be further disruptions to global growth normalisation emanating from the protracted pandemic and new variants.

Our equity portfolios were managed actively and gained from stock and sector allocation returning in economic value added (EVA) terms as one of the best performances among business units in the region with YTD Dec-21 EVA of 4.8% or CAD\$ 15.8 mil. The year 2021 also saw the continued emphasis on alternative assets, especially private market assets, where we committed to two more private equity (PE) funds and a further co-investment in PE. By the end of 2021, we would have completed setting up the infrastructure to invest in private debts.

### Mitigating and managing compliance risks

The risk and compliance culture of the Manulife Group is driven by a strong tone from the top, complemented by the tone from the middle, to embed the expected values and principles of conduct that shape the behaviour and attitude of employees across the Group. Policies and internal standard operating procedures are clearly defined, consistently communicated, and continuously reinforced, to embed a culture that cultivates active identification, assessment and mitigation of risk as part of the responsibility of all employees across the Group. As a part of the risk and compliance culture, the Group has instilled a culture where the Board, senior management and every employee of the Group is committed to adhering to the requirement of relevant laws, rules, regulations and regulatory guidelines.

As it is vital to have a robust and effective Compliance Framework in place, Manulife Holdings Berhad has prepared a Compliance Policy that is driven by the Compliance Department in managing compliance risk within the business. The Compliance Framework has been implemented across the various businesses and support units within the Group. It provides the key principles and guidelines for managing Compliance risk within the Group.

#### Anti-Money Laundering & Counter Financing of Terrorism (AML/CFT)

The integrity of the financial services marketplace depends heavily on the strong belief that it functions within a framework of high legal, professional and ethical standards. Money laundering and terrorist financing activities are illegal activities to which any perceived complicity could result in damage to the reputation

of Manulife, as well as subjecting Manulife and/or culpable individuals to possible fines and/or imprisonment.

Our employees undergo continuous mandatory training annually via e-learning, targeted training, and external professional and regulatory seminars. In 2021, we achieved a completion rate of 100% amongst Manulife Malaysia's employees for our ALM/CFT compliance training courses.

#### Code of Ethics and Conduct

At Manulife, we are committed to behave ethically and live our core values. "Do the right thing" is a crucial part of our DNA – it guides our behaviours and defines how we make decisions for our customers and each other. Manulife has in place a Code of Business Conduct and Ethics as a guide to doing the right thing. The Code affirms the Company's commitment to ethical conduct, its practice of complying with all applicable laws and our practice of avoiding potential or actual conflicts of interest.



#### Anti-Bribery and Anti-Corruption

Our business depends on a sound relationship with customers, the community, other organisations and our stakeholders, leveraging on 3 of our values to maintain the highest level of compliance centering on anti-bribery and anti-corruption:

##### (i) Do the Right Thing

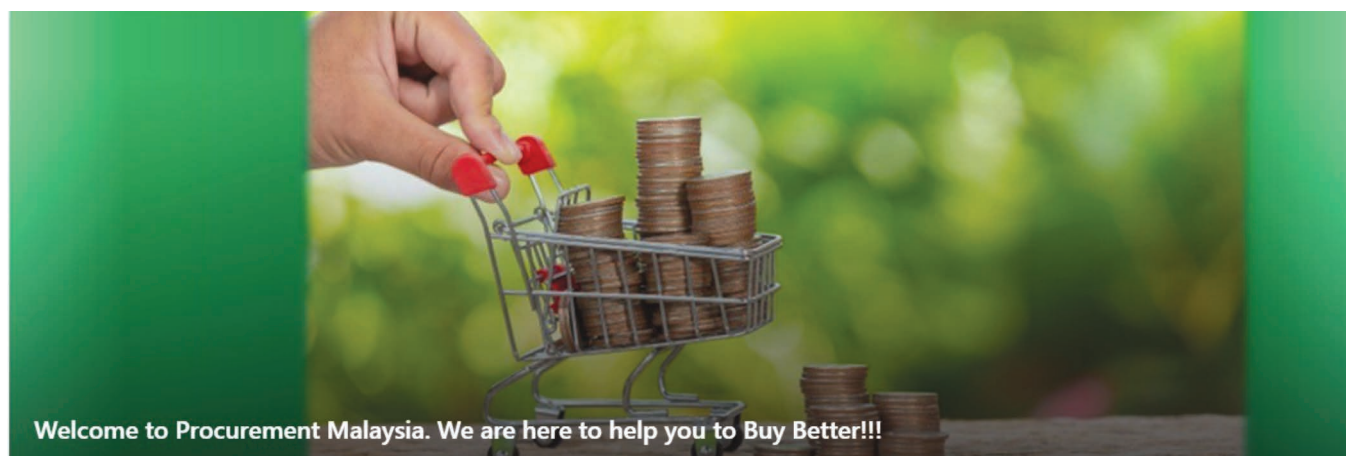
Manulife is strongly committed to doing business in an honest, ethical, and legally compliant manner. Manulife has zero-tolerance for bribery and corruption in any form.

##### (ii) Own It

Manulife has implemented the Anti-Bribery and Anti-Corruption (ABAC) requirements and control designed to address the risks that Manulife may face in the real world which are diligently implemented, followed, and enforced because of the strong commitment from our senior management.

##### (iii) Get It Done Together

Every employee within the Group is working together to ensure Manulife's requirements on ABAC are strictly adhered to. This includes working together with our business partners to ensure they understand our strong commitment to ABAC.



### Driving procurement efficiency

In January 2021, our Procurement team in Malaysia launched "Procurement Malaysia SharePoint," an intranet page for internal users to have a one-stop portal to refer at any point of the day on the latest, up-to-date procurement related matters including updates, forms and policies. With the new normal working environment where minimal or no face-to-face meetings occur during COVID-19, it is crucial to enable all internal users the ability to obtain procurement's updates, information, guidance and forms at all times.

Self-service in Procurement will not work without strong engagement with business users. Driven by the key objective to buy better and provide sustainability to the strong collaboration between Procurement and business functions, our procurement team continues to engage business functions through targeted catch-up sessions on a monthly or bi-monthly basis to run through the list of ongoing initiatives and upcoming initiatives to ensure evaluation of vendor selections are thoroughly conducted. The sessions also allow business functions and procurement to have open and transparent conversations on the lessons learned, areas of improvement, and sharing of latest updates from both teams.

### INNOVATING OUR 'BUSINESS AS USUAL'

#### Enhancing our distribution capabilities

#### Accelerated recruitment initiatives via distinctive virtual events

As we move forward towards a brighter economic prospect with the support of the successful *National COVID-19 Immunisation Programme*, we intensified our digital recruitment initiatives via a series of virtual events with local celebrities on social media platforms. These virtual events, namely; *Bazar Kerjaya Bumiputera*; *Be an Insurance Rockstar with Manulife*; *You can be a Big Boss too* and *#FreshGradLiveChat* were aimed at presenting job opportunities to those who were impacted

with pay cuts and retrenchments due to closure of business during the lockdown. Interestingly, the Manulife Facebook page received more than 48,000 views for these events, creating greater brand awareness among netizens. Despite the second year of the pandemic, Manulife recorded the highest number of total recruits for its life insurance business.

**Manulife**  
Every day better

**#FreshGradLiveChat**

Be an  
**INSURANCE ROCKSTAR**  
with **Manulife**

*Own your future. Make it here.*

**LIVE**  
28 AUGUST 2021  
**8PM-9PM**

Join us live on FB and get up close and personal with the guest celebrities. We've got lucky draws and online games to win cool prizes too!

Register now! First 100 will get a surprise gift.

'Be an Insurance Rockstar with Manulife' was one of the numerous virtual recruitment events organised by our Distribution team to increase our footprint in the life insurance industry.



### Protecting small Malaysian businesses

*Manulife SME Biz Solutions* was launched at a critical time as Malaysia faced continuous challenges from the COVID-19 pandemic, providing customisable insurance protection against situations and challenges faced by owners of small and medium-sized enterprises (SMEs). *Manulife SME Biz Solutions* consists of four types of solutions: Key Person Protection, Debt Cancellation, Business Buy Back and Employee Retention Programme. The solutions helped to minimise business disruption when the unexpected happens to key business partners and employees, making *every day better* for SMEs to sustain their business growth.



Through *Manulife SME Biz Solutions*, we had SMEs covered every step of the way during the COVID-19 pandemic.

### Continuing growth momentum by targeting an untapped customer base

In charting a successful growth trajectory through diversification, Manulife's Agency focused on expanding its agency business across Malaysia. The expansion initiative supported our objective for attaining a larger and more diverse customer base while increasing our market influence with brand awareness.

To encourage our agency leaders, a start-up sponsorship was offered to support the setup of their offices at their preferred locations. The sponsorship is expected to accelerate their recruitment drive, and further grow Manulife's footprint in both Peninsular and East Malaysia.

### Recognising Million Dollar Round Table (MDRT) achievers

As a global MDRT sponsor, Manulife is committed to developing MDRT agents who are recognised internationally for a standard of excellence in making *every day better* for our customers. In line with our efforts to promote MDRT achievements and to encourage more agents to aspire to be members of the prestigious MDRT organisation, various training programmes, exclusive events participation and differentiated rewards and benefits were presented to the early achievers.



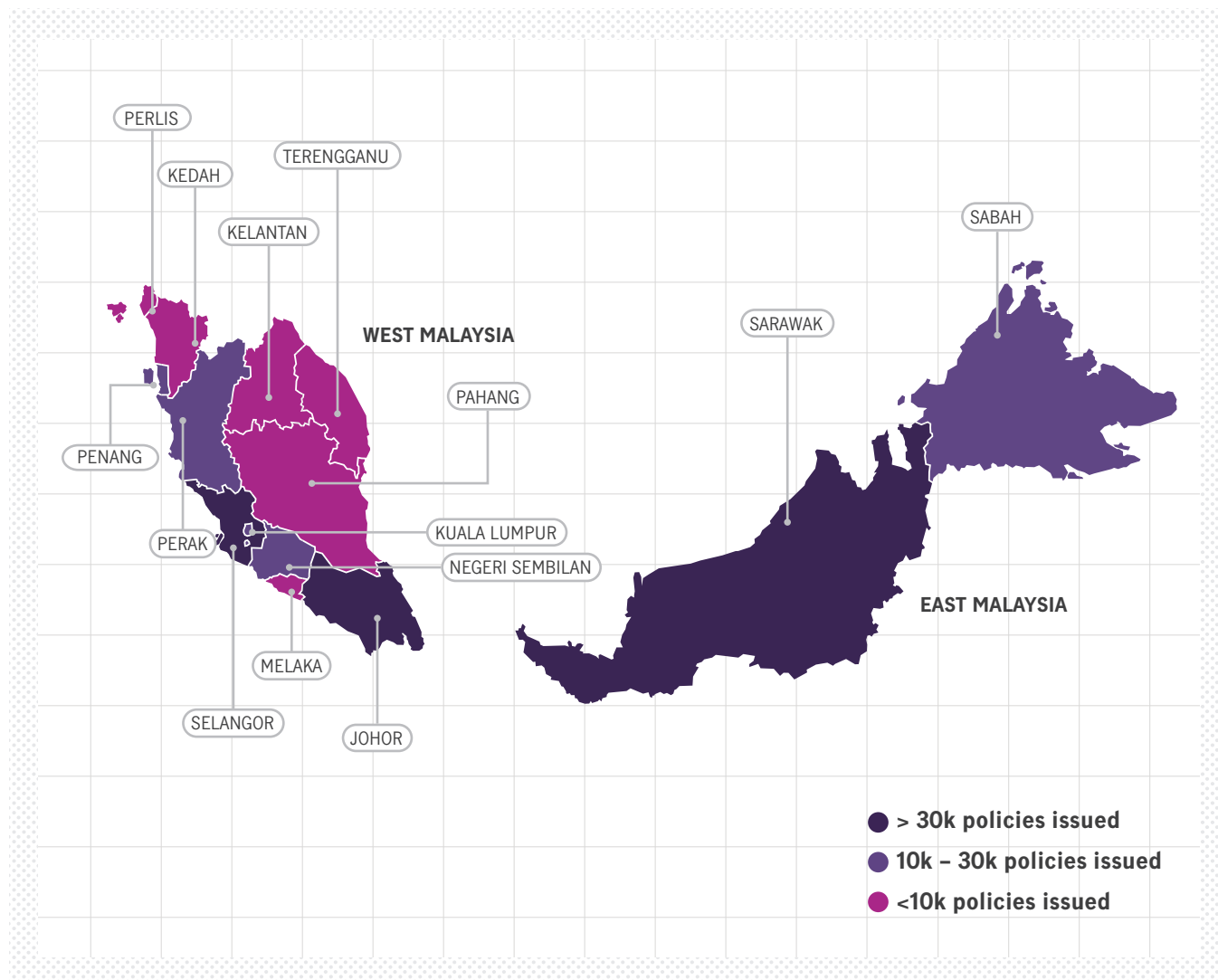
Group Chief Executive Officer, Vibha Coburn (10th from right), and MIB Chief Agency Officer, Alex Tan (3rd from left), with Million Dollar Round Table, Court of the Table and Top of the Table Achievers during MDRT Vogue Party held at Vogue Lounge KL Gateway in November 2021.



### Harnessing digital leads to drive new business

Manulife's promise of making decisions easier and lives better is synonymous with extending our reach to provide coverage to as many Malaysians as possible. In 2021, we continued to develop both our internal processes and distribution capabilities to drive new business through the generation of digital leads. We have a clear strategy in place to drive digital initiatives, encompassing not just Manulife's capacity to reach our customers through online means, but also equipping our distribution teams to better approach and serve our customers.

As of December 2021, our insurance footprint covers 263,547 policies held by 188,545 customers across the nation, as illustrated in the diagram below.



### Elevating the Manulife Brand

Mirroring the year 2020, 2021 continued to present itself with socio-economic volatility, as nations globally continued to battle the COVID-19 pandemic. However, despite its challenges, the Manulife brand remained resilient, and we focused on leveraging every opportunity that was presented to us – to continue to make *every day better* for all our stakeholders.

To demonstrate our perseverance as a brand, we launched Manulife Run & Ride 2021, amidst the Movement Control Order (MCO) restrictions – challenging ourselves to source for creative avenues to stay connected with our audiences – despite limitations to display physical presence. We teamed up with prominent runners and cyclists; namely Angeline Ong (professional Yoga & Fitness trainer and cyclist), Atikah Abu Bakar (running enthusiast), Han Pin Ma (Spin instructor), Peter Hugh Davis (MMA fighter & cycling enthusiast), Steffi Kaur (National Football & Futsal player) and Tahira Najmuinisaa (Professional runner).



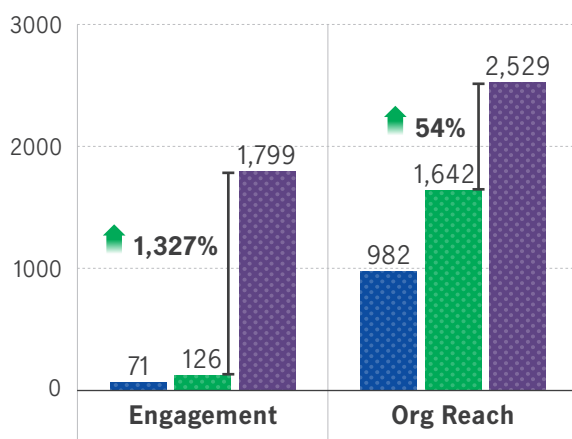
*We engaged famous Malaysian athletes to become ambassadors for Manulife Run & Ride 2021.*

The race successfully garnered a total of 727 participants, and our Brand Index score (by YouGov) saw a steady increase from 3.0 prior to the campaign launch, to an average of 3.3 throughout the event period. Manulife Malaysia's social media channels garnered 978,856 in reach (Facebook) and 396,318 (Instagram) – as well as a spike in Share of Voice (SoV) of 344% (Facebook) and 67% (Instagram).

From a year-on-year platform performance perspective, the brand continues to display growth on both Facebook and Instagram, in comparison to 2019. On Facebook, 2021 saw an increase of 1,327% while Instagram observed a spike of 674%.

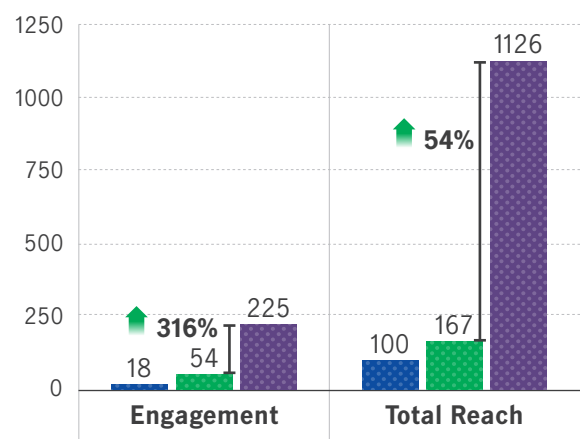
#### Facebook Performance

■ Y2021 vs ■ Y2020 vs ■ Y2019



#### Instagram Performance

■ Y2021 vs ■ Y2020 vs ■ Y2019



The Manulife Malaysia brand is ready to scale up to greater heights in 2022 as we aspire to reach further for opportunities, digitally and physically, to continue strengthening brand awareness by leveraging on Manulife's international presence and 59 years of rooted legacy in Malaysia. Subsequently, we aim to improve brand relevance by addressing the specific needs of our valuable stakeholders – it is a privilege to walk with people of all ages throughout their life's journey.

### Sustainable investments

At Manulife IM (Malaysia), we understand that our purpose as an asset manager is to deliver strong risk-adjusted returns for our clients over time while leaving a positive impact on the environment and society through sustainable investing and stewardship. Achieving this purpose requires a strong focus on the long term, prioritising the sustainability of our investments and operations, and expanding on the view that strong values exist beyond financial ones.

Apart from fundamental integration of Environmental, Social and Governance (ESG) considerations into our investment processes and decision-making, we actively engaged with companies that we invest in to gather information, mitigate ESG-related challenges and increase ESG-related opportunities. We also identify sustainability risks or opportunities that we believe critical to our investment theses and encourage investee companies to refine their practices by communicating our views and exercising our influence as active shareholders by voting thoughtfully and responsibly.

Manulife IM (Malaysia) continuously supports and advances our clients' sustainability objectives by enhancing our product offerings and reporting in line with industry standards and best practices. Ultimately, we believe that the ability to meet clients' sustainability goals will lead to more resilient investing, preservation of capital and creation of long-term value.

### Awards

In 2021, Manulife IM (Malaysia) continued to be recognised by leading and independent platforms for fund performance. Two (2) of our unit trust funds were the proud recipients of three

(3) individual fund awards from Refinitiv Lipper Fund Awards; lauded for its independent and uncompromised assessment of performance in over 17 countries worldwide.

Furthermore, we received a prestigious recognition for the first time from the Global Islamic Finance Awards, acclaimed as one of the highly coveted and most respectable market-led awards in the Islamic banking and finance world.

The individual fund awards received in 2021 are:

#### Refinitiv Lipper Fund Awards 2021

- Equity Malaysia Income – Malaysia Islamic Funds, 10 years
- Mixed Asset MYR Flexible – Malaysia Provident Funds, 10 years

#### Refinitiv Lipper Fund Awards 2021 – Global Islamic Funds

- Equity Malaysia Income, 10 years

#### Global Islamic Finance Awards 2021

- Best Emerging Islamic REIT Fund 2021

In addition, Manulife Insurance Berhad was bestowed with an award at FINCO's Annual Awards 2021 for being the financial institution with the most volunteers for the 'FINCO Good Sens' programme.







# Preserving the Environment

In support of:



## DOING OUR PART FOR THE ENVIRONMENT

Having the answers to global challenges, like climate change, is never a straightforward process, and it cannot be taken alone. We continued to collaborate with a global network of colleagues to drive meaningful and cohesive impact and to be guided by our regulators; BNM and Bursa Malaysia. As a responsible corporate citizen, we are taking progressive steps to reduce our environmental footprint, support the transition to a low carbon economy, and invest in climate change mitigation and resilience.

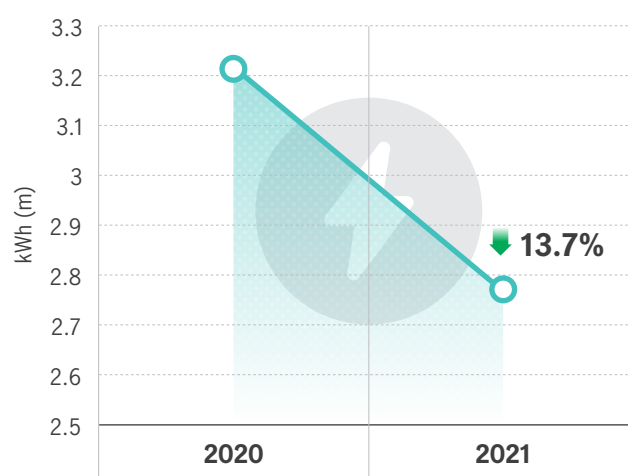
At Manulife, we are fully aware of the threats posed by a rapidly changing climate and the effects this has on our business. We have consciously laid firm foundations over the years to best prepare ourselves for the rapidly evolving corporate landscape. Increasing the efficiency of how our business is run continues to be the focal point when promoting sustainable practices within the Organisation. For example, being part of an industry that is heavily reliant on paper and energy, we have taken necessary actions to reduce our consumption of resources, manage waste and ultimately, decrease the cost of day-to-day operations.

### Electricity consumption

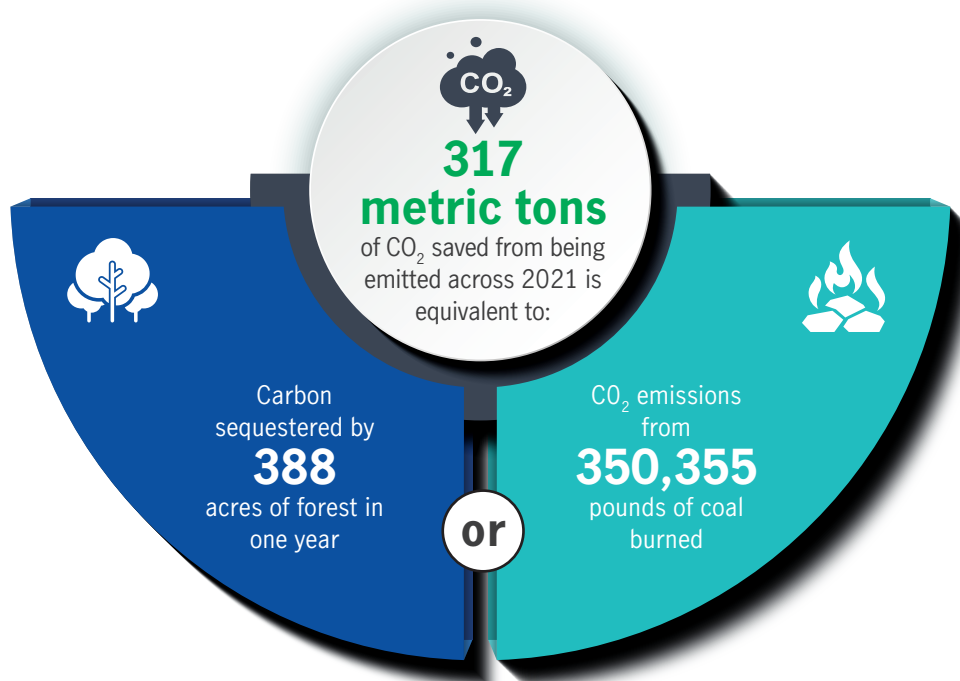
The consumption of electricity at Menara Manulife contributes largely to our carbon emissions. Therefore, ensuring that we utilise energy efficiently remains a priority in managing our environmental footprint. The electricity we consume as a company is optimised through several energy-efficient means; for example, the installation of LED bulbs throughout our offices, as well as the constant upgrading of the air-conditioning system within the building. To date, we continue to track our electricity consumption through monthly electricity bills.

Between 2020 and 2021, we observed a 13.7% drop in our electricity consumption, which is equivalent to savings of 447,284 kWh of electricity and approximately RM223,652 across the calendar year. In theory, this would equate to a total of 317 metric tons of CO<sub>2</sub> saved from being emitted into the atmosphere. The decrease in consumption of electricity within Menara Manulife could have been attributed to a drop in the building's occupancy rates; from 82% in 2020 to 70% in 2021, as well as our work from home (WFH) arrangements due to COVID-19.

Electricity Consumption Trend



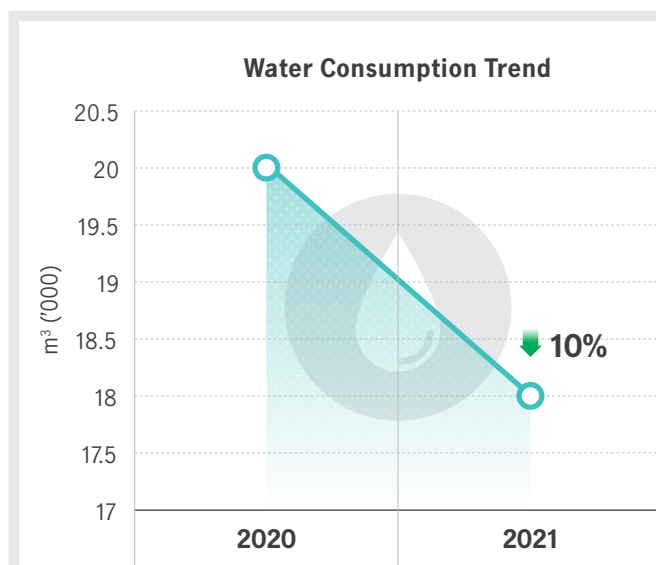
<sup>1</sup> Source: Greenhouse Gas Equivalencies Calculator, <https://www.epa.gov/energy/greenhouse-gas-equivalencies-calculator>.





### Water consumption

Water disruptions in Klang Valley continued to bring large scale interruption to households and businesses across 2021. In light of climate change, we are committed to doing our part in preserving this precious resource. Our annual water consumption is tracked only at our headquarters, Menara Manulife. In 2021, our consumption of water for operations totalled 18,026m<sup>3</sup>, a reduction of 2,016m<sup>3</sup>, or approximately 10% in comparison to 2020. This reduction is likely to have been attributed to our WFH arrangements spanning across large parts of 2021.



### Paper consumption

Building on our progress from our 'Paperless 2020' initiative to reduce unnecessary printing in the office, we have remained mindful and vigilant of the need to minimise paper wastage. Over the course of 2021, we observed a 57% reduction in the utilisation of A4 paper across the Organisation from the previous year.

Marking the last year of the NEXT Manulife initiative, we persisted with our digitisation agenda, innovating solutions to develop new paperless communications, as well as further digitising key areas of our operations ecosystem to increase efficiency among our customers, employees and agents. Moving forward to 2022, we will continue to cut down our use of paper where necessary, and ultimately reduce our reliance on paper over the coming years.

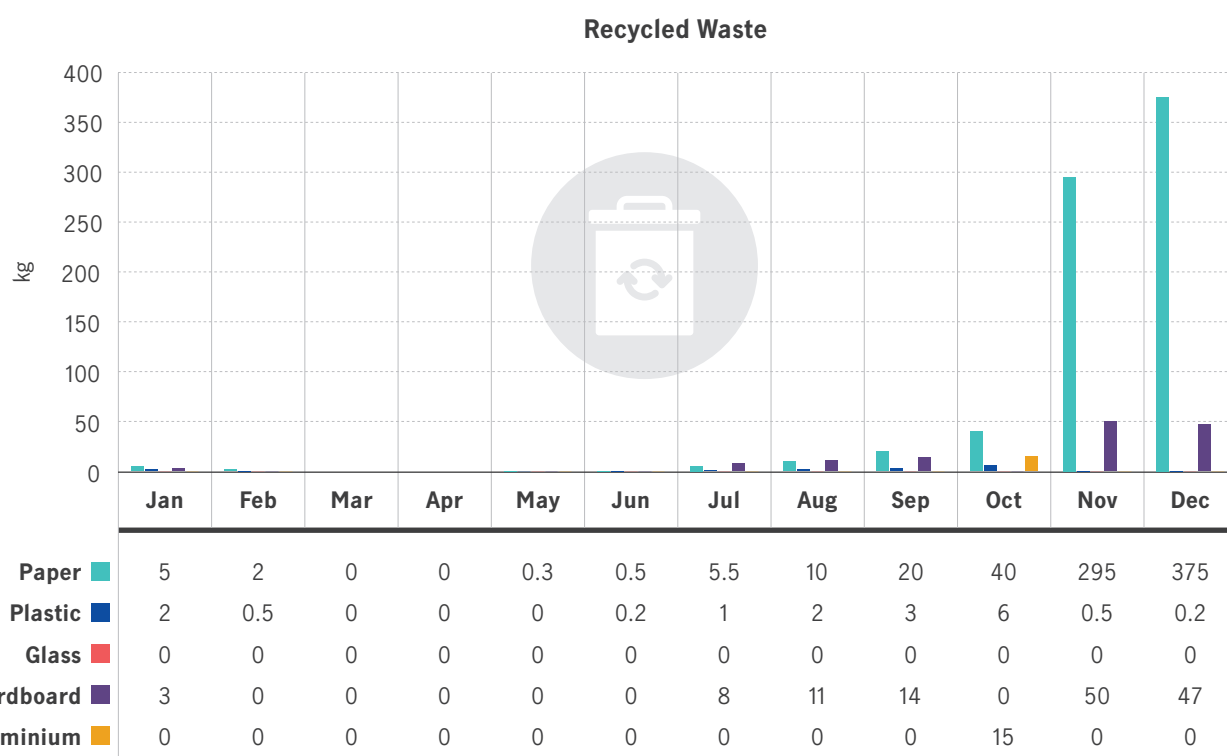


### Managing our waste, ethically

We have a responsibility to positively contribute towards alleviating the global waste crisis. At Manulife, we constantly seek to reduce unnecessary consumption and waste, and do our part to ensure as much of the waste we generate in our office is recycled. Empowering our employees to dispose of their waste responsibly is facilitated through the provision of recycling bins throughout our building, where plastic, paper and aluminium waste are segregated accordingly.

We have engaged a licensed waste contractor to collect our recycled waste regularly from our Headquarters, Menara Manulife on a monthly basis. The year 2021 signified the beginning of monitoring the amount of recyclable waste we generate. As displayed in the bar chart below, the bulk of our recycled waste consists of paper; highlighting the fact that we are still part of an industry that is traditionally heavily reliant on paper as a resource.

With a figurative baseline, we will now be able to track how much waste we recycle, and ultimately divert it from ending up in the landfill, in the years to come. Looking ahead, we are considering ways to improve our waste management practices, including the possibility of providing disposal bins for electronics and hazardous waste.



### Managing climate-related risks and opportunities

Climate change is undoubtedly the greatest threat to humanity, and the pandemic has heightened the need for corporations to band together and sharpen their focus on building a greener, better future for all. At Manulife, we are committed to playing our part. We recognise that climate change is a priority area for mitigation, in ways that it will negatively affect our business. The future success of the Company depends on taking urgent and decisive action. At the Group level, we have continued to grow our green investments, such as renewable energy and energy-efficient real estate, yet we know we must do more.

Our journey to net-zero centres on our clear and compelling mission: Decisions made *easier*. Lives made *better*. By tackling the imminent threat of climate change head-on, we edge closer to fulfilling our mission and giving our customers the confidence to adequately plan for the future. As a global financial services company, we are actively incorporating climate change considerations into our decision-making process; including how we manage our operations, how we invest, and how we develop and offer financial products and services.

#### Our climate change commitments

At the Group level, we have announced ambitious and necessary commitments to further combat climate change, signifying our role as an active contributor in the transition to a world where zero carbon emissions are a reality:

- Manulife is climate-positive in our operations, and we are committed to further reducing our absolute scope 1 & 2 emissions by 35% by 2035.
- We are working to steer our financed emissions to be net-zero by 2050. We will work over the next year to establish a comprehensive transition pathway that is aligned to science-based targets.
- We will continue to engage and collaborate with stakeholders to develop methodologies and approaches to measurement and transitioning to net-zero investment portfolios.
- With our existing substantial portfolio of C\$39.8B in green investments, we will continue to invest in renewable energy and energy-efficient real estate.

Moreover, to further drive our climate change agenda, other initiatives have been executed across the various business units within the Organisation.

#### Governance

- Executive Sustainability Council was established in 2018.
- Board's Corporate Governance and Nominating Committee oversees sustainability risks, including climate risk.
- Manulife is committed to supporting Financial Stability Board's Task Force on Climate-related Financial Disclosures (TCFD).

### Risk Management

- Work in progress to adopt the enterprise-level approach, beyond operating/legal/regulatory risks for direct assets (oil & gas, real estate, timber and agriculture), to systematically cover the total investment and underwriting portfolios.
- Inclusion of a climate change scenario as part of the Financial Conditional Testing exercise (Capital stress test).

### Strategy

Global strategy is work-in-progress and multiple actions across the business:

- Positioning investment portfolio for the low-carbon transition
- Product evolution to respond to customers' values
- Reduction of operational carbon emissions (e.g. oil & gas production, office buildings)
- Industry peer collaboration on market-based solutions to tackle systemic economic risk
- Research/thought leadership partnerships.

### Product and Underwriting

- Inclusion of a climate change risk index into the country classification for foreign residency.

- Research to include climate change risk into the geographic concentration of risk policy.
- Climate Change Research Working Group was created in 2020.

Locally, we have laid the foundations to begin preliminary preparations to meet regulatory requirements as the urgency to mitigate climate change accelerates. Manulife Malaysia has committed to utilising our resources as an organisation to contribute towards tackling climate change:

- Based on 2020 BNM CRR recommendations, MIB has committed to forming a working group to study the requirements in TCFD 2020 (Task Force on Climate-related Financial Disclosures).
- Mapping TCFD requirements with MIB's business functions to determine the representatives for the working group.
- Propose mapping in ERMIC for further discussion and concurrence from the Head of respective business functions.
- The TCFD mapping has been tabled in the ERMIC – 26th Aug and agreed upon by the members.
- Respective HODs has nominated representatives for the working group. Climate Change Exposure Draft is expected to be issued to FI's by BNM in Q1 2022. Once issued, the working group will commence discussing the content.

#### Governance

The organization's governance around climate-related risks and opportunities

#### Strategy

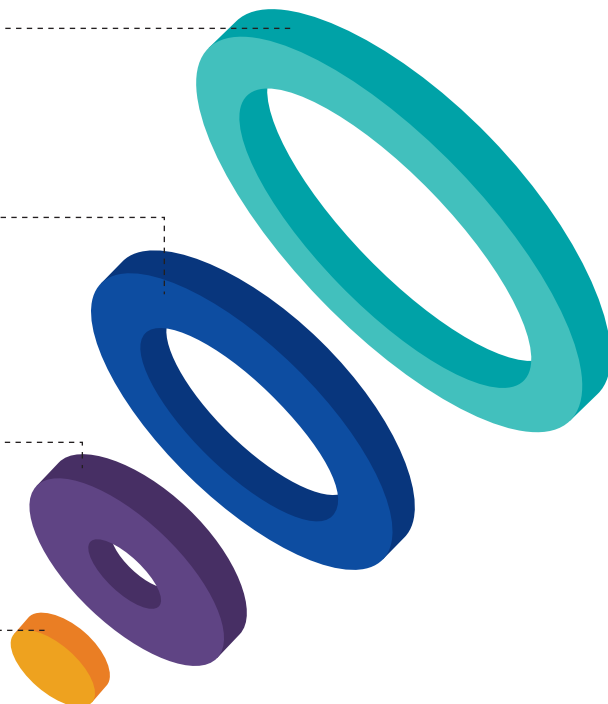
The actual and potential impacts of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning

#### Risk Management

The processes used by the organisation to identify, assess, and manage climate-related risks

#### Metrics and Targets

The metrics and targets used to assess and manage relevant climate-related risks and opportunities





# Nurturing a Winning Team

In support of:





## NURTURING A WINNING TEAM

2021 was a challenging year, extending the extraordinary time of the COVID-19 pandemic that started in 2020. The restraints and regulations of the year before continued, challenging the social norms of humanity. At Manulife, our people are our priority. We emphasised our corporate value *'Share your Humanity'* in aspiring to build a nurturing, inclusive and thriving workplace. Amid the pervasive pandemic, we prioritised our employees' wellbeing in considering their fears and concerns about the state of their health.

The core of all Manulife's business dealings centers on our customers, shareholders and employees. It is part of our quest to implement *'Every day better'*, launched globally in 2020. This acts as Manulife's mission activator for *'Decisions Made Easier, Lives Made Better'*. Through communication, collaboration, appreciation and career development, we created a vibrant culture of multi-faceted, dynamic engagement among our employees. We continued to strengthen Manulife as a workplace of choice, where everybody is welcomed to be themselves, be empowered, valued and feel a sense of belonging.

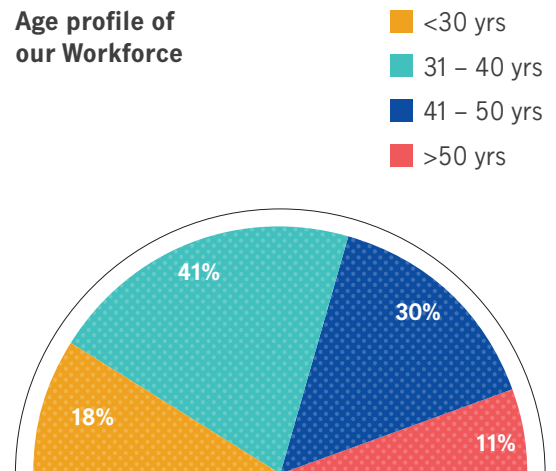
### Embracing Diversity, Equality & Inclusion in the workplace

Diversity, Equality and Inclusion (DEI) is essential throughout our business. Our DEI initiative aspires to cultivate a diverse, inclusive workplace where employees thrive personally and professionally in a space that celebrates authenticity. As a multi-national company operating in a diverse, multiracial and multicultural society, we are committed to fulfilling the expectations of the customers, investors, community and our people. The composition of our workforce reflects our emphasis on diversity, with a mix of the nation's three major ethnic groups. More than half of our employees are women. As the foundational element of Manulife's workplace culture, the Company regards inclusion as everyone's responsibility. All employees are required to complete online Unconscious Bias training modules, aimed at raising awareness of DEI in the workplace. This is to ensure that people are equally valued, supported and respected.

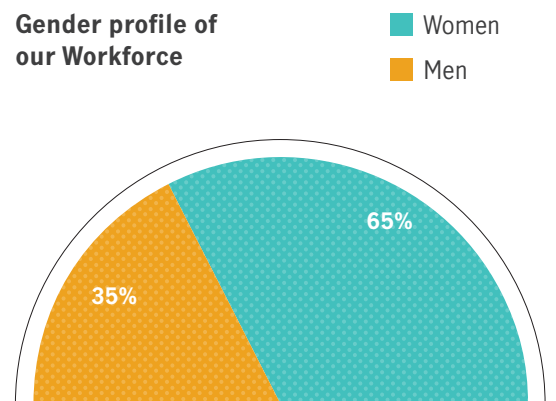


Manulife's Employee Resource Group (ERG) is an employee-led initiative launched in 2021 that aspires to be at the forefront of building a supportive, diverse, and thriving workplace.

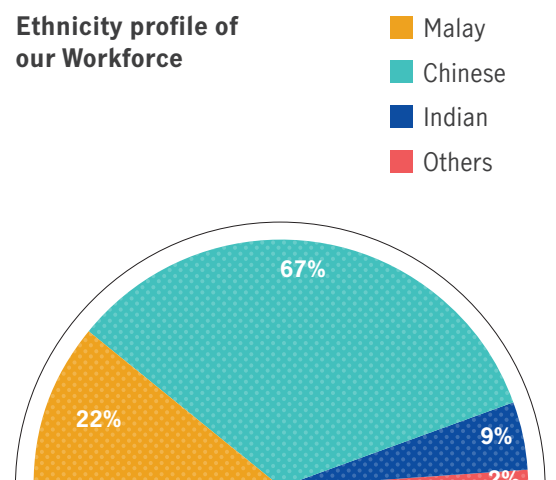
Age profile of our Workforce



Gender profile of our Workforce



Ethnicity profile of our Workforce



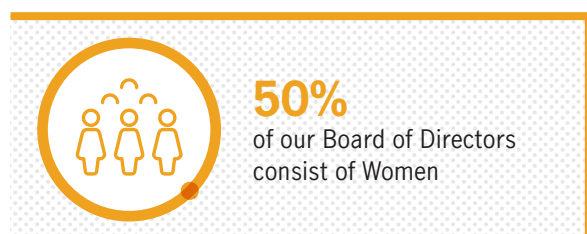
### Manulife Malaysia's Employee Resource Group

We recognise the importance of creating a culture that acknowledges diversity and embraces inclusion. Manulife Malaysia's inaugural Employee Resource Group (ERG) was launched in 2021 as we aspired to be at the forefront of building a supportive, diverse, and thriving workplace. This voluntary, employee-led initiative aims to empower employees and be a catalyst of change that strengthens our business by increasing the awareness on the strengths of a diverse and inclusive workforce, as well as identifying barriers and opportunities to build a more inclusive culture.

In conjunction with Manulife's inaugural *Global Afternoon of Reflection & Learning*, where employees were encouraged to dedicate time to deepen their understanding of DEI, a special event – 'Laughter is the best medicine: An evening with Douglas Lim' – was organised for the benefit of our winning team in Malaysia, taking into account the importance of mental health. This first-time initiative gave employees an unexpected opportunity to stop work, sit back and relax for an hour to enjoy comedy virtually. It attracted a 90% dial-in rate, and our employees were pleasantly surprised and grateful for an event that not only relieved stress but also promoted laughter as a remedy.

### Celebrating and empowering women

Manulife believes in the enablement of women in leadership positions. In 2021, our female representation at leadership positions registered 53%, a steady rise from 48% in 2019 and 50% in 2020. A similar upward trend is observed in other managerial positions. The representation of women in our Board of Directors is 50%, demonstrating our commitment to gender equality.



We transitioned from having a Global Women's Alliance (GWA) chapter for the past few years to an ERG chapter in 2021 so that we could be proponents and champions of Manulife's larger DEI initiatives. To celebrate International Women's Day 2021, we organised 'Celebrating an Inclusive Workplace,' a specially curated virtual event featuring members of our Executive Management Team (EMT) who shared their thoughts on the importance of creating an inclusive world and smashing gender stereotypes in the workplace.



Manulife emphasises the importance of mental health and encourages its employees to practise self-care.



In an effort to present a deeper understanding of DEI, Manulife surprised its employees with an hour of comedy via "Laughter is the best medicine: An evening with Douglas Lim" giving them an opportunity to stop work and relax.

Manulife  
Every day better

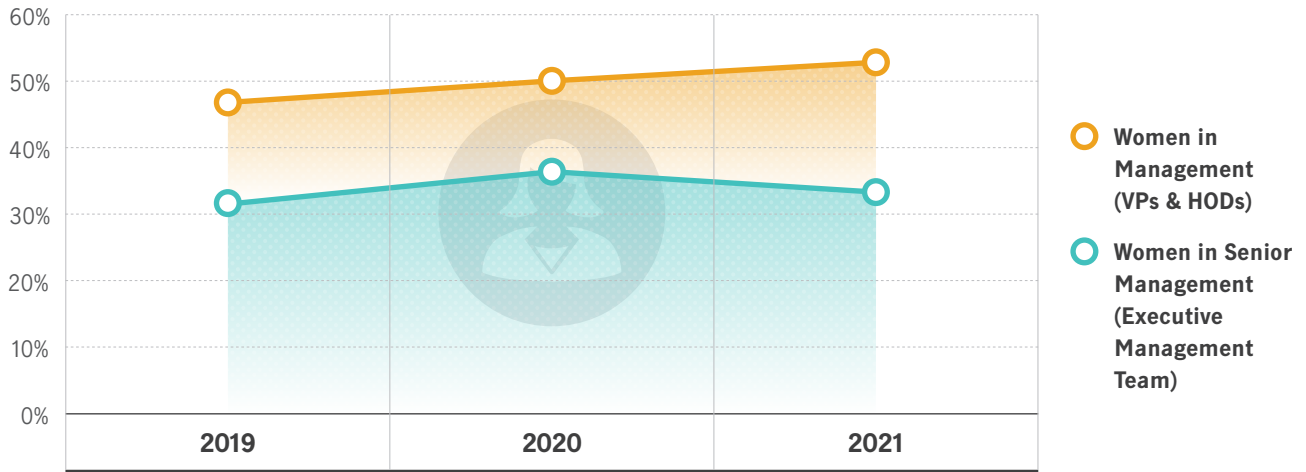
**International Women's Day 2021**

**Celebrating an Inclusive Workplace**

Tuesday, March 9, 2021  
Teams Live Streaming  
10:30am - 11:30am

Let's hear from our very own leaders on how they make their every day better in Manulife.

### Women in Management



Manulife Malaysia's EMT and ERG members pledged to choose to challenge, raising their hands in support and solidarity of women empowerment.

### SUSTAINING OUR TALENT PIPELINE

At Manulife, we position for future growth by building a sustainable talent pipeline to ensure we have a ready supply of top talent. Our people shape our story. We reimagine the vision of the future workplace and create opportunities that propel our talent to achieve their fullest potential. We cultivate programmes to support and develop them, stimulating their personal and professional growth. Our annual Talent & Succession Planning review, held under various forums, has allowed us to successfully build internal bench strength and a succession pipeline. Today's workforce seeks more meaningful work; flexibility, autonomy and mentoring take on a more pivotal role in enhancing job satisfaction, encouraging employee engagement. Excellent employee engagement nurtures memorable employee experience, an essential proponent sought by the millennials. By 2025, millennials will represent 75% of the global workforce.

### Attracting and retaining top talents

As we continue to grow our business, our strategy to attract and retain the right talents ensure localised approaches are supported by a consistent and global strategy. Our talents are drawn to the continuous learning and development opportunities that have been strategically curated by Manulife, to refine their skill set, knowledge and ability to innovate and serve our customers better. In turn, this has had a profound impact on our top talent retention rate of 100%; a recurring trend since 2020. In addition, more than half of our new hires in 2021 comprised of millennials as we continue to attract experienced employees seeking repute and stability, while the young and vibrant members of Gen Z made up 14% of our workforce.



Manulife's International Women's Day celebrations.



### Capacity building through training and development

We are focused on creating the next generation of trailblazers by actively investing in the professional development of our talent. Recognising employees as the backbone of our organisation, we build our employees' capacity through comprehensive training and development opportunities to nurture high-performing teams. We focus on talent development to build fulfilling personal career paths that not only fulfil employee potential but also extend opportunities for them to exceed their expectations in performance.

Employees' learning development proceeds continually across a range of activities, encompassing formal learning mediums, such as the Dale Carnegie Leadership Programme and the Essence of Leadership Programme; of which, 87% of our People Leaders graduated from, and informal mediums which include the Lunch & Learn and Fitness Videos, both within and outside the company.

We encourage our talent to reimagine their career path providing them with tools to plan short-term and long-term career goals. Manulife advocates the Individual Development Plan to assess

strengths and analyse gaps to define development actions to achieve a desired career goal.

We consciously modernise our practices by adapting digitalised technology and mobile platforms as it evolves with the changing learning environment, illustrating a shift from traditional learning and development policies.



A Strategic Partnership Meet & Greet with Dale Carnegie Malaysia.



73

New Hires



53%

Millennials



14%

Gen Z



100%

Top Talent Retention

### Training and Development

#### Delivering the Future of Learning

Our Values emphasise the importance of continuous learning, driven by curiosity and passion to be agile and adaptable to environmental changes and growth. We advocate the use of the 70/20/10 as a guide in planning development.

#### Role based experiences

Opportunities on the job for practice and reflection where new skills can be learned

70%

#### Exposure

Building relationships; interacting, collaborating and networking with others, includes coaching and mentoring

20%

#### Learning

Informal or formal learning, classroom, virtual or online

10%



### Malaysia Training Policy

On-going employee development occurs across a spectrum of activities from formal to informal; both within and outside of the Company. These include external courses, in-house seminars, ad-hoc training, mentoring, online learning and short-term stretched assignments. The costs for these training programmes will be sponsored by Manulife as long as it is considered an occupational requirement.

### Global Continuous Learning Policy

Manulife encourages our talents to further their studies by providing a subsidy towards their total tuition fees for a diploma, degree or masters course.

### Life Office Management Association (LOMA)

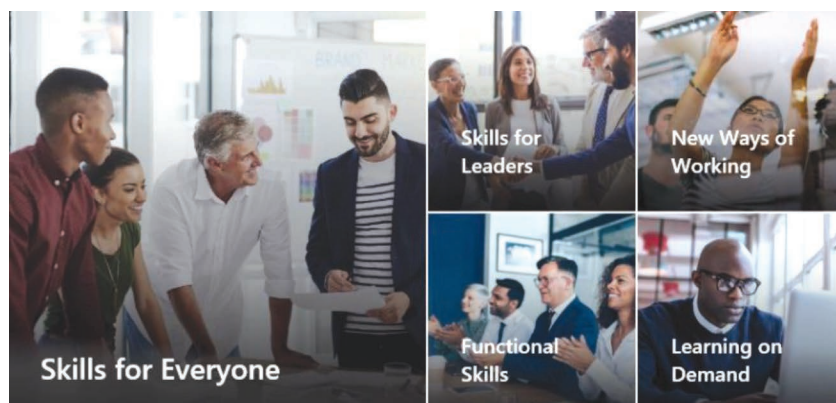
Manulife recommends that our talents acquire relevant industry knowledge, so that they may positively contribute to any future successes of the company. Through LOMA's Insurance Education programmes, our talents learn about many facets within the life, health and financial services industries. The Company continues to invest in their employees through the LOMA programmes.

In reimagining learning for future-ready talent, Manulife teamed up with LinkedIn Learning to deliver a digitally revolutionised experience, moving from a traditional method to custom methodologies that promote anytime, personalised and adaptive learning. The collaboration provides its employees access to every programme on the LinkedIn Learning site, supporting any time log in, from anywhere without requiring nominations from Line Managers. Key development areas include business, creative, leadership, professional and tech-related skills.

Manulife also invested in a new internal learning platform, Pursuit which enables all employees to pursue independent learning and growth through expert-led videos presented in a portfolio of programmes and tools for employees to expand their thinking and grow personally and professionally. Pursuit Learning is designed to help employees take charge of their learning journey while striving to make every day better for themselves and their customers.

Manulife is steadfast in assisting its employees to learn and develop on the job as a fundamental requisite to improving the quality of work. We advocate on-the-job experience, collaborative projects and digital training sessions supported by mentoring and coaching programmes to future-proof our employees.

In 2021, our talent invested 6,024 hours in training and development activities, a foundational element to Manulife's success in creating a robust workforce.



The Pursuit Learning presents a broad portfolio of programmes and tools that support personal and professional growth.

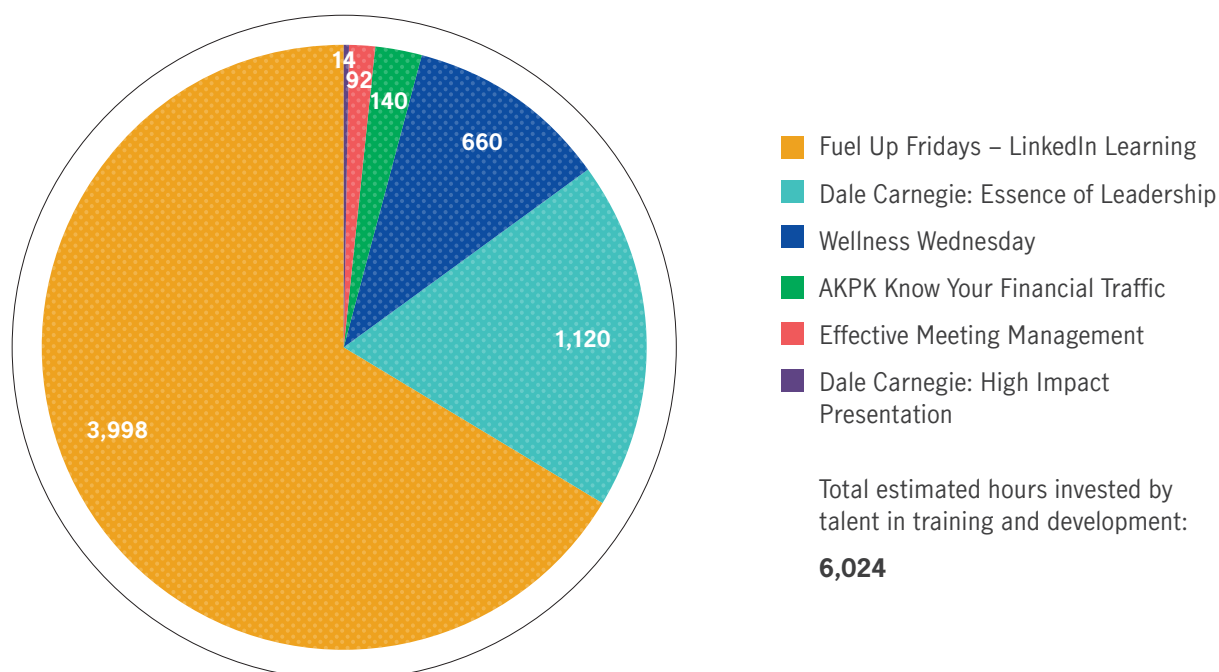
# LinkedIn Learning



## 6,024

hours invested  
by our talent  
in Training &  
Development

**Talent hours invested in various training and development programmes, 2021**



### Global Employee Forum

Manulife's second annual Global Employee Forum held in April 2021 was broadcasted to its markets in North America, Europe and Asia as two separate live events to respect local time zones. Both events presented the same agenda line-up to deliver the same experience, bringing employees together and celebrating Manulife's winning teams and some of the key progress updates on our transformation journey.

The Global Employee Forum session featured an incredible guest speaker; Earvin "Magic" Johnson, who shared the experience of his journey to success and stardom. His insights were motivating and his struggles were inspirational, delivering a rousing key takeaway message for each employee.

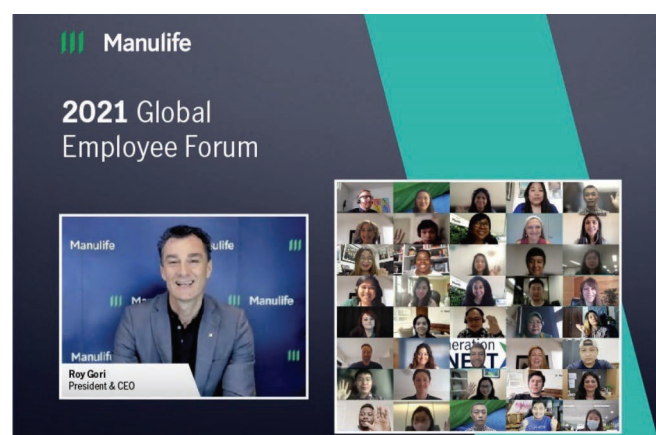
### Employee Recognition

We are a company driven by our employees, and ensuring that they feel valued for their efforts is a priority for Manulife. Recognition and appreciation are huge factors in social wellbeing, and in creating a culture of recognition and reward, we are steadfast in rewarding our people. Every year, Manulife's Regional and Global offices recognise the performance of nominated employees by presenting the Stars of Excellence Award.

During the pandemic, no employees were made redundant, nor were salaries reduced. In 2021, 55 employees were promoted.

The Stars of Excellence Award that recognises the stellar performance of Manulife employees around the world saw 20 employees nominated, while one employee was successfully shortlisted for the Global HR award.

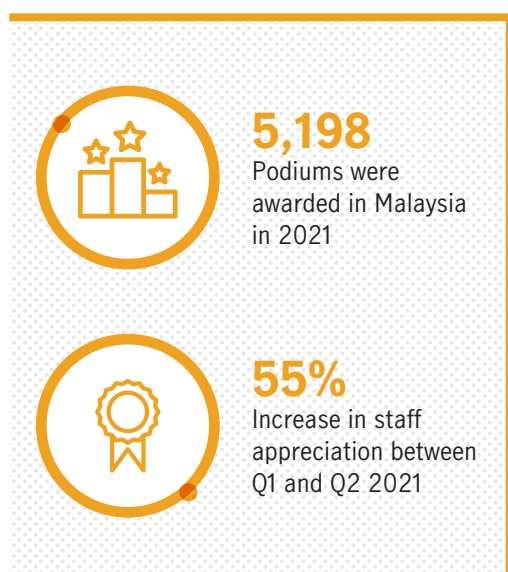
The Long Service award that is bestowed on employees who have served the company for at least five years saw 55 Long Serving Employees recognised.



Hosted by Manulife's President and CEO, the 2021 Global Employee Forum brought together Manulife's 35,000 employees across the globe in two separate live events held over two different time zones.

In response to the 2019 employee engagement survey, a new digital global recognition platform was launched in June 2020 known as Podium. Podium allows employees from around the world to show appreciation for their peers, leaders and teams, igniting an internal gratitude movement. The platform does not just offer various ways of saying 'thank you'. It also allows employees to collect points to redeem gifts against a catalogue. Effective this year, employees were able to commence collection of podium points. A total of 5,198 podiums were awarded to 499 employees in Manulife Malaysia.

This initiative has successfully increased employee appreciation by 55 percent in Q2, versus Q1 in 2021. We look forward to promoting encouragement through our Podium platform in the years to come.



*"We want to see and recognise our employees; the feedback from the 2019 survey revealed that they felt disengaged from receiving the appreciation they deserved. Podium enables employees at all levels, globally, to give and receive timely and authentic appreciation and recognition. Appreciating employees this way, in turn, adds weight to Manulife's global June 18 public holiday, "Thank you Day"."*

**Aiza Aryati Kasim**  
Chief Human Resource Officer

## EMPLOYEE ENGAGEMENT

Embodying our corporate value; “Share your Humanity”, Manulife aspires to build a nurturing, inclusive and thriving workplace. Two key areas identified as strategic priorities in increasing employee engagement is to provide opportunities for employees to do their best at work every day, and to be cared for as a person by colleagues or supervisor. We see the need to pivot our strategies to empower and enable employees to excel in their capacity. A key enabler is to be agile and up-to-date with current conditions of employee experience during the pandemic.

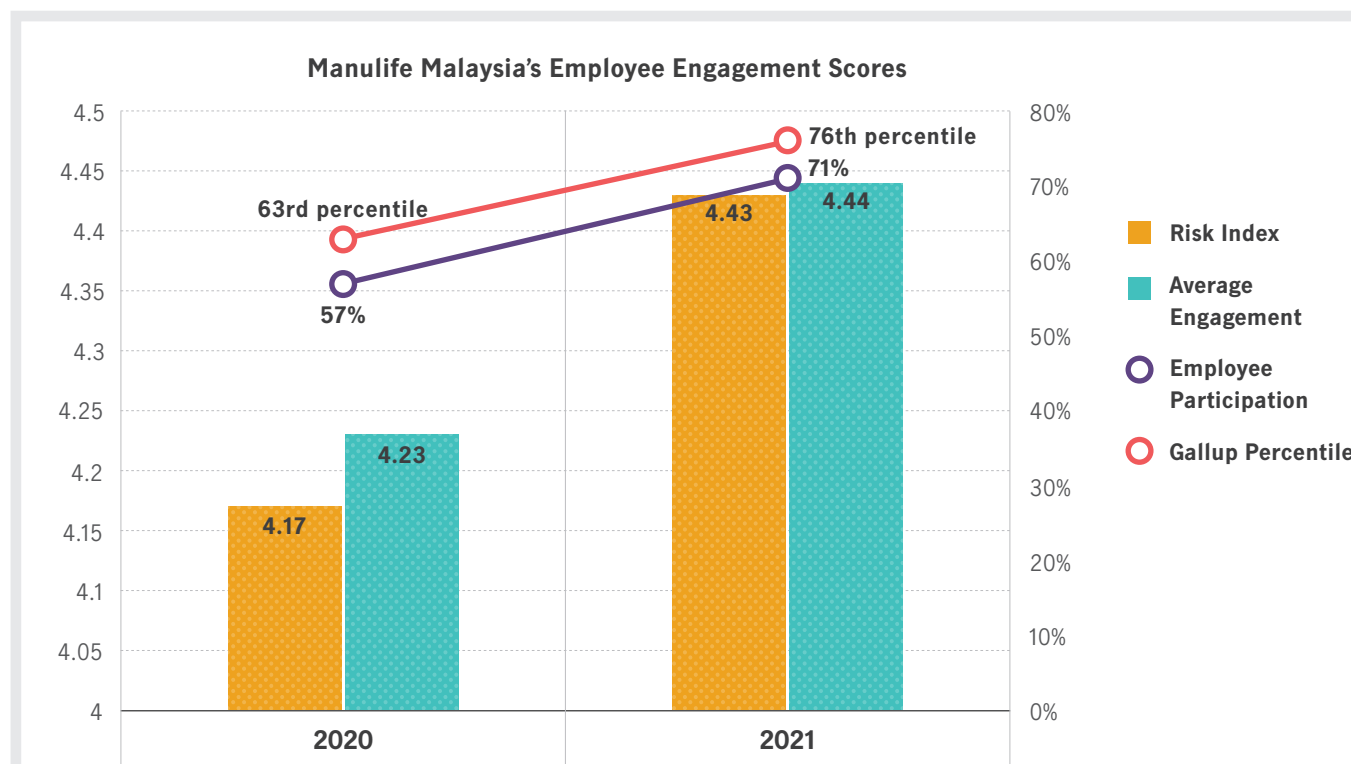
### Understanding our Employees

An annual part of that process is Manulife's Global Employee Engagement Survey. Conducted by our global headquarters in Toronto, Canada, the survey assesses and evaluates employee engagement across offices, business units and functions across all markets globally. The survey not only hones psychological requirements for unleashing human potential, but also encourages employees to respond with meaningful, honest feedback. This input further improves team relationship building in the organisation, ultimately empowering, connecting and supporting individuals to perform at their best.

Gallup Q12 Employee Engagement Survey links employee engagement to high team performance. This helps in collating extensive database comparisons to competitors. At the same time, and most importantly, it accords managers a framework aimed at forming motivating employee conversations.

In 2021, the average employee engagement rose by 0.21 registering a 71% engagement index, a 14% increase from the previous period. The accountability index increased by 0.26 to 4.43 in 2021, compared to 4.17 in 2020. The optimistic results pushed Manulife to the 76th percentile of Gallup's overall benchmark, a significant rise from the 63rd percentile placing in 2020.

Manulife achieved its employee engagement strategy goal in 2021 to exceed the 75th percentile, and it will continue to inspire us to go beyond in the years to come.





### Virtual Townhalls

Manulife's intent on engaging its employees emphasises communication of the company's strategies and performance progress. Virtual townhall sessions held on a quarterly frequency, aim at encouraging two-way communication and sharing planned new initiatives.

A relatively recent addition to this gathering of all employees, where Manulife shares its strategies, performance progress and potential new initiatives, is the breakthrough Ask Me Anything (AMA) Q&A session. Here, employees are free to ask leaders anything and the reactions have been positive. The AMA initiative has been essential in quickly addressing employee needs, and enabling Manulife to adeptly pivot and repurpose employee benefits in a very short time. The Manulife management is extremely receptive to beginning conversations, and practices transparency in addressing all questions that employees raise, even if sometimes the responses may not be favourable to them. The frank Q&A session is especially vital in ensuring relevance during this prolonged pandemic.

### Importance of Engaging our Leaders

Manulife Malaysia's all-important Strategy Day was held in July to communicate the Organisation's strategies and performance progress amongst our EMT. The event promoted open conversations for new ideas, innovation, prioritisation and focus for the second half of 2021. In December, we welcomed Sachin Shah, General Manager of Manulife's Emerging Markets, and his team to Malaysia. It was a fantastic opportunity for our team in Malaysia to meet Sachin in person, whilst also having key discussions to strategise our course of action to achieve our bold ambitions.

### Employee Annual Virtual Party

In celebrating our winning team, Manulife threw a virtual party on 3 September, bringing to our employees' homes, exciting and engaging activities that were a fun way to strengthen the bond within the organisation while stimulating our winning team's imagination and ensuring successful team collaboration. Creatively themed 'The Virtual Mask-querade Party' participants were encouraged to don quirky, unique masks and vie for the 'Best Quirky Mask' award.

The two-hour event enticed 269 of our employees to dial in. The highlight of the event was the 'Manulife's Got Talent' segment with 10 shortlisted entries showcasing a myriad of talented and entertaining performances from our employees. The party also featured Pop Quizzes and Lucky Draws, as Manulife ensured all employees experienced a sense of connectivity, engagement and inclusion while they celebrated.



Manulife encourages active engagement with senior management. (Top) Manulife Malaysia's winning team was fortunate to meet Sachin Shah, General Manager of Manulife's Emerging Markets; (Bottom) Members of Manulife Malaysia's ELT in attendance at the mid-year Strategy Day.



## EMPLOYEE WELLNESS

Employee wellbeing was one of the key elements of Manulife's 3-year transformational journey, NEXT Manulife (2019-2021) that began in 2019. However, COVID-19 prompted the Company to repurpose many of these activities to focus more on mental health, wellness and morale. In 2021, with the prolonged pandemic and lockdown fatigue setting in, Manulife found it necessary to launch the Mental Health Campaign in March 2021, simultaneously befitting the third and final year of the company's 3-year transformational journey.

A number of Human Resource initiatives that were implemented then, have since proved beneficial in responding to the COVID-19 crisis. This includes confidential coaching service via Human Dynamic, monthly virtual talks and special webinars focused mainly on physical, mental and financial wellness. A video, featuring key messages from our Senior Leadership Team, was presented as a powerful reminder of the various, sometimes unseen, faces of mental illness. The Campaign itself was a clarion call to employees to dispel the stigma associated with mental health, speak out and reach out. This compelling message promoted a caring, conducive environment for those who wanted to seek help.

### Employee Relation Centre (ERC)

The HR Employee Relation Centre is a part of Manulife's initiative in enhancing open communication channels. It allows all employees to have a virtual coffee chat with the Chief Human Resource Officer to discuss their concerns, raise questions or if they simply seek a listening ear. This initiative also presents employees with a channel to seek clarity on the current mode of working and provide feedback or suggestions for improvement. The ERC is available via a phone call, WhatsApp or Microsoft Teams, each at designated timing.

### Promoting the importance of mental & physical health with Human Dynamic

Having dealt with the COVID-19 crisis since 2020, Manulife sees the importance of a continued investment in our employees. Manulife persisted with its ongoing collaboration with Human Dynamic, an Employee Assistance Programme (EAP) that offers free 24/7 Life Coaching sessions. The consultants coach and encourage employees on their potential, reassuring them of the availability of continuous personal or professional support and assistance in the face of challenges. Confidentiality is respected, and the service is also extended to the employees' immediate family members. Other than local hotlines and email consultations, it offers access to a wide variety of Work Life resources such as articles, videos and learning modules. Manulife's inaugural monthly 'Wellness Wednesday' series launched in 2021, covered a holistic variety of wellness topics not limited to physical, mental and financial health.



Concerted efforts were made by the EMT to confront mental health issues and dispel the stigma surrounding it.

Manulife  
Every day better

## EMPLOYEE RELATION CENTRE

### VIRTUAL COFFEE CHAT

Worries? Questions? Need a listening ear?

Get comfortable, sit down and have a chat with the CHRO via the HR Employee Relation Centre (ERC) on:

- Anything which concerns you and wish to bring up
- Clarity on the current mode of working
- Any feedback and suggestions

Mode of Contacts

Video: Monday - Friday (10:00 a.m. to 4:00 p.m.)

Phonecall: Monday - Friday (10:00 a.m. to 4:00 p.m.)

Microsoft Teams (10:00 p.m. to 4:00 p.m.)

**WELLNESS Wednesday**  
**Effective Energy Management: Discover Upbeat Living**  
24th March 2021 (Wed)  
12:00PM - 1:00PM  
Live @ Microsoft Teams

In this session, we will explore:

- The ideal of self-love (vs. selfishness)
- Identify your biggest daily energy drain
- Identify your biggest daily energy high
- Ways to keep your energy up

Arifah has over 15 years of counselling experiences with young adults and dealing with mental health related issues ranging from adaptation, anxiety, depression to career planning and money more. Her works focuses on behaviour modification and also teaches health behaviour and various psychology subjects to medical and occupational therapy.

Speaker: Nur Arifah Zahri  
Clinical Psychologist, Registered & Licensed Counsellor  
M. Clinical Psychology

**WELLNESS Wednesday**  
**Physical Wellness**  
21st April 2021 (Wed)  
12:00PM - 1:00PM  
Live @ Microsoft Teams

This session aims to help you:

- Raise awareness of where one experiences stress in the body
- Increase one's ability to oxygenate the blood by training and strengthening the muscles of back, neck and hands
- Incorporate effective ergonomic tips at work

Session facilitator promotes healthy ergonomic posture at work, to ensure the best posture that people are getting into while in the fast but more active living environment that we are under the stress work of the body to that the body will be rewarded by its natural desire and functionality.

Speaker: SVAZAN BASIL (ZAN)  
Certified Personal Trainer

**WELLNESS Wednesday**  
**Coping with Parental Stress**  
19th May 2021 (Wed)  
12:00PM - 1:00PM  
Live @ Microsoft Teams

This session aims to help you:

- Understand the impact of crisis on the family
- Understand how different aged children respond to crisis
- Identify sources of stress for parents in the current situation
- Learn ways to cope with parental stress
- Learn to organise work and personal life to achieve balance and synergy

E Laine Loh  
Registered & Licensed Counsellor

**WELLNESS Wednesday**  
**Sleep Clinic**  
23rd June 2021 (Wed)  
12:00PM - 1:00PM  
Live @ Microsoft Teams

This session aims to help you:

- Understand sleep hygiene and common sleep problems
- Learn about sleeping and dangers of not sleeping well
- Assess and improve your sleep quality
- Know more about your sleep cycle

Shruti is a Wellness Consultant, Certified Business Leadership Coach and Trained Pranac healer. She has worked with hundreds of employees and has been instrumental in motivating them to effectively utilize work life balance and manage interpersonal relationships.

Speaker: Shruti Sage  
Affiliate Consultant

The Wellness Wednesday programme covered aspects of mental, physical and financial health.

### Maintaining a healthy work-life balance

Fuel Up Fridays is a new initiative to support employee well-being through learning and rest. Introduced on the 10th of September 2021, it was implemented every second Friday of the month, to encourage employees to 'fuel up.' The morning sessions leveraged on the Pursuit Learning Hub to explore a variety of topics, develop new skills and enhance creativity; the afternoons were spent recharging in every employee's preferred way of rest and recharge, ranging from spending time with friends and family to enjoying a sport or hobby. Employees who need to work on these Fridays, such as those in customer support roles, are provided alternate days with a scheduled programme to achieve similar outcome.

The programme encourages the exploration of different topics to build skills and develop creativity. Each month carried a new and varied theme or topics such as Leadership, Artificial Intelligence and Advanced Analytics. Employees are provided tips and link directions to enhance knowledge in these areas utilising Pursuit Learning Hub or LinkedIn Learning. Guest speakers are also occasionally featured to share their well-being journey. Among the programmes carried out are 'Building healthy habits,' a talk by Arianna Huffington and the Global Speak Series, which featured Dan Harris' well-being journey and the benefits of meditation.

### Comprehensive employee benefits

Keeping our winning team at the forefront of our operations, we are constantly reinventing the benefits policy to match their evolving needs. Every year, Manulife conducts a periodic review of benefits to support employees' needs to ensure it remains current and relevant. The core benefits provided include medical insurance, life and personal accident coverage via the Employee Group Insurance Scheme (EGIS). Supplementing these are a selection of benefits ranging from flexible working arrangements, a wide array of leaves, training subsidies, complimentary parking, lactation room and Manulife Scholastic Incentive Scheme for the children of employees who excel in their studies. Employees are also given an additional day off on Manulife's annual 'Thank you Day' which was celebrated on 18 June 2021 this year. With the continued lockdowns and ongoing pandemic, Manulife supplemented the leave entitlement to include additional personal off-days and regular mental health wellness programmes to cope with the prolonged lockdown. New protection covers were also offered, and digitalisation of medical care and continuous learning platforms were introduced.



With gyms unable to operate during the numerous periodic lockdowns, Manulife converted employees' gym membership benefits into a RM780 flexible benefit. Employees were given the option of making a sports-related purchase or enhancing their work environment with ergonomic equipment. This Interim Flexible Benefit scheme had a 6-month validity and empowered employees to choose how they wanted to take care of their health or workspace.



## CARING FOR OUR EMPLOYEES DURING THE PANDEMIC

The impact of the COVID-19 pandemic has been far-reaching; encompassing economic activities, employment and social interaction. Despite the extensive consequences and severity of the situation, Manulife found ways to address our employees' changing social, emotional, physical and financial needs. We provided emotional support through Human Dynamic, eased into WFH and digital transformation and as the National Vaccination Programme commenced; we ensured our employees' health was prioritised.

### COVID-19 vaccination support programme

After Malaysia started its vaccination drive on 24 February 2021, Manulife rolled out its additional vaccination benefits. This was intended to not only care for adverse reactions, but also to encourage more employees to protect themselves against the virus and, and at the same time, meet Malaysia's national immunisation target. We formed a collaboration with MySelangkah to secure swift vaccination opportunities for our employees outside the Klang Valley who had not received their appointments under the Government's vaccination drive.

The support programme provided employees with the following benefits:

# 1

#### Day off

- Entitled to a day off (not part of existing leave entitlement).
- Simplified approval process via notification to Line Manager



# 2

#### Sick days

- Up to 2 days of unrecorded leave if employee becomes ill after vaccination
- Medical certificate from a doctor is not necessary



# RM600

- Entitled to claim RM600 above medical claim limit if employee requires medical consultation after vaccination
- If hospitalisation is required, it automatically falls under employee hospitalisation coverage



Employees vaccinated under Manulife vaccination program.

### Additional Personal Off days

Manulife's "Cares for Me" agenda places great emphasis on rest, so that employees sufficiently recuperate, refresh and rejuvenate. Understanding the importance of physical and mental health during the COVID-19 crisis, Manulife granted an additional 5 personal days for all employees on top of their annual leave entitlement. Travel restriction prompted some employees to request cash in lieu of the off days, however, Manulife emphasised the importance of rest to avoid burnout.

### WFH arrangement

In the early stages of the crisis, almost 80% of Manulife employees began working from home, an arrangement initially accorded to employees with underlying health conditions, high-risk dependents at home and who relied on public transport. As successive extended lockdowns were implemented, all employees commenced with WFH arrangements. All employees, regardless of corporate rank, were equipped with a laptop, as all communication moved to the virtual domain. Manulife was initially slated to transform digitally in Q3 in 2020, however, the pandemic accelerated the plans.

Some employees faced extra WFH costs in upgrading their internet facilities. Understanding their predicament, Manulife extended a monthly RM50 subsidy, valid during national lockdowns.



# 5

additional personal days were granted to staff



### Digital Transformation support for WFH initiative

Virtual Intra-office  
communication



Virtual sales  
presentations

Electronically  
generated travel  
letter for work  
journey

Instant E-Policy  
arrangements

### Extending medical benefits for employees and their family members

With a health pandemic raging in the country and globally, Manulife understood the need to provide focused healthcare and medical benefits for its employees. These benefits were also extended to family members, to ensure peace of mind and continued support. Employees and their families were offered a range of additional medical benefits. These included COVID-19-related hospitalisation and medical expenses, plus fully funded COVID-19 tests.

Understanding the need to access medical consultation without having to physically visit a clinic or hospital, Manulife collaborated with Doc2Us, an online consultation platform that supports virtual consultation with a doctor via text chat at any time and from anywhere. Our employees could virtually access a medical doctor, via a mobile device, to seek medical consultation and treatment without having to leave their homes, as prescription delivery is also included in the service.



1



#### Employee Assistance Program 24/7

Consulting session for  
professional & personal  
matters by Human  
Dynamic consultant

2



#### Medical Support

Treatment for COVID-19  
is covered under  
hospitalisation

3



#### COVID-19 Screening Test / Self-Test Kit

Covered under Outpatient  
Subject to available  
annual limit

4



#### Telemedical consulting

Covered under Outpatient  
  
Subject to available  
annual limit  
  
Virtual Doctor, virtual  
diagnosis and medicine  
prescribed delivered to  
home

Manulife recognised the need to provide focused Healthcare and medical benefits for employees to cope with the pandemic, which was also extended to their family members.

### Care packages

Demonstrating a concern for our employees, Manulife delivered two Safety and Wellness Care Packages; each accompanied by personalised notes for the recipient. A part of the wellness and welfare programme, the first package contained a pillow, emphasising the importance of power naps and a stress ball with instructions on its functions. The second package was a specially curated delivery containing facemasks and face shields for safety, a pharmacy gift card, and healthy snacks of dried fruits and nuts.



— Manulife delivered two Safety and Wellness Care Packages, an extension of the wellness and welfare programme demonstrating our concern for our employees.

### Maintaining Communication Channels

Manulife consistently stays connected with employees via various platforms. With around 480 employees working remotely, staying connected and informed is pivotal for a smooth transition to virtual work and to ensure productivity targets are met. Employees regularly received 2-minute home workout and mindfulness videos in their inboxes, to keep their bodies and minds alert and healthy. These energy boost also helped with morale and offered COVID-19 support to those confined at home.

Through various modes of communication such as email and SMS, employees were diligently kept up to speed with COVID-19 information pertaining to significant statistics, daily updates, preventive recommendations, supplemented with health and nutritional advice.

### Ensuring our talents remained safe in the workplace

Upon the easing of the MCO, we heightened the preventive measures in our workplace for the benefit of our returning talents. Government mandated Standard Operating Procedures (SOPs) continued to be implemented with strict adherence, while other precautionary measures enforced included passenger lift restrictions and pick-up points on the ground floor for delivery and collections. Sanitisation and disinfection of common and high traffic touch-points in the building were stepped up, while all external contractors were required to present negative COVID-19 test results prior to

commencement of work in the building. Since the building has a centralised air-conditioning system, MERV 13 filters were installed in the AC system to ensure high indoor air quality and increased efficiency in filtering out viruses and bacteria.

### AWARDS

Manulife's culture of engaging employees was further validated when it emerged as the Bronze winner for the 2021 HR Excellence Award, Excellence in Employee Engagement. In addition, Manulife also won the HR Asia Best Companies to Work for in Asia Awards 2021 (Malaysia Edition).



— Manulife clinched two prestigious awards in 2021 - the Bronze award for the 2021 HR Excellence Award, Excellence in Employee Engagement and the HR Asia Best companies to Work for in Asia Awards 2021 (Malaysia Edition).



— Testament to Manulife's excellence in employee care, we were honoured to receive the HR Asia Best Companies to work for in Asia 2021 award.



# Touching Lives in the Community

In support of:





## MAKING POSITIVE CHANGE HAPPEN

People are at the heart of everything we do; from our customers and employees, to the people living in the communities we serve. Being in the life business, we take our responsibility as a caring corporate citizen to positively impact lives in the community, seriously. With the COVID-19 pandemic continuing to destabilise the economy and livelihoods of our communities, we strengthened our commitment towards the nation-building agenda when people needed it most. We continue seeking ways to empower our communities to lead healthier and more financially secured lives during a time of huge uncertainty. Through our Corporate Social Responsibility (CSR) endeavours, we have made meaningful contributions towards our focus areas of community development, health and wellness, and the environment in 2021.



Our community investment initiatives hinge on our mission to make decisions easier and lives better, whilst aiming to create a long-term impact that resonates among the marginalised. This chapter outlines how we made *every day better* for our communities, amidst the ongoing challenges brought forth by the pandemic.

### Community Development

Throughout 2021, we continued to witness vulnerable communities being left behind in the wake of the COVID-19 pandemic. With funding opportunities dwindling due to the crippling economy, civil society organisations (CSOs), social enterprises, and the communities they empower were greatly affected. To address this profound issue, Manulife Malaysia took a proactive approach in developing a new flagship programme called *MY Community Grant*. The initiative invited organisations to apply for an in-kind grant worth up to RM10,000, allowing us to extend our reach and impact to those who needed it most in a time of crisis.



Spanning the entirety of the year, the initiative saw a total of 101 applications submitted from organisations across the nation. Despite the plethora of strong applications, 10 beneficiaries – whose causes ranged from empowering young children through education, and aiding underprivileged communities, to collecting access food and redirecting it to the needy – were selected for our pilot cohort. Despite huge disruptions due to the MCO imposed by the Government, which restricted social activities from taking place, the programme still managed to facilitate positive social change whereby more than 17,000 people were positively impacted by the various initiatives that MY Community Grant empowered.



— *Tamu Kita Benefit Bags filled with fresh produce sourced from local farmers were distributed to underprivileged rural communities in Sabah.*



— *Students from the National Eco-Schools Programme which encourages project-based learning.*



— *Locals coming together to construct a gazebo for the 'Geng Bersih Kampung', a group of 5 – 17-year-olds who are training to be mindful and eco-conscious citizens.*

### Extending our gratitude to the Community

Capping off another challenging year for individuals, families and communities around the world, Manulife employees were extended the privilege of spreading kindness in a way that is meaningful to them. The *Manulife Act of Kindness* initiative returned for the second year running, presenting every one of its 37,000 employees globally with a cash grant amounting to CAD\$50 to perform an act of kindness in their community during the holiday season. At Manulife, we believe our prosperity is synonymously linked to the communities we serve, and by “paying it forward”, we can do our part in making the world a better place for all.

In Malaysia, the impact was immediate as our employees made their random acts of kindness, which translated to making our communities' *every day better*. Whilst some individuals made monetary or in-kind contributions to charities, others pooled together to make a larger donation towards causes of their choosing. *Sharing our Humanity* is a fundamental component of our core values. It represents an avenue for our employees to showcase their humility and compassion, in order to enrich our local community.

### Championing Health & Wellness

As a natural extension of our business, we feel a great sense of responsibility to champion initiatives that support health and wellness amongst our stakeholders.

Manulife Run & Ride 2021 was conceptualised as a way for Manulife Malaysia to drive visibility and presence – in a fun & relatable way – seeing that a majority of Malaysians were homebound due to the MCO that was in effect at the time the campaign was launched. We challenged ourselves to source for creative avenues to stay connected with our audiences – despite limitations to display physical presence.

We teamed up with six influential runners and cyclists to promote Manulife Run & Ride 2021, by sharing engaging content in the form of tips on preparing for the race, how to increase endurance and making the most of training sessions. Subsequently, social media posts, targeted ads and Augmented Reality (AR) contests (exclusive for participants) were also utilised to promote awareness of the race and boost participation. The race successfully garnered 727 participants.



Acts of Kindness

# Kindness Impacts

Make an impact in your local community with **#ManulifeActofKindness**




# Manulife

Run & Ride 2021

## Activate Your Life

Run & Ride Virtually Anytime, Anywhere		18 June - 6 July 2021
Run	6KM   12KM	All categories RM <b>40.00</b> only
Ride	40KM   60KM	

Register now at <https://manuliferunandride.com>

#ManulifeEverydaybetter  
#ManulifeRunNRide2021 #ActivateYourLife

In conjunction with World Heart Day on the 29 September, Manulife Malaysia supported this important initiative by raising awareness on the importance of heart health amongst our employees. Remaining unchanged from the previous year, the #UseHeart to beat cardiovascular disease (CVD) campaign saw the organising of *Manulife Pump HIIT*; a virtual high-intensity interval training specially curated by an instructor from Aloha Cycle Club.

USE ❤️ TO  
CONNECT  
EVERY ❤️

USE ❤️ TO  
CONNECT  
WITH  
YOUR ❤️

USE ❤️ TO  
CONNECT  
PEOPLE  
WITH ❤️



A highly-engaging virtual HIIT session was organised for the benefit of employees in celebration of World Heart Day.



### Advocating for a Greener Planet

Driven by our focus area of protecting the environment, we aim to effect positive change through initiatives that preserve the planet for future generations. On Saturday, 27 March 2021, Manulife Malaysia once again joined forces with millions of people around the world to celebrate Earth Hour, raising awareness of the danger of a rapidly changing climate. In addition to switching off the façade lighting at our premises, Menara Manulife, we also encouraged our employees to do the same whilst at home, providing them with mitigation measures and advice to reduce their carbon footprint.

### Volunteerism

We took significant steps forward in engaging our workforce through the Company's community outreach initiatives. As a caring corporate citizen, Manulife is committed to supporting various philanthropic and community programmes. We constantly encourage our employees and agents to volunteer their time for the betterment of the community. For starters, 2021 marked a significant milestone as we introduced Manulife Malaysia's inaugural Volunteering Leave. Effective 1 September 2021, permanent employees could apply for one day Volunteering Leave to engage themselves in meaningful community initiatives. To facilitate the process where our employees make *every day better* to help those in need, the number of Volunteering Leave will increase to two days in 2022 and beyond.

In collaboration with the Financial Industry Collective Outreach (FINCO), a total of 11 volunteers from Manulife participated in *FINCO Good SENS*; a programme that centers on promoting healthy financial behaviours among school children. Our volunteers amassed more than 260 hours of volunteering time throughout the entirety of the programme, engaging with students from underprivileged backgrounds. We were proud recipients of the FINCO Volunteerism Award 2021 for the financial institution (non-banking) that provided the greatest number of volunteers.



Manulife continues to participate in globally-important events such as Earth Hour to raise awareness on the effects of climate change.



Supporting students in generating business ideas and understanding financial literacy concepts were some of the tasks carried out by Manulife volunteers. Saravanan (top right) was awarded the 'Good SENS Mentor of the Year 2021' Award for attending all Enterprise meetings.

This Corporate Governance Overview Statement (“**CG Statement**”) provides an overview of the application of the three (3) principles set out in the Malaysian Code on Corporate Governance (“**MCCG**”) by Manulife Holdings Berhad (“**MHB**” or “**the Company**”) for the financial year ended 31 December 2021.

The MCCG sets out broad principles and specific recommendations on structures and processes which companies may adopt in making good corporate governance as an integral part of business dealings and culture. Unless as otherwise stated in the CG Statement, the Board of Directors of the Company (“**Board**”) has adopted the recommendations of the MCCG.

As an investment holding company with financial services subsidiaries, the corporate governance model of MHB has been built and enhanced based on the requirements of Bursa Malaysia Securities Berhad (“**Bursa Malaysia Securities**”) Main Market Listing Requirements (“**Listing Requirements**”), the Corporate Governance Code issued by Bank Negara Malaysia, the MCCG and international best practices and standards.

The Board is committed to observing and upholding the highest standards of corporate governance by ensuring the principles and recommendations in the MCCG are established, adopted and practiced throughout the Company and its subsidiaries (“**the Group**”) as a fundamental part of discharging its responsibilities to maximise shareholders’ value, at the same time protecting shareholders’ interest.

## THE BOARD

The Board believes that strong corporate governance is essential for delivering sustainable value, enhancing business integrity and maintaining investors’ confidence towards achieving the Group’s corporate objectives and vision.

The Board is the ultimate decision-making body of the Company, with the exception of matters requiring shareholders’ approval. It sets the strategic direction and vision of the Company, ensuring that the necessary resources are in place to support long-term value creation. The Board takes full responsibility in leading, governing, guiding and monitoring the entire performance of the Company and enforces standards of accountability, all with a view to enable Management to execute its responsibilities effectively.

In particular, the Board assumes the following responsibilities to facilitate the Board in discharging its fiduciary duty and leadership functions:-

1. Reviewing and adopting a strategic plan for the Company.
2. Overseeing the conduct of the Company’s business to determine whether the business is being properly managed.
3. Identifying principal risks, setting of risk appetites, and ensuring the implementation of appropriate internal controls and mitigation measures.
4. Succession planning, including ensuring all candidates appointed to senior management positions are of sufficient calibre and programmes are in place to provide for the orderly succession of senior management.
5. Overseeing the development and implementation of shareholder communications policy for the Company.
6. Reviewing the adequacy and the integrity of the Company’s management information and internal control systems.

Further to the above, the Board is committed in enhancing the Group’s sustainability governance and is in the midst of reviewing and refining the Company’s sustainability strategies, priorities and targets in accordance with the Global Impact Strategy. With sustainability considerations constantly evolving, the Company aims to leverage on stakeholder engagement and materiality assessment (SEMA) to identify, manage and address the Company’s sustainability risks and opportunities.

An effective Board leads and controls the Company. Board meetings are held at least once a quarter, with additional meetings convened as necessary. All Board members bring an independent judgement to bear on issues of strategic planning, which includes strategies on economic, environmental and social considerations underpinning sustainability, performance, resources and standards of conduct. Following the retirement of Mr. David Lim @ Lim Hun Soon on 16 July 2021, three (3) out of five (5) Directors are Independent Non-Executive Directors.



## THE BOARD (CONTINUED)

For the financial year ended 31 December 2021, six (6) Board meetings were held and the attendance of each Director is recorded in the Directors' profile section. The Board is satisfied with the level of time commitment given by the Directors towards fulfilling their roles and responsibilities as Directors of the Company.

Apart from the aforesaid responsibilities, the Board has also delegated specific responsibilities to three (3) Board Committees, namely, the Group Audit Committee, the Group Risk Management Committee and the Group Nominating/Remuneration Committee. The terms of reference of the Board Committees clearly define the duties and obligations of the Board Committees in assisting and supporting the Board. While the Board Committees have the authority to examine specific issues, they will report to the Board with their decisions and/or recommendations and the ultimate responsibility on making decisions in the best interest of the Company lies with the entire Board.

The Board is fully aware of having the same person assuming the positions of Chairman of the Board and Group Nominating/Remuneration Committee would give rise to the risk of self-review and may impair the objectivity of the Chairman and the Board when deliberating on the observations and recommendations put forth by the Group Nominating/Remuneration Committee. The Board is in the midst of reviewing the composition of its Board Committees, including the Nominating/Remuneration Committee. In the meantime, the Chairman of the Board who is also the Chairman of the Group Nominating/Remuneration Committee observed a high level of governance and abstained from all deliberations and voting for matters she has an interest in to ensure that there is a proper check and balance as well as objective review by the Board.

In order to facilitate the Board effectiveness, self-evaluations are completed on an annual basis with findings presented to the Group Nominating/Remuneration Committee meeting to address pertinent issues such as leadership, review of existing processes and performance of the Board and Board Committees. In order to increase objectivity and improve efficacy, the Institute of Corporate Directors Malaysia (ICDM) was engaged to carry out an independent assessment on the performance and effectiveness of the Board and Board Committees which took into consideration aspects such as Board's leadership, dynamics, culture composition, skills and development, as well as oversight on governance and matters on sustainability.

The Board is supported by two (2) Company Secretaries in the discharge of its functions. The Company Secretaries play an advisory role to the Board in relation to the Company's Constitution, Board's policies and procedures and compliance with the relevant regulatory requirements, codes or guidance and legislations. The Company Secretaries also ensure that deliberations at the Board and Board Committees meetings are well captured and minuted, and subsequently communicated to Management for necessary action. The Board is updated by the Company Secretaries on the follow-up or implementation of its decisions/recommendations by Management till their closure. All Directors have access to the advice and services of the Company Secretaries.

### Board Responsibilities

The Board has overall responsibility for putting in place a framework of good corporate governance within the Company, including the processes for financial reporting, risk management and compliance. Board members bring their independent judgement, diverse knowledge and experience in deliberations on issues pertaining to strategy, performance, resources and business conduct. The overall principal responsibilities of the Board are as follows:-

1. Providing clear objectives and policies within which the senior management of the Company is to operate.
2. Ensuring that there are adequate controls and systems in place to facilitate the implementation of the Company's policies.
3. Monitoring Management's success in implementing the approved strategies, plans and budget within the approved risk appetites.
4. Understanding the principal risks of all aspects of the businesses in which the Group is engaged in, setting of risk appetites, and ensuring that systems are in place to effectively monitor and manage these risks with a view to the long-term viability and success of the Group.
5. Monitoring and assessing development which may affect the Group's strategic plans.
6. Reviewing the adequacy and the integrity of the Group's internal control systems and management information systems, including systems for compliance with applicable laws, regulations, rules, directives and guidelines.
7. Avoiding conflicts of interest and ensuring appropriate disclosure of possible conflicts of interest.
8. Upholding and observing relevant laws, rules and regulations.

## THE BOARD (CONTINUED)

The Board has adopted a schedule of matters specifically reserved for its approval which include, among others, reviewing and approving the following:-

- (i) Strategic/business plans and annual budget.
- (ii) New investments, divestments, mergers and acquisitions and corporate restructuring, including the establishment of subsidiaries, joint ventures or strategic alliances both locally and abroad.
- (iii) Acquisition and disposal of significant assets of the Company.
- (iv) Annual financial statements and the quarterly financial results prior to release to Bursa Malaysia Securities.
- (v) Appointment of new Directors, Chief Executive Officer (“CEO”) and other senior management positions based on recommendations of the Group Nominating/Remuneration Committee.
- (vi) Related party transactions and capital financing.

### Foster Commitment

The Directors are able to devote sufficient time commitment to their role and responsibilities as Directors of the Company. All Directors attended at least 75% of all Board and Board Committees meetings in year 2021. The quorum of all Board meetings was met with attendance of not less than two (2) Directors present for all the purposes.

### Meeting Attendance

There were six (6) Board Meetings held during the financial year ended 31 December 2021. The details of attendance of the Directors are as follows:

Name of Members	Attendance
Dato’ Dr. Zaha Rina binti Zahari	6/6
Mrs. Vijayam A/P Nadarajah	6/6
Mr. Matthew Edward Lawrence	6/6
Ms. Vibha Hamsi Coburn	5/6
Mr. Renzo Christopher Viegas	6/6
Mr. Lim Hun Soon @ David Lim (retired w.e.f. 16 July 2021)	4/4#

# Reflects the number of meetings held during the financial year ended 31 December 2021 prior to his retirement as a Director.

This is also evidenced by the attendance record for the financial year ended 31 December 2021 as set out under the Directors’ Profile on pages 12 to 16 of this Annual Report.

## BOARDROOM DIVERSITY

The Board at all times promotes and welcomes diversity and gender mix in its composition and gives due recognition to the financial, technical and business experience of the Directors. The Board believes the presence of diverse nationalities and gender mix on the Board can widen the Board’s perspectives in effectively discharging its duties and responsibilities as well as aid the Board in its decision-making process.

Despite not having a Board Diversity Policy or Gender Diversity Policy, the Board aspires at all times to achieve the right balance in terms of gender and skills mix that best serve the needs of the Group and its shareholders. Notwithstanding the above, as at 31 December 2021, three out of five (60%) of the Directors are women Directors.

## GROUP AUDIT COMMITTEE

The Group Audit Committee has three (3) members, comprising two (2) Independent Non-Executive Directors and one (1) Non-Independent Non-Executive Director. The Group Audit Committee Report for the financial year under review can be found on pages 99 to 102 of this Annual Report.

### Members

1. Mr. Renzo Christopher Viegas  
Chairman/Independent Non-Executive Director (redesignated w.e.f. 16 July 2021)
2. Mrs. Vijayam A/P Nadarajah  
Member/Independent Non-Executive Director
3. Mr. Matthew Edward Lawrence  
Member/Non-Independent Non-Executive Director
4. Mr. Lim Hun Soon @ David Lim  
Chairman/Independent Non-Executive Director (retired w.e.f. 16 July 2021)

### Terms of Reference

The terms of reference of the Group Audit Committee have been revised to include the enhancement provided under the Malaysian Code on Corporate Governance 2021 and is published in the Company's website at <http://www.manulife.com.my>.

### Meeting Attendance

The attendance of the Group Audit Committee's members for the financial year ended 31 December 2021 is set out under the Group Audit Committee Report on page 99 of this Annual Report.

## GROUP RISK MANAGEMENT COMMITTEE

The Group Risk Management Committee has three (3) members, comprising two (2) Independent Non-Executive Directors and one (1) Non-Independent Non-Executive Director.

The Group Risk Management Committee is responsible for:-

1. Reviewing and recommending risk management strategies, policies and risk tolerance for the Board's approval;
2. Reviewing and recommending the revised terms of reference of the Group Risk Management Committee to the Board for approval and adoption;
3. Reviewing and assessing the adequacy of risk management policies and framework for identifying, measuring, monitoring and controlling risks as well as the extent to which these are operating effectively;
4. Ensuring adequate infrastructure, resources and systems are in place for an effective risk management i.e., ensuring that staff who are responsible for implementing risk management systems, performs these duties independently of the Group's risk-taking activities;
5. Reviewing Management's periodic reports on risk exposure, risk portfolio composition and risk management activities. Through the Group Risk Management Committee, the Board oversees the Enterprise Risk Management Framework of the Group;
6. Assist and advise the Board on areas of high risks faced by the Group and the adequacy of compliance and control throughout the organisation. The Group Risk Management Committee reviews the risk management policies formulated by Management and makes relevant recommendations to the Board for approval.

### Members

1. Mrs. Vijayam A/P Nadarajah  
Chairman/Independent Non-Executive Director
2. Mr. Matthew Edward Lawrence  
Member/Non-Independent Non-Executive Director
3. Mr. Renzo Christopher Viegas  
Member/Independent Non-Executive Director
4. Mr. Lim Hun Soon @ David Lim  
Member/Independent Non-Executive Director (retired w.e.f. 16 July 2021)

## GROUP RISK MANAGEMENT COMMITTEE (CONTINUED)

### Terms of Reference

The terms of reference of the Group Risk Management Committee have been revised in year 2021 and is published in the Company's website at <http://www.manulife.com.my>.

### Meeting Attendance

The attendance of the Group Risk Management Committee's members for the financial year ended 31 December 2021 are as follows:-

Name of Members	Attendance
Mrs. Vijayam A/P Nadarajah	4 out of 4
Mr. Matthew Edward Lawrence	4 out of 4
Mr. Renzo Christopher Viegas	4 out of 4
Mr. Lim Hun Soon @ David Lim (retired w.e.f. 16 July 2021)	#2 out of 2

# Reflects the number of meetings held during the financial year ended 31 December 2021 prior to his retirement as a member

## GROUP NOMINATING/REMUNERATION COMMITTEE

The Group Nominating/Remuneration Committee has four (4) members, comprising three (3) Independent Non-Executive Directors and one (1) Non-Independent Non-Executive Director.

### Members

1. Dato' Dr. Zaha Rina binti Zahari  
Chairman/Independent Non-Executive Director
2. Mrs. Vijayam A/P Nadarajah  
Member/Independent Non-Executive Director
3. Mr. Matthew Edward Lawrence  
Member/Non-Independent Non-Executive Director
4. Mr. Renzo Christopher Viegas  
Member/Independent Non-Executive Director
5. Mr. Lim Hun Soon @ David Lim (retired w.e.f. 16 July 2021)  
Member/Independent Non-Executive Director

### Terms of Reference

The terms of reference of the Group Nominating/Remuneration Committee have been reviewed in year 2021 and is published in the Company's website at <http://www.manulife.com.my>.

### Meeting Attendance

The attendance of the Group Nominating/Remuneration Committee's members for the financial year ended 31 December 2021 are as follows:-

Name of Members	Attendance
Dato' Dr. Zaha Rina binti Zahari	7 out of 7
Mrs. Vijayam A/P Nadarajah	7 out of 7
Mr. Matthew Edward Lawrence	7 out of 7
Mr. Renzo Christopher Viegas	7 out of 7
Mr. Lim Hun Soon @ David Lim (retired w.e.f. 16 July 2021)	6 out of 6#

# Reflects the number of meetings held during the financial year ended 31 December 2021 prior to his retirement as a member



## GROUP NOMINATING/REMUNERATION COMMITTEE (CONTINUED)

For the financial year ended 31 December 2021, the Group Nominating/Remuneration Committee has undertaken the following activities:-

- (i) Reviewed the annual performance bonus and increment for the staff of MHB and its subsidiaries (except for Manulife Insurance Berhad (“MIB”));
- (ii) Reviewed the performance of the Board as a whole and Board Committees including Group Audit Committee;
- (iii) Reviewed the performance of key senior officers of MHB and its subsidiaries (except for MIB);
- (iv) Reviewed the succession plan for senior management of MHB and its subsidiaries (except for MIB);
- (v) Reviewed the proposed appointment of new senior management of MHB and Manulife Insurance Labuan Limited;
- (vi) Reviewed the term of office and performance of the Group Audit Committee and its members;
- (vii) Reviewed the proposed appointment of Dato’ Dr. Zaha Rina Binti Zahari as the Board Chairman of Manulife Investment Management (M) Berhad, a wholly-owned subsidiary of the Company;
- (viii) Considered the re-designation of Mr. Renzo Christopher Viegas as a Chairman of the Group Audit Committee; and
- (ix) Reviewed the training programmes (and budget) to be attended by the Board.

## VARIOUS MANAGEMENT COMMITTEES

Aside from the Board Committees mentioned above, the Company also established various Management Committees to assist the Management. The key Management Committees are the Executive Management Team, Senior Management Team, Asset and Liability Management Committee, Investment Committee, IT Steering Committee, Enterprise Risk Management Committee and Business Continuity Management Committee.

## BOARD BALANCE, DUTIES AND RESPONSIBILITIES

### Board Composition

The Company’s Constitution specifies that the number of Directors shall not be less than five (5) and not more than ten (10). The Board has the authority as governed under the Constitution to appoint a Director to fill a casual vacancy or as an additional Director. In addition, the Board should comprise at least two (2) Independent Non-Executive Directors or at least one-third (1/3) of the Board should be Independent Non-Executive Directors, whichever is the higher. The Board Charter also specifies that the Chairman must be a non-executive member of the Board; and in the event the Chairman is not an Independent Non-Executive Director, a majority of the Board should comprise Independent Directors to ensure balance of power and authority on the Board.

The Board currently has five (5) members, comprising three (3) Independent Non-Executive Directors (including the Chairman), a Non-Independent Non-Executive Director and an Executive Director. Together, the Directors bring with them a wealth of experience, and the required mix of skills and core competencies which are necessary to enable the Company to achieve its corporate objectives and fulfill all its fiduciary duties.

### Chairman

There is a clear division of responsibility between the Chairman and the Group CEO to ensure that there is a balance of power and authority. The Chairman who is an Independent Non-Executive Director, is responsible for the leadership and management of the Board and ensuring the Board and its Committees function effectively at the same time observing high level of corporate governance. The Chairman assumes the formal role of a leader and chairs all Board meetings, leads discussions among Directors, allowing dissenting views to be expressed freely and provides leadership to the Board in its oversight of Management.

The Chairman facilitates the flow of information between Management and the Board, and in consultation with Management, sets the agenda for each Board meeting. The Chairman also plays a crucial role in ensuring appropriate steps are taken to provide effective communication with stakeholders of the Company.

## BOARD BALANCE, DUTIES AND RESPONSIBILITIES (CONTINUED)

Other key roles of the Chairman are to ensure, among others:-

1. Smooth functioning of the Board, the governance structure and inculcating positive culture in the Board;
2. Guidelines and procedures are in place to govern the Board's operations and conduct;
3. All relevant issues are on agenda for Board meeting and all Directors are able to participate in the Board activities;
4. The Board debates strategic and critical issues;
5. The Board receives the necessary information on a timely basis from Management;
6. Avenues are provided for all Directors to participate openly in the discussion;
7. She provides leadership to the Board and is responsible for the developmental needs of the Board; and
8. Leads the Board in oversight of Management.

Dato' Dr. Zaha Rina binti Zahari is the Chairman of the Board and an Independent Non-Executive Director to whom matters concerning the Company may be conveyed.

### Group Chief Executive Officer

The Group CEO assumes the overall responsibility for the implementation of the Group's strategy, carrying out the Board's directions, managing the businesses of the Group, driving performance within strategic goals and commercial objectives and ensuring business sustainability. The Group CEO heads the Executive Management Committee, the highest Management Committee in the Group and leads the Management team in carrying out the corporate strategy and vision of the Group. As Group CEO, she is also accountable to the Board for the day-to-day management and operations of the Group's businesses.

The key roles of the Group CEO include, among others:-

- (i) Developing strategic direction;
- (ii) Ensuring strategies and corporate policies are effectively implemented;
- (iii) Ensuring Board's decisions are implemented and Board's directions are responded to;
- (iv) Providing directions in the implementation of short and long-term business plans;
- (v) Providing strong leadership, that is, effectively communicating a vision, management philosophy and business strategy to the employees;
- (vi) Keeping the Board fully informed of all important aspects of the Group's operations and ensuring sufficient information is disseminated to Board members;
- (vii) Ensuring the day-to-day business affairs of the Group are effectively managed; and
- (viii) Together with the Board sets objectives, visions, targets and strategic direction of the Group.

### Non-Executive Directors

The Independent Non-Executive Directors fulfill a pivotal role in corporate accountability by providing independent and unbiased view, advice and judgement to ensure a balanced and unbiased decision-making process to ensure that the long-term interest of all stakeholders and the community are well protected. The Non-Executive Directors are to deliberate and discuss policies and strategies formulated and proposed by Management with the view of the long-term interest of all stakeholders. They contribute to the formulation of policies and decision-making using their expertise and experience at the same time providing guidance and promoting professionalism to Management.

There is also a balance in the Board with the presence of Independent Non-Executive Directors of the necessary calibre to carry sufficient weight in the Board's decisions. Although all the Directors have an equal responsibility for the Company's operations, the role of these Independent Non-Executive Directors is particularly important in ensuring that the strategies proposed by Management are fully discussed and examined objectively, and took into consideration the long-term interests, not only of the shareholders, but also of the customers, employees, suppliers and the communities in which the Company conducts its businesses.

Whilst the Company has a majority shareholder, the interests of minority shareholders are fairly reflected through the Board's representation.

## CODE OF BUSINESS CONDUCT AND ETHICS

The Company's Code of Business Conduct and Ethics governs the standards of ethics and good conduct expected of its Directors and employees respectively. The Code of Business Conduct and Ethics provides standards for ethical behaviour when representing the Company to the public and performing services for and on behalf of the Company. In addition to an annual review and certification, Directors and employees are required to complete a training module of the Code of Business Conduct and Ethics annually.

The Code of Business Conduct and Ethics provides for the reporting of unethical, unprofessional, illegal, fraudulent or other questionable behaviour by way of calling or writing to Ethics Point, an independent third-party ethics hotline service that provides employees with phone and web-based communications tools to confidentially report suspected unethical, unprofessional, illegal or fraudulent activity conducted by others associated with the Company. Anyone reporting concerns about potential or suspected illegal, unprofessional, fraudulent or other unethical behaviour may remain anonymous if he or she so chooses. The Company does not permit retaliation of any kind for good faith reports of illegal or unethical behaviour.

In order to achieve its commitment to conduct its business ethically in accordance with the Company's Code of Business Conduct and Ethics and in compliance with the Malaysian Anti-Corruption Commission Act 2009, the Group adopts a zero-tolerance approach against all forms of bribery and corruption. The Group has put in place an Anti-Bribery and Corruption Framework ("**ABC Framework**") that shall serve to demonstrate the Group's procedures and controls to prevent its directors, officers and employees from undertaking such conduct stipulated under Section 17A of the Malaysian Anti-Corruption Commission Act 2009. The ABC Framework is applicable to all business dealings involving the Group. It is applicable to all directors, officers and employees as well as persons associated with the Group\*.

\* *Persons associated with Manulife Malaysia includes consultants, suppliers, contractors, trainees, agents and sponsors. It includes any person "who performs services for or on behalf of the commercial organisation" – Section 17A(6) of the Malaysian Anti-Corruption Commission Act 2009.*

The Company's policy on whistle blowing is enshrined in the Code of Business Conduct and Ethics. Concerns on unethical, unprofessional, illegal, fraudulent or other questionable behaviour may be reported, anonymously or not, without fear of retaliation. The Company absolutely prohibits retaliation of any kind for good faith reports of illegal or unethical behaviour. The Code of Business Conduct and Ethics, ABC Framework and Whistle Blowing Statement are published in the Company's website at <http://www.manulife.com.my>.

## SUPPLY OF INFORMATION

All Directors are provided with the agenda and Board reports within a reasonable time prior to a Board meeting. This is to enable the Directors to obtain further explanations, where necessary, in order to be briefed properly before the meeting.

Management provides the Board and Board Committees with information in a form, within acceptable timeframe and quality that enable them to discharge their duties and responsibilities effectively. Directors are entitled to request and receive additional information they consider necessary in order to make informed decisions, that includes the following:-

1. Obtaining full and unrestricted access to any information pertaining to the Company and its subsidiaries;
2. Obtaining full and unrestricted access to the advice and services of the Company Secretaries; and
3. Obtaining professional independent advice, at the Company's expense.

## BOARD APPOINTMENTS AND SUCCESSION PLANNING OF KEY SENIOR MANAGEMENT

Policies and procedures for the recruitment and appointment of Directors are in place.

The Group Nominating/Remuneration Committee identifies and nominates suitable candidates for appointments to the Board for approval, either to fill vacancies or as addition to meet the changing needs of the Group. The Group Nominating/Remuneration Committee undertakes a thorough and comprehensive evaluation of the candidate. The Group Nominating/Remuneration Committee also takes into account the Group's businesses and matches the capabilities and contribution expected for a particular appointment. In addition, the Fit and Proper Policy also outlines the following criteria for assessment of the suitability of the candidate for appointment:-

- (i) Probity, personal integrity and reputation, where the candidate must have personal qualities such as honesty, integrity, diligence, independence of mind and fairness;
- (ii) Competence and capability, where the candidate must have the skills, working experience, capability and commitment necessary to carry out the role; and
- (iii) Financial integrity, where the candidate must manage his debts or financial affairs prudently.

The Directors are also assessed in accordance with the procedures set out in the Board Manual.

The Company's Constitution requires all Directors to submit themselves for re-election by shareholders at the Annual General Meeting ("**AGM**") at least once in every three (3) years.

The Group Nominating/Remuneration Committee also oversees the succession planning of key senior management across the Group with a view to build and maintain senior leadership bench strength. Diversity at key senior management level is also taken into consideration.

## BOARD CHARTER

A Board Charter was formalised and adopted by the Board on 21 November 2013 and is being reviewed from time to time to ensure that it remains not only consistent with the corporate governance standards but also relevant to the Board's objectives and responsibilities. The Board Charter not only sets out the roles and responsibilities of the Board in accordance with applicable rules and regulations but also provides clear delineation of duties of the Chairman and individual Director. The Board Charter aims to promote ethical behaviour among the members and firmly inculcate good governance in the Board's undertakings.

A copy of the Board Charter is published in the Company's website at <http://www.manulife.com.my>.

## DIRECTORS' TRAINING

The Directors have participated in conferences, seminars and training programmes to keep abreast with the development in the business environment, financial sector issues and challenges, sustainability issues as well as the new regulatory and statutory requirements. Several members of the Board have participated in the Financial Institutions Directors Education ("**FIDE**") programme developed by Bank Negara Malaysia in collaboration with Perbadanan Insurans Deposit Malaysia and the ICLIF Executive Education Centre (formerly known as International Centre for Leadership in Finance). The programme is aimed at promoting high impact boards in the financial institutions.



## DIRECTORS' TRAINING (CONTINUED)

The training programmes, conferences and seminars attended by the Directors during the financial year ended 31 December 2021 are, inter-alia, on areas relating to corporate governance, risk management, role of an effective Board, insurance, banking and finance. The conferences, seminars and training programmes attended by the Directors during the financial year ended 31 December 2021 are as follows:-

Name of Director	Training/Conference/Seminar Attended
<b>Dato' Dr. Zaha Rina binti Zahari</b>	Awareness Briefing on Malaysian Anti-Corruption Commission (MACC) Act Section 17A and Adequate Procedures – Organiser: Trident Integrity
	COVID-19's Impact on Trade – Organiser: CHK Consultancy Sdn. Bhd.
	Get Ready for the Current Global Financial Crisis – Organiser: CHK Consultancy Sdn. Bhd.
	COVID-19 Pandemic: The Black Swan Theory and Butterfly Effect on World Economy – Organiser: CHK Consultancy Sdn. Bhd.
	KSY883: The Legend of Huawei – Organiser: CHK Consultancy Sdn. Bhd.
	KLBC Dialogue Session with Minister in the Prime Minister's Department (Economy), YB Minister Dato' Sri Mustapha bin Mohamed; Topic: MyDIGITAL and Rangka Tindakan (Blueprint) Ekonomi Digital Malaysia
	KLBC Webinar: CEO of MEDEF International, French Ambassador, Philippe Gautier and President of KLBC, Dato' Mohammad Faiz Azmi; Topic: France-Malaysia Business Outlook and Opportunities
	BNM-FIDE FORUM-MASB Dialogue on MFRS17 Insurance Contracts: What Every Director Must Know
	PwC 24th Global CEO Survey Webinar
	Cybersecurity Training Conducted – Organiser: Firmus Sdn. Bhd.
	KLBC Dialogue Session with Chairman of Securities Commission Malaysia, Datuk Syed Zaid Albar; Topic: The Malaysian Capital Market – Towards a More Sustainable Economy
	KLBC Dialogue Session with His Excellency Roland Galharague, Ambassador of France to Malaysia; Topic: France – The Gateway to EU Trade and Investment Post-Brexit
	WEBEX: JC3 Flagship Conference by Bank Negara Malaysia and Securities Commission Malaysia; Topic: Sustainability as a Business Strategy for Financial Institutions
	WEBEX: JC3 Flagship Conference by Bank Negara Malaysia and Securities Commission Malaysia; Topic: JC3 Outcomes and Implications for Financial Institutions
	WEBEX: JC3 Flagship Conference by Bank Negara Malaysia and Securities Commission Malaysia; Topic: Sustainable Finance for The Private Sector
	MIDF Conversation with YBhg Datuk Seri Amir Hamzah Azizan, CEO of EPF and Group Managing Director of MIDF, Dato' Charon bin Mokhzani; Topic: Economic Development and Relevant Public Policies
	IMDA: ATxSummit 2021 and ATxAI Conference (Virtual); Topic: Redefining Tech for a Better Future
	Web-Series by Sage 3 and Leaderonomics; Topic: Rethinking Balance Sheet
	MIDF Conversation with YBhg Prof. Dato' Dr Adeeba Kamarulzaman, a prominent infectious diseases expert and public health advocate; Topic: Women Empowerment and Quality of Public Health Care
	Webinar by International Malaysian Society of Maritime Law; Topic: Maritime and Insolvency Talk
	MIDF Conversation with Mr. Adrian Ong, CEO of Mr DIY; Topic: Strategy to Drive Growth, Deliver Value and Achieve Operational Efficiencies Amidst the Current Global Pandemic.
	Webinar by Securities Industry Development Corporation (SIDC); Topic: Director as Gatekeeper of Market Participant
	Webinar by Securities Industry Development Corporation (SIDC); Topic: Risk Oversight and Compliance
	Webinar by Securities Industry Development Corporation (SIDC); Topic: Emerging and Current Regulatory Issues in the Capital Market
	Web-Series by Sage 3 and Leaderonomics; Topic: Rethinking Balance Sheet Series

**DIRECTORS' TRAINING (CONTINUED)**

<b>Name of Director</b>	<b>Training/Conference/Seminar Attended</b>
<b>Dato' Dr. Zaha Rina binti Zahari</b>	<p>MIDF Conversation with YBhg Dato' Dr Hartini Zainudin, Co-founder of Yayasan Chow Kit; Topic: Struggles and Challenges Attending to the Needs of Migrant and Refugee Children and Families Issues</p> <p>Maximising Integrity by Trident Integrity; Topic: The Role of Directors and Senior Management in Keeping the Group Anti-Corruption System Strong</p> <p>Webinar by SME Lighthouse; Topic: Financing, Funding and Grants for SMEs in Turbulent Times</p> <p>Webinar by IMKL – Invest Malaysia 2021; Topic: Rebuilding A Sustainable Economy – Economic Reform</p> <p>Detecting Financial Frauds and Business Transformation; Webinar Training by Tricor Training Academy</p> <p>Webinar: Bursa-FIDE Forum Dialogue; Topic: Restructuring Distressed SMEs/Budget 2022</p> <p>FIDE Forum: Dialogue with Governor of Bank Negara Malaysia; Topic: Opportunities and Challenges to Cross-Border Investments and Trade</p>
<b>Mrs. Vijayam A/P Nadarajah</b>	<p>Webinar – Rethinking Our Approach to Cyber Defence in Financial Institutions</p> <p>FIDE FORUM's Board Effectiveness Evaluation Industry Briefing (Session 1)</p> <p>BNM-FIDE FORUM-MASB Dialogue on MFRS17 Insurance Contracts: What Every Director Must Know</p> <p>BNM-FIDE FORUM Dialogue: The Role of Independent Directors in Embracing Present and Future Challenges</p> <p>BNM-FIDE FORUM Dialogue: The Future of Malaysia's Financial Sector</p> <p>BNM-FIDE FORUM Dialogue on Risk Management in Technology (RmiT): Insights 1 Year On</p> <p>The Board's Role and Responsibilities in Crisis Communication</p> <p>FIDE FORUM's Engagement Session on Board Leadership Framework (Session B)</p> <p>BNM-FIDE FORUM Dialogue: Risk-Based Capital Framework for Insurers and Takaful Operators</p> <p>SC-FIDE FORUM Dialogue on Capital Market Masterplan 3</p> <p>Focus Group Discussion for BNM-FIDE FORUM Dialogue (Session 2)</p> <p>BNM-FIDE FORUM Dialogue with Tan Sri Nor Shamsiah binti Mohd Yunus, Governor of Bank Negara Malaysia</p>
<b>Mr. Matthew Edward Lawrence</b>	<p>AOB Conversation with Audit Committees – Organiser: Securities Commission Malaysia</p> <p>Bursa Malaysia Fraud Risk Management Workshop</p> <p>PwC Insurance Banana Skins 2021</p>
<b>Ms. Vibha Hamsi Coburn</b>	<p>Capital Market Director Programme for Fund Management (Modules 1, 2B, 3 and 4) – Organiser: Securities Industry Development Corporation (SIDC)</p> <p>7th Annual Women in Leadership Asia Summit</p> <p>BNM-FIDE FORUM Dialogue: The Future of Malaysia's Financial Sector</p> <p>Financial Institutions Directors' Education Programme – Organiser: ICLIF Executive Education Center</p> <p>FIDE FORUM's Session for CEO - Shaping the Future of Financial Institution Board Leadership</p> <p>IMA Asia CEO Forum: Malaysia Outlook</p> <p>BNM-FIDE FORUM Dialogue with Tan Sri Nor Shamsiah binti Mohd Yunus, Governor of Bank Negara Malaysia</p>
<b>Mr. Renzo Christopher Viegas</b>	<p>Financial Institutions Directors' Education Programme – Organiser: ICLIF Executive Education Center</p> <p>AOB Conversation with Audit Committees – Organiser: Securities Commission Malaysia</p>
<b>Mr. Lim Hun Soon @ David Lim</b> (retired on 16 July 2021)	<p>Webinar - Rethinking Our Approach to Cyber Defence in Financial Institutions</p> <p>BNM-FIDE FORUM Dialogue on Risk Management in Technology (RmiT): Insights 1 Year On</p>

## DIRECTORS' TRAINING (CONTINUED)

Recognising the increasing importance of Environmental, Social, and Governance ("ESG") considerations to the Group's performance and long-term sustainability, ESG would be embedded as part of the Board and Management's development planning.

The Board will continue to undergo other relevant training programmes and seminars to ensure that they remain well-equipped with the relevant knowledge as well as emergent strategic directions and ideas to discharge their duties effectively.

## DIRECTORS' AND SENIOR MANAGEMENT'S REMUNERATION

The remuneration of the Directors for the financial year ended 31 December 2021 is set out below:-

	Fees (RM'000)	Salaries (RM'000)	Bonus (RM'000)	Retirements benefits contribution (RM'000)	RSU (RM'000)	Total (RM'000)
<b>COMPANY</b>						
<b>Executive</b>						
Ms. Vibha Hamsi Coburn	-	580	241	26	36	883
<b>Non-Executive</b>						
Dato' Dr. Zaha Rina Binti Zahari	123	-	-	-	-	123
Mrs. Vijayam A/P Nadarajah	82	-	-	-	-	82
Mr. Matthew Edward Lawrence	74	-	-	-	-	74
Mr. Renzo Christopher Viegas	81	-	-	-	-	81
Mr. Lim Hun Soon @ David Lim (retired on 16 July 2021)	45	-	-	-	-	45
<b>GROUP</b>						
<b>Executive</b>						
Ms. Vibha Hamsi Coburn	-	2,901	1,207	170	141	4,419
<b>Non-Executive</b>						
Dato' Dr. Zaha Rina Binti Zahari	185	-	-	-	-	185
Mrs. Vijayam A/P Nadarajah	171	-	-	-	-	171
Mr. Matthew Edward Lawrence	74	-	-	-	-	74
Mr. Renzo Christopher Viegas	168	-	-	-	-	168
Mr. Lim Hun Soon @ David Lim (retired on 16 July 2021)	93	-	-	-	-	93

The level of remuneration of the Directors is linked to their level of responsibilities and contributions to the overall effective functioning of the Board. The remuneration of the Board is reviewed annually by the Group Nominating/Remuneration Committee.

The Board has in place policies and procedures to determine the remuneration of its Directors as well as its senior management that take into account the demands, complexities and performance of the Group as well as skills and experience required, and these are periodically reviewed. An explanation on the principles and practice of remuneration is available on the Company's website at <http://www.manulife.com.my>, and the Board deems this explanation is sufficient disclosure of the Group's policies and procedures.

The Board has further deliberated and taken the decision not to disclose its senior management's remuneration as it deems disclosing this sensitive information will put the Group at a competitive disadvantage.

## DIRECTORS' INDEPENDENCE

The Board has initiated an annual assessment on the independence of each of the Independent Non-Executive Directors via the Declaration of Compliance to be made and completed by all Independent Non-Executive Directors based on a set of criteria as per the Companies Act 2016 and Practice Note 13 of the Listing Requirements and adopted by the Group Nominating/Remuneration Committee. The same assessment criteria would be used whenever new Independent Non-Executive Directors are appointed to the Board.

In line with Practice 5.3 of the MCCG, the Board Charter provides that the tenure of service of Independent Non-Executive Directors is capped at the maximum limit of nine (9) years or upon reaching the age of seventy (70) years, whichever is earlier. An Independent Non-Executive Director who has served the Company for nine (9) years may, subject to the Group Nominating/Remuneration Committee's recommendation and shareholders' approval, continue to serve the Company in the capacity of Independent Non-Executive Director.

As at 31 December 2021, none of the Independent Non-Executive Directors has served as an Independent Non-Executive Director for more than nine (9) years.

## SHAREHOLDERS' COMMUNICATIONS AND INVESTOR RELATIONS POLICY

The Board believes in clear and timely communication with its shareholders. In addition to the various announcements and press releases made during the financial year under review, the Annual Report and the quarterly financial results provide shareholders and the general public with an overview of the Group's business activities and performance.

The Company has been using the AGM as a means of communication with its shareholders. In light of the Full Movement Control Order (FMCO) in Malaysia, the Forty-Fifth AGM was held on a fully virtual basis. Nevertheless, the Board encourages participation from shareholders by having question and answer sessions during the AGM where members of the Board as well as Management and the external auditors are available remotely to answer questions raised at the AGM on a real time basis with the required infrastructure, tools and technology put in place. All resolutions are put to vote on a poll as per the Listing Requirements.

A copy of the Minutes of the Forty-Fifth AGM together with the responses to the unanswered questions raised at the Forty-Fifth AGM were published in the Company's website at <https://www.manulife.com.my/en/individual/about-us/investor-relations.html>.

In addition to the AGM, the Company also expeditiously addresses enquiries from shareholders from time to time.

The Group has established a website at [www.manulife.com.my](http://www.manulife.com.my) which shareholders can access for information.

The Company advocates the principle of confidentiality in its Code of Business Conduct and Ethics to ensure that confidential information is properly handled by Directors and employees to avoid leakage and improper use of such information. The Board is mindful that information which is expected to be material must be announced to Bursa Malaysia Securities immediately.

## CORPORATE DISCLOSURE

The Board maintains strict confidentiality and employs best efforts to ensure that no disclosure of material information is made selectively to any individual. The Board is advised by Management, the Company Secretaries and the external and internal auditors on the contents and timing of disclosure requirements of the Listing Requirements on the financial results and various announcements.

## FINANCIAL REPORTING

In presenting the annual financial statements and quarterly announcements to shareholders, the Board aims to present a balanced and understandable assessment of the Group's position and prospects. This also applies to reports to regulators.



## STATEMENT OF DIRECTORS' RESPONSIBILITY FOR PREPARING THE FINANCIAL STATEMENTS

The Board is required by the Companies Act 2016 to prepare financial statements for each financial year which have been made out in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards, and to give a true and fair view of the state of affairs of the Group and the Company at the end of the financial year and of the results and cash flows of the Group and the Company for the financial year then ended.

In preparing the financial statements, the Board has:-

- selected suitable accounting policies and applied them consistently;
- made judgements and estimates that are reasonable and prudent;
- ensured that all applicable accounting standards have been followed; and
- prepared financial statements on the going concern basis as the Directors have a reasonable expectation, having made enquiries, that the Group and the Company have adequate resources to continue in operational existence in the foreseeable future.

The Board has the responsibility for ensuring that the Group and the Company keep accounting records which disclose with reasonable accuracy of the financial position of the Group and the Company and which enable them to ensure that the financial statements comply with the Companies Act 2016.

The Board has overall responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and the Company and to prevent and detect fraud and other irregularities.

## RELATIONSHIP WITH AUDITORS

The Group Audit Committee meeting held on 22 February 2022 undertook an annual assessment of suitability and independence of the external auditors. In its assessment, the Group Audit Committee considered several factors, which included adequacy of experience and resources of the firm and the professional staff assigned to the audit, independence of Messrs. Ernst & Young PLT ("EY") and the level of non-audit services to be rendered by EY to the Company for the financial year 2021. Being satisfied with EY's performance, technical competency and audit independence, the Group Audit Committee recommended the re-appointment of EY as external auditors for the financial year ending 31 December 2022. The Board at its meeting held on 25 February 2022 approved the Group Audit Committee's recommendation for the shareholders' approval to be sought at the Forty-Sixth AGM on the re-appointment of EY as external auditors of the Company for the financial year 2022.

The Group Audit Committee meets with the external auditors at least twice (2) a year to discuss their audit plan, audit findings and the Company's financial statements without the presence of any Executive Director or member of the Management team.

The Board has always been transparent with its relationship with the Group's external auditors. Provision of non-audit services by the Group's external auditors shall be reviewed and approved by the Group Audit Committee and such decision made shall be documented in a statement which outlines the Group's Audit Committee's view that the level of provision of non-audit services provided by the Group's external auditors would not at any time impair the independence of the Group's external auditors. The Group Audit Committee also monitors the independence and qualification of external auditors and obtains written assurance from the external auditors confirming that they are, and have been, independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements.

## RECOGNISE AND MANAGE RISK

The Statement on Risk Management and Internal Control, set out on pages 90 to 93 of the Annual Report provides an overview of the management of risks and state of internal controls within the Group.

## INTERNAL AUDIT FUNCTION

The Internal Audit department carries out the internal audit function and reports directly to the Group Audit Committee. The details of the internal audit function are set out on pages 101 to 102 of the Annual Report.

## CORPORATE GOVERNANCE REPORT

This Report is published in the Company's website at <http://www.manulife.com.my>.

This CG Statement is in accordance with a resolution of the Board dated 28 March 2022.

## BOARD'S RESPONSIBILITY

The Board of Directors ("**the Board**") affirms its overall responsibility for Manulife Holdings Berhad ("**MHB**" or "**the Company**") and its subsidiary companies' ("**the Group**") system of internal controls and risk management practices, and for reviewing the adequacy and integrity of these systems. However, such systems are designed to manage rather than eliminate the risk of failure to achieve business objectives and, accordingly, they can only provide reasonable, and not absolute assurance against material misstatement or loss.

The Group adopts an Enterprise Risk Management ("**ERM**") Framework whereby enterprise risk-taking activities are undertaken with the understanding that risk-taking and effective risk management are necessary and integral to achieve strategic objectives and manage business operations to support long-term revenue, earnings and shareholders' value growth.

To this end, the Enterprise Risk Policy of the Group ("**the Policy**") governs all risk-taking and risk management activities in the Group, including risk appetite, risk management accountabilities and risk-taking authorities, risk identification, risk measurement and assessment, risk monitoring and reporting, and risk control and mitigation. The Policy further facilitates the ongoing process for identifying, evaluating, monitoring and managing significant risks that may affect the achievement of the Group's business objectives throughout the year under review and up to the date of the Statement on Risk Management and Internal Control ("**Statement**"). This process is regularly reviewed by the Board to ascertain adequacy and effectiveness of risk management and internal controls.

Management assists and provides assurance to the Board via the Group Audit Committee ("**GAC**") and the Group Risk Management Committee ("**GRMC**") on the implementation of the policies and procedures on risk management and internal control through the implementation of periodic reporting, which contains sufficient information to satisfy them that the Group is in compliance with its risk management policies by identifying, measuring and evaluating the enterprise risk-taking activities undertaken to achieve the strategic objectives and managing business operations.

## KEY INTERNAL CONTROLS AND RISK MANAGEMENT PROCESSES

### ERM Framework

The Group has a strong risk management culture which supports its risk management practices. Overall, the Group's Board is accountable for the oversight of risk management, and delegates this through a governance framework which is centered on the Three (3) Lines of Defense model and that includes risk oversight committees, risk managers and risk policies and practices.

The Board provides stewardship and Management oversight to ensure that Management is qualified and competent. Organisational and procedural controls, and policies and procedures for major activities are reviewed, approved and monitored on a periodic basis.

Senior management directs and oversees the effective management of the Group's institutional operations, which includes developing business objectives, strategies, plans, organisational structure and controls and policies for the Board's review and approval. Senior management executes and monitors the achievement of the Board approved business objectives, strategies, and plans, the effectiveness of the organisational structure and controls and corporate governance practices, culture and ethics.

The GRMC meets at least quarterly to review both the key risks identified by Management and plans for the mitigation of these risks. The key risk areas examined are strategic risk, insurance risk, market and liquidity risk, credit risk and operational risk. A formalised risk assessment is conducted quarterly by the respective risk managers, comprising the heads of business units. For the key risks identified, Management's action plans are formulated and implemented. The results of the risk assessments are reviewed by the ERM Committee before they are reported to the Board via the GRMC, to ensure that the risk management monitoring is independent.

There is a clearly defined assignment of responsibilities to the Committees of the Board and to Management to provide oversight and governance over the Group's activities. The Board, through its GAC and GRMC, is responsible for overseeing the Group's management of its principal risks. The Group Chief Executive officer ("**CEO**") is directly accountable to the Board for the Group's risk-taking activities and risk management practices. The Board and GRMC delegate accountability for risk taking and risk management to the Group CEO. The Group CEO, supported by the Risk Officers and ERM, establish risk policies, guide risk-taking activity, monitor material risk exposures, and develop strategic risk management priorities, thereby continuously shaping and promoting the risk culture throughout the Group.

### Internal Audit Services Function

The Charter for Audit Services – Malaysia (“**AS-Malaysia**”) is subject to annual review and approval by the GAC and the Board.

The scope of Audit Services Asia-Malaysia’s work encompasses, but is not limited to, objective examinations of evidence for the purpose of providing independent assessments to the Audit Committee and senior management on the adequacy and effectiveness of Manulife’s governance, risk management and internal control processes. Internal audit assessments include evaluating:

- The comprehensiveness, reliability, and integrity of financial and operating information, and the means used to identify, measure, analyse, classify, and report such information;
- The comprehensiveness and appropriateness of policies and procedures;
- The processes that ensure compliance with policies, procedures, laws, and regulations that could have a significant impact on operations, management or financial reporting;
- The means of safeguarding assets against accident, theft, malicious damage or other improper or illegal activities;
- The appropriateness and comprehensiveness of operating standards, the extent to which they are communicated and understood, and whether deviations from standards are identified, analysed and communicated; and corrective action taken; and
- Consultation and other services related to audit expertise as needs arise.

The annual audit plan is primarily driven by an independent assessment of inherent risk of the functional units across the Company and includes consideration of external information published by industry groups, and input from Management, GAC, regulators and other stakeholders. The objective of the inherent risk assessment exercise is to focus annual activity on the most important risks faced by Manulife while providing appropriate audit coverage over other areas over time. The progress of the internal audit plan, a summary of internal audit issues and the status of corrective actions performed to address the internal audit issues are reported to the GAC when it meets.

The GAC reviews audit issues concerning governance, internal controls and risk management as identified by AS-Malaysia, external auditors and regulatory examiners. The GAC annually reviews and approves the internal audit plan and budget to ensure the AS-Malaysia’s function operates effectively. The GAC meets at least quarterly to review the internal audit reports tabled by AS-Malaysia. In addition, the GAC has active oversight on AS-Malaysia’s independence and objectivity in relation to their scope of work.

### Other Key Internal Controls

There is a detailed and formalised annual business and budget planning process to ensure that the Group’s business objectives are clearly defined. The Board reviews and approves the Group’s business plans. Comprehensive management reports are submitted to the Board on a quarterly basis. The Board monitors the Group’s performance closely and Management promptly follows up on any variances identified.

For Manulife Insurance Berhad (“**MIB**”),

An annual review of the current and expected future financial position of MIB is performed by the Appointed Actuary (“**AA**”), as guided by policy document issued by Bank Negara Malaysia namely, (BNM/RH/GL/003-17) Financial Condition Report and (BNM/RH/GL/032-12) Risk Based Capital Framework for Insurers. These include annual assessment on various aspects of MIB’s financial condition, quarterly Capital Adequacy Ratio reporting, annual multi-period stress testing and assessing MIB’s ability to withstand various adverse scenarios as part of the capital assessment procedures. Generally, the appointment and duties of the AA is in accordance with BNM/RH/STD 029-5 - Appointed Actuary: “Appointment and Duties”.

For Manulife Insurance Labuan Limited (“**MILL**”),

An annual review of the current and expected future financial position of MILL is performed by the AA, as guided by policy document issued by Labuan Financial Services Authority namely, Guidelines on Valuation Basis for Liabilities of Labuan Life Insurance Business (“**the Guidelines**”). Generally, the appointment and duties of the AA is in accordance with Section 7.0 Appointed Actuary Requirements of the Guidelines.



The risk and compliance culture of the Group is driven with a strong tone from the top, complemented by the tone from the middle, to embed the expected values and principles of conduct that shape the behaviour and attitude of staff across the Group. Policies and internal standard operating procedures are clearly defined, consistently communicated and continuously reinforced, to embed a culture that cultivates active identification, assessment and mitigation of risk as part of the responsibility of all staff across the Group. As part of the risk and compliance culture, the Group has instilled a compliance culture where the Board, senior management and every employee of the Group is committed to adhere to the requirement of relevant laws, rules, regulations and regulatory guidelines.

The Board recognises that the compliance function forms an integral part of MHB's Risk Management and Internal Control Framework. The Compliance department reports independently to the Board with clear reporting lines to the extent permitted by the regulations. The Compliance's responsibilities include identifying, assessing and monitoring the compliance risk of the entity and advising the Board, Management and the business and support units on relevant laws and regulations.

As it is vital to have a robust and effective Compliance Framework in place, MHB has in place a Compliance Policy that is driven by the Compliance department in managing compliance risk within the business. The Compliance Policy requires all entities within the Group to adopt and implement the compliance policies and procedures which are reviewed on a periodic basis or as and when required to reflect current practices and the applicable regulatory requirements.

Under the Three (3) Lines of Defense model, all business and support units are required to review, assess and establish the necessary controls to ensure compliance to applicable laws and regulations. The compliance unit, as part of the second line of defense, will also conduct compliance reviews on business and support units to provide assurance on compliance with regulatory requirements. The respective entity Boards, as well as the MHB's Board, are provided with compliance reports on a regular basis to facilitate the Boards having a holistic and overall view of all compliance matters across the Group.

There are internal policies and procedures in place in relation to recruitment, rewards and benefits, talent management, succession planning and performance management. Line Manager and employees are equipped with various initiatives and programs in helping them grow, upskilled and contribute effectively. Talent management review is conducted on an annual basis through a robust process via a Talent Review Committee comprises the CEO and executive management team. Succession planning is reviewed on an annual basis leveraging on outcomes of the annual talent review. Successors to key roles are identified in consultation with senior management team. Identified high potentials are reflected in the succession plans depending on the role, growth opportunity, personal aspirations and mobility. Several other key initiatives in helping the Company build high performing team include deploying series of employee engagement, continuous review on workforce planning and enhancement on employee value propositions.

A comprehensive business continuity management programme is established and updated continuously to reflect changes in the operating environment to provide enterprise-wide planning and arrangements of key resources and procedures that enable the Group to respond to and continue to operate mission-critical business functions, while considering all functions across a broad spectrum of interruptions to the business arising from internal and external events. Various business continuity tests are performed on an annual basis and covering alternate site tests, tabletop exercises, MIR3 notifications (call tree tests), disaster recovery tests, etc. Results of the tests performed are presented to the Board via the risk report for their review as part of its oversight role.

The Information Risk Management function has in place, an existing risk assessment process that covers cyber security risk. The assessment is guided by policies and standards in place, in areas such as network security, encryption standards (for data at rest and in transit), operational security, application security, vulnerability management and logical access control.

There are clearly documented authority limits, policies and procedures that underpin the internal control process, for example, staff integrity, staff competency, checks and balances, segregation of duties, independent checks and verification processes, system access controls and layers of internal transaction authorisation, which are set out in the policies and procedural manuals, guidelines, and directives issued by the Group and updated from time to time.

### **Risk Policies in Place**

The Group's Enterprise Risk Policy sets out the overall ERM Framework by defining policies and standards of practice related to risk governance, risk identification, risk measurement, risk monitoring, risk control and mitigation. There are various key risk policies in place to guide specific risk-taking and Management's activities.

## ASSURANCE FROM MANAGEMENT

The Board has received full assurance from the Group CEO and the Group Chief Financial Officer that the Group's risk management and internal control system is operating adequately and effectively, in all material respects, based on the Risk Management Framework adopted by the Group.

## REVIEW OF STATEMENT BY EXTERNAL AUDITORS - MESSRS. ERNST & YOUNG PLT ("EY")

As required by Paragraph 15.23 of Bursa Malaysia Securities Berhad Main Market Listing Requirements, EY has reviewed this Statement. Their review was performed in accordance with Audit and Assurance Practice Guide ("AAPG") 3 issued by the Malaysian Institute of Accountants. Based on their review, the external auditors have reported to the Board that nothing has come to their attention that causes them to believe that this Statement intended to be included in the annual report is not prepared, in all material respects, in accordance with the disclosures required by Paragraphs 41 and 42 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuer, nor is the Statement factually inaccurate. The external auditors are not required by AAPG 3 to consider, whether this Statement covers all risks and controls, or to form an opinion on the effectiveness of the Group's risk management and control procedures.

## CONCLUSION

Based on the above, the Board is of the view that the system of internal control and risk management is in place for the year under review, and up to the date of approval of the Statement, is sound and sufficient to safeguard the Group's assets, as well as the shareholders' investments and, interests of customers, regulators, employees and other stakeholders.

For this financial year under review, there were no material failures or adverse compliance events that have directly resulted in any material loss to the Group.

This Statement was made in accordance with a resolution of the Board dated 25 February 2022.

### 1. Audit Fees and Non-Statutory Audit Fees

The audit fees and non-statutory audit fees for the Group and the Company paid to Messrs. Ernst & Young PLT, the External Auditors and its affiliated companies for the financial year ended 31 December 2021 are as follows:-

Services	Company (RM'000)	Group (RM'000)
Audit Fees	90	648
Non-statutory audit related services	57	102
Total	147	750

### 2. Material Contracts

There were no material contracts entered into by the Company and its subsidiaries involving Directors and Major Shareholders' interests which are still subsisting as at the end of the financial year or if not then subsisting, entered into since the end of the previous financial year.

### 3. Recurrent Related Party Transactions of a Revenue or Trading Nature ("RRPTs")

At the Forty-Fifth Annual General Meeting of the Company held on 4 June 2021, the Company had obtained the shareholders' mandate to allow the Group to enter into RRPTs ("**Shareholders' Mandate**").

In accordance with Section 3.1.5 of Practice Note No. 12 of Bursa Malaysia Securities Berhad Main Market Listing Requirements, the details of the RRPTs conducted during the financial year ended 31 December 2021 pursuant to the Shareholders' Mandate are disclosed as follows:-

No.	Nature of Transactions	Transacting Party	Class of Related Party	Actual value of transaction (RM'000)	Interested Related Party
1.	<b>Provision of various training, advisory and support services from Manulife Asia headquarters</b>	MHB Group	MFAL^	-	<u>Interested Director*</u> <ul style="list-style-type: none"> <li>Matthew Edward Lawrence</li> </ul> <u>Interested Major Shareholders</u> <ul style="list-style-type: none"> <li>MFC~</li> <li>MLIC</li> <li>MFAL^</li> <li>MHBL&gt;</li> <li>MCHN#</li> </ul>
2.	<b>Outsourcing of asset management subsidiary back-office system</b>	MIMMB	MFC Group~	2,377	<u>Interested Director*</u> <ul style="list-style-type: none"> <li>Matthew Edward Lawrence</li> </ul> <u>Interested Major Shareholders</u> <ul style="list-style-type: none"> <li>MFC~</li> <li>MLIC</li> <li>MFAL^</li> <li>MHBL&gt;</li> <li>MCHN#</li> </ul>
3.	<b>Provision of treasury system</b>	MHB Group	MFC Group~	-	<u>Interested Director*</u> <ul style="list-style-type: none"> <li>Matthew Edward Lawrence</li> </ul> <u>Interested Major Shareholders</u> <ul style="list-style-type: none"> <li>MFC~</li> <li>MLIC</li> <li>MFAL^</li> <li>MHBL&gt;</li> <li>MCHN#</li> </ul>

No.	Nature of Transactions	Transacting Party	Class of Related Party	Actual value of transaction (RM'000)	Interested Related Party
4.	Investment management/ advisory and other related services	MIMMB	MIMSP <sup>□</sup>	1,614	<u>Interested Director*</u> <ul style="list-style-type: none"> <li>Matthew Edward Lawrence</li> </ul> <u>Interested Major Shareholders</u> <ul style="list-style-type: none"> <li>MFC~</li> <li>MLIC</li> <li>MFAL^</li> <li>MHBL&gt;</li> <li>MCHN#</li> </ul>
5.	Investment management/ advisory and other related services	MIMMB	MIMHK <sup>□</sup>	1,322	<u>Interested Director*</u> <ul style="list-style-type: none"> <li>Matthew Edward Lawrence</li> </ul> <u>Interested Major Shareholders</u> <ul style="list-style-type: none"> <li>MFC~</li> <li>MLIC</li> <li>MFAL^</li> <li>MHBL&gt;</li> <li>MCHN#</li> </ul>
6.	Investment management/ advisory and other related services	MIMMB	MIMUS <sup>ø</sup>	1,455	<u>Interested Director*</u> <ul style="list-style-type: none"> <li>Matthew Edward Lawrence</li> </ul> <u>Interested Major Shareholders</u> <ul style="list-style-type: none"> <li>MFC~</li> <li>MLIC</li> <li>MFAL^</li> <li>MHBL&gt;</li> <li>MCHN#</li> </ul>
7.	Investment management	MILL	MIMPMUS <sup>ø</sup>	200	<u>Interested Director*</u> <ul style="list-style-type: none"> <li>Matthew Edward Lawrence</li> </ul> <u>Interested Major Shareholders</u> <ul style="list-style-type: none"> <li>MFC~</li> <li>MLIC</li> <li>MFAL^</li> <li>MHBL&gt;</li> <li>MCHN#</li> </ul>
8.	Manulife Centre of Excellence – Operations and information technology support services	MIMMB	MFC Group~	(3,319)	<u>Interested Director*</u> <ul style="list-style-type: none"> <li>Matthew Edward Lawrence</li> </ul> <u>Interested Major Shareholders</u> <ul style="list-style-type: none"> <li>MFC~</li> <li>MLIC</li> <li>MFAL^</li> <li>MHBL&gt;</li> <li>MCHN#</li> </ul>
9.	Provision of reinsurance premium	MILL	MIL Bermuda^^	167	<u>Interested Director*</u> <ul style="list-style-type: none"> <li>Matthew Edward Lawrence</li> </ul> <u>Interested Major Shareholders</u> <ul style="list-style-type: none"> <li>MFC~</li> <li>MLIC</li> <li>MFAL^</li> <li>MHBL&gt;</li> <li>MCHN#</li> </ul>



No.	Nature of Transactions	Transacting Party	Class of Related Party	Actual value of transaction (RM'000)	Interested Related Party
10.	Provision of social media operational support services	MIMMB	MDSI#	26	<u>Interested Director*</u> <ul style="list-style-type: none"> <li>Matthew Edward Lawrence</li> </ul> <u>Interested Major Shareholders</u> <ul style="list-style-type: none"> <li>MFC~</li> <li>MLIC</li> <li>MFAL^</li> <li>MHBL&gt;</li> <li>MCHN#</li> </ul>
11.	Provision for actuarial services provided by Manulife's Regional Office	MHB Group	MFC Group~	-	<u>Interested Director*</u> <ul style="list-style-type: none"> <li>Matthew Edward Lawrence</li> </ul> <u>Interested Major Shareholders</u> <ul style="list-style-type: none"> <li>MFC~</li> <li>MLIC</li> <li>MFAL^</li> <li>MHBL&gt;</li> <li>MCHN#</li> </ul>
12.	Outsourcing of human resource operations including payroll and back-office processing	MHB Group	MFC Group~	658	<u>Interested Director*</u> <ul style="list-style-type: none"> <li>Matthew Edward Lawrence</li> </ul> <u>Interested Major Shareholders</u> <ul style="list-style-type: none"> <li>MFC~</li> <li>MLIC</li> <li>MFAL^</li> <li>MHBL&gt;</li> <li>MCHN#</li> </ul>
13.	Accounting and finance support	MHB Group	MFC Group~	268	<u>Interested Director*</u> <ul style="list-style-type: none"> <li>Matthew Edward Lawrence</li> </ul> <u>Interested Major Shareholders</u> <ul style="list-style-type: none"> <li>MFC~</li> <li>MLIC</li> <li>MFAL^</li> <li>MHBL&gt;</li> <li>MCHN#</li> </ul>
14.	Provision of application system services and infrastructure support	MHB Group	MFC Group~	22,097	<u>Interested Director*</u> <ul style="list-style-type: none"> <li>Matthew Edward Lawrence</li> </ul> <u>Interested Major Shareholders</u> <ul style="list-style-type: none"> <li>MFC~</li> <li>MLIC</li> <li>MFAL^</li> <li>MHBL&gt;</li> <li>MCHN#</li> </ul>

No.	Nature of Transactions	Transacting Party	Class of Related Party	Actual value of transaction (RM'000)	Interested Related Party
15.	<b>Outsourcing of foreign exchange hedging services in respect of foreign currency exposure</b>	MHB Group	MFC Group~	-	<u>Interested Director*</u> <ul style="list-style-type: none"> <li>Matthew Edward Lawrence</li> </ul> <u>Interested Major Shareholders</u> <ul style="list-style-type: none"> <li>MFC~</li> <li>MLIC</li> <li>MFAL^</li> <li>MHBL&gt;</li> <li>MCHN#</li> </ul>
16.	<b>Provision of trade matching and settlement services</b>	MIMMB	MFC Group~	-	<u>Interested Director*</u> <ul style="list-style-type: none"> <li>Matthew Edward Lawrence</li> </ul> <u>Interested Major Shareholders</u> <ul style="list-style-type: none"> <li>MFC~</li> <li>MLIC</li> <li>MFAL^</li> <li>MHBL&gt;</li> <li>MCHN#</li> </ul>
17.	<b>Provision of regional reinsurance administrative services</b>	MHB Group	MFC Group~	-	<u>Interested Director*</u> <ul style="list-style-type: none"> <li>Matthew Edward Lawrence</li> </ul> <u>Interested Major Shareholders</u> <ul style="list-style-type: none"> <li>MFC~</li> <li>MLIC</li> <li>MFAL^</li> <li>MHBL&gt;</li> <li>MCHN#</li> </ul>
18.	<b>Provision of back-office support for staff claims</b>	MHB Group	MFC Group~	31	<u>Interested Director*</u> <ul style="list-style-type: none"> <li>Matthew Edward Lawrence</li> </ul> <u>Interested Major Shareholders</u> <ul style="list-style-type: none"> <li>MFC~</li> <li>MLIC</li> <li>MFAL^</li> <li>MHBL&gt;</li> <li>MCHN#</li> </ul>
19.	<b>Investment management for private equity investment</b>	MHB Group	MANGA□	231	<u>Interested Director*</u> <ul style="list-style-type: none"> <li>Matthew Edward Lawrence</li> </ul> <u>Interested Major Shareholders</u> <ul style="list-style-type: none"> <li>MFC~</li> <li>MLIC</li> <li>MFAL^</li> <li>MHBL&gt;</li> <li>MCHN#</li> </ul>

No.	Nature of Transactions	Transacting Party	Class of Related Party	Actual value of transaction (RM'000)	Interested Related Party
20.	<b>Investment middle and back-office services for private investments</b>	MHB Group	MIMHK <sup>□</sup>	-	<u>Interested Director*</u> <ul style="list-style-type: none"> <li>• Matthew Edward Lawrence</li> </ul> <u>Interested Major Shareholders</u> <ul style="list-style-type: none"> <li>• MFC~</li> <li>• MLIC</li> <li>• MFAL<sup>^</sup></li> <li>• MHBL<sup>&gt;</sup></li> <li>• MCHN#</li> </ul>
21.	<b>Malaysia Net Promoter System (NPS) dashboard support</b>	MHB Group	MFC Group~	-	<u>Interested Director*</u> <ul style="list-style-type: none"> <li>• Matthew Edward Lawrence</li> </ul> <u>Interested Major Shareholders</u> <ul style="list-style-type: none"> <li>• MFC~</li> <li>• MLIC</li> <li>• MFAL<sup>^</sup></li> <li>• MHBL<sup>&gt;</sup></li> <li>• MCHN#</li> </ul>

**Denote:-**

MIMMB	- Manulife Investment Management (M) Berhad
MCHN	- Manulife Century Holdings (Netherlands) B.V.
MFC	- Manulife Financial Corporation
MFC Group	- MFC, its subsidiaries and associate companies
MFAL	- Manulife Financial Asia Limited
MHB Group	- Manulife Holdings Berhad, its subsidiaries and associate companies
MHBL	- Manulife Holdings (Bermuda) Limited
MLIC	- The Manufacturers Life Insurance Company
MIMHK	- Manulife Investment Management (Hong Kong) Limited
MIMPMUS	- Manulife Investment Management Private Markets (US) LLC [formerly known as Hancock Capital Investment Management LLC (“ <b>HCIM</b> ”)]
MIMSP	- Manulife Investment Management (Singapore) Pte. Ltd.
MIMUS	- Manulife Investment Management (US) LLC
MILL	- Manulife Insurance Labuan Limited
MIL Bermuda	- Manulife (International) Limited

**Notes:**

- \* Representing MCHN to the Board.
- # MCHN's holding company is MLIC.
- ~ MFC is the immediate holding company of MLIC.
- ∅ MLIC is the holding company of MIMUS and MIMPMUS (formerly known as HCIM).
- MFC is the ultimate holding company of MIMHK and MIMSP.
- ^ MFAL is the holding company of MCHN.
- ^^ MFAL is the holding company of MIL Bermuda.
- > MHBL is the holding company of MFAL.

## I. COMPOSITION OF THE GROUP AUDIT COMMITTEE

Mr. Renzo Christopher Viegas (Independent Non-Executive Director) (Chairman) (redesignated w.e.f. 16 July 2021)  
 Mrs. Vijayam A/P Nadarajah (Independent Non-Executive Director)  
 Mr. Matthew Edward Lawrence (Non-Independent Non-Executive Director)  
 Mr. Lim Hun Soon @ David Lim (Independent Non-Executive Director) (retired w.e.f. 16 July 2021)

The details of attendance of each member at the Group Audit Committee meetings held during the financial year ended 31 December 2021 ("FY2021") are as follows:-

Name of Group Audit Committee member	Attendance
Mr. Renzo Christopher Viegas	5 out of 5
Mr. Lim Hun Soon @ David Lim (retired w.e.f. 16 July 2021)	#3 out of 3
Mrs. Vijayam A/P Nadarajah	5 out of 5
Mr. Matthew Edward Lawrence	5 out of 5

# Reflects the number of meetings held during the FY2021 prior to his retirement as a member

## II. MEETINGS

The Group Audit Committee had five (5) meetings during the FY2021 and the details of attendance of each member are stated above. The Group Chief Executive Officer and members of Senior Management attended the meetings upon invitation.

The Group Audit Committee had met up with the External Auditors without the presence of the Executive Board members and employees of the Company twice during the FY2021.

## III. SUMMARY OF ACTIVITIES

The Group Audit Committee's activities during the FY2021 comprised the following:-

### 1.1. Financial Reporting

- (a) In overseeing Manulife's financial reporting, the Group Audit Committee reviewed the quarterly financial statements for the fourth quarter of 2020 and the Annual Audited Financial Statements for the financial year ended 31 December 2020 ("FY2020") at its meetings held on 22 February 2021 and 22 March 2021 respectively. The quarterly financial statements for the first, second and third quarters of 2021, which were prepared in compliance with the Malaysian Financial Reporting Standard 134: Interim Financial Reporting, International Accounting Standards 34: Interim Financial Reporting and paragraph 9.22 and Appendix 9B of the Main Market Listing Requirement of Bursa Malaysia Securities Berhad, were reviewed at the Group Audit Committee meetings held on 20 May 2021, 18 August 2021 and 22 November 2021 respectively. All the Group Audit Committee's recommendations were presented for approval at the subsequent Board of Directors' meetings.
- (b) On 18 August 2021, the Group Audit Committee noted the Review Report on the Interim Condensed Consolidated Financial Statements of the Company for the six (6)-month financial period ended 30 June 2021 and Manulife Group's 2021 Audit Plan presented by the External Auditors, Messrs. Ernst & Young PLT ("EY").



## 1.2. Related Party Transactions

The Group Audit Committee reviewed and verified the related party transactions entered into by the Manulife Group and conflicts of interest situations that may arise within the Company or Manulife Group including any transaction, procedure or conduct that raises questions of Management's integrity and recommended the same to the Board of Directors for review.

Summary of recurrent related party transactions entered into between Manulife Group and its affiliated companies were presented to the Group Audit Committee on a quarterly basis for notation.

## 1.3. Review of Group Audit Committee Terms of Reference

The Group Audit Committee had reviewed the proposed amendments of the Group Audit Committee Terms of Reference which incorporated the following and recommended the same to the Board of Directors for review:

- (a) requirements of the revised Malaysian Code on Corporate Governance issued by the Securities Commission Malaysia on 28 April 2021;
- (b) recommendation of Employees Provident Fund's external auditors to include the minimum number of meeting each year; and
- (c) requirements to be consistent with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

## 1.4. External Audit

### Meeting with the External Auditors

On 22 February 2021, the External Auditors presented their Audit Results for the FY2020 and discussed significant audit matters with the Group Audit Committee. In addition, the External Auditors also confirmed to the Group Audit Committee that in accordance with relevant professional and regulatory requirements, they had been independent throughout the audit engagement for the FY2020.

The Group Audit Committee deliberated the Audit Results for the FY2020 during the Group Audit Committee meeting held on 22 February 2021. During the meeting, the Group Audit Committee together with the External Auditors discussed the Audit Results and areas of improvements to processes of finance and information technology in relation to the FY2020.

On 18 August 2021, the Group Audit Committee reviewed the list of services for the FY2021 presented by EY in the Audit Plan for the FY2021 which comprised audit and audit related services and other services. In the same meeting, the External Auditors also highlighted the areas of audit emphasis for the audit for the FY2021. The External Auditors also presented the review results arising from the limited review performed on the quarterly financial statements for the second quarter of 2021 prior to the announcement of the half yearly financial results during the same meeting.

### Annual Evaluation and Review of Independence of External Auditors

Mr. Ahmad Hammami Muhyidin and Ms. Ng Sue Ean have been the lead audit engagement partner and the audit concurring partner respectively since the financial year ended 31 December 2018 and both of them will be rotated off the audit after the year-end audit for the financial year ending 31 December 2022. There is a rotation policy of audit partners within the External Auditors team, which is guided by regulatory requirements.

In this respect, the Group Audit Committee carries out an annual review of the performance of the External Auditors, including assessment of their independence in performing their obligations. Based on the annual evaluation of their performance and independence conducted by the Group Audit Committee on 22 February 2021, the Group Audit Committee was satisfied with the External Auditors' technical competency and independence for FY2020.

Having evaluated and assessed EY's objectivity, performance and audit independence, the Group Audit Committee recommended to the Board of Directors for approval of the re-appointment of EY as External Auditors for the FY2021 on 22 February 2021.

Auditors' remuneration is disclosed in note 28 to the financial statements.

### 1.5. Oversight of Internal Audit

The Group Audit Committee reviewed the quarterly report presented by the Internal Audit Department during the Group Audit Committee meetings. The quarterly reports include highlights of key audit activities, status of audits, updates on progress of annual audit plan and key audit issues.

Annually, the Group Audit Committee also reviewed and approved, where applicable, the annual audit plan and budget, revision to audit charter, performance appraisal of the Head of Internal Audit and assessment of the Internal Audit Department. The areas being assessed were:

- (a) Level of understanding of its accountability to and expectations of the Group Audit Committee as well as Manulife Group;
- (b) Annual review of internal audit charter;
- (c) Competency of Internal Audit staff in regard to educational qualification and professional experience, specialist skills and continuing education programme;
- (d) Level of independence of Internal Audit staff;
- (e) Administration such as attendance in Group Audit Committee meetings and other related meetings, timeliness and quality of audit report, updating to the Group Audit Committee on key audit activities and changes to annual audit plan, assistance and support provided to the Group Audit Committee and follow-up on outstanding audit issues; and
- (f) Quality and achievement of annual audit plan.

The assessment was conducted based on review of the audit charter, Organisational Structure chart, self-assessment by the Internal Audit Department, qualifications and experiences records of the Internal Audit staff, staff turnover record which includes reasons for leaving and impact to the Internal Audit Department, training records, audit plan and its achievement, issues follow-up process, customers survey based on responses from auditees and Management's evaluation.

For the FY2021, the internal audit function was assessed to be effective.

## IV. GROUP INTERNAL AUDIT FUNCTION

The Group has a well-established Internal Audit Department known as Audit Services – Malaysia ("**AS-Malaysia**"), which reports directly to the Group Audit Committee. AS-Malaysia comprises six (6) personnel, and is headed by Mr. Vincent Wong. He has accumulated more than fourteen (14) years of experience in both external and internal audit. He graduated from Multimedia University, Malaysia with a Bachelor of Accountancy degree and is a member of Malaysian Institute of Accountant. The mandate of AS-Malaysia is to provide independent, objective assurance and consulting services of sufficient scope to add value, improve the operations of the Company, and enable the Board of Directors to satisfy its fiduciary and legal responsibilities. Accordingly, all AS-Malaysia personnel are free from any relationships or conflicts of interest which could impair their objectivity and independence. In addition, the Regional Audit Services Asia team also provides oversights and supports to ensure that AS-Malaysia is staffed and operated to ensure that is consistent with Manulife's values, in accordance with the code of conduct as well as the other mandatory elements of The Institute of Internal Auditors' International Professional Practices Framework, including the Core Principles for the Professional Practice of Internal Auditing, the International Standards for the Professional Practice of Internal Auditing (Standards), and the Definition of Internal Auditing.

The Group Audit Committee approves the following year's AS-Malaysia risk-based Internal Audit plan, independence, structure, resources and budget during the last Group Audit Committee meeting each year. Any subsequent significant changes to the audit plan will be submitted to the Group Audit Committee for approval and any resource limitations that impact Manulife Group's internal audit activities are communicated. The Group Audit Committee will also review the skills and qualification of the AS-Malaysia team during the year.

The scope of AS-Malaysia covers the audits of all units and operations of the Manulife Group. The annual audit plan is primarily driven by an independent assessment of inherent risk of the common units (i.e., business or functional unit most relevant to senior leaders, the 3 Lines of Defense, Board and Regulators) across the Company. The objective of the risk assessment exercise is to focus annual activity on the most important risks faced by the Company while providing appropriate audit coverage over other areas over time. While still very much risk-based, AS-Malaysia does have a cycle element to its coverage methodology whereby AS-Malaysia targets to cover key elements (i.e., auditable entities) of highest risk units within two (2)-year, medium risk over three (3) to five (5)-year, and low risk units on a five (5)+-year cycle (or alternate procedures). The key areas reviewed in the FY2021 covered the following:

1. Agency Leader Corporation Governance;
2. Anti-Money Laundering and Anti-Terrorism Financing;
3. Application Management;
4. Bancassurance;
5. Business Continuity and Disaster Recovery;
6. Local Reserves and Capital;
7. New Business and Underwriting;
8. Outsourcing;
9. Portfolio Management; and
10. Product Development Policy and Disclosure.

The scope of AS-Malaysia's work encompasses, but is not limited to, objective examinations of evidence for the purpose of providing independent assessments to the Group Audit Committee and Senior Management on the adequacy and effectiveness of the Company's governance, risk management and internal control processes. Internal audit assessments include evaluating:

- The comprehensiveness, reliability, and integrity of financial and operating information, and the means used to identify, measure, analyse, classify, and report such information;
- The comprehensiveness and appropriateness of policies and procedures;
- The processes that ensure compliance with policies, procedures, laws, and regulations that could have a significant impact on operations, management or financial reporting;
- The means of safeguarding assets against accident, theft, malicious damage or other improper or illegal activities;
- The appropriateness and comprehensiveness of operating standards, the extent to which they are communicated and understood, and whether deviations from standards are identified, analysed and communicated; and corrective action taken; and
- Consultation and other services related to audit expertise as needs arise.

The Group Audit Committee receives a detailed audit report after the completion of each audit assignment from AS-Malaysia. AS-Malaysia summarises the audit findings for deliberation at each meeting of the Group Audit Committee together with an update on Management's actions taken to-date pertaining to the audit findings reported. AS-Malaysia also follows up and reports to the Group Audit Committee on Management's actions taken pertaining to any audit findings applicable to Manulife Group which were reported by the Regional Auditors.

A number of internal control weaknesses were identified during the FY2021, all of which have been, or are being, addressed. None of the weaknesses have resulted in any material losses, contingencies or uncertainties that would require disclosure in the annual report.

The total costs incurred in managing internal audit activities for AS-Malaysia in the FY2021 were RM801,195 (2020: RM704,729).

## Financial Statements

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The directors have pleasure in submitting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2021.

## PRINCIPAL ACTIVITIES

The Company is engaged principally in investment holding whilst the principal activities and other information of the subsidiaries are as stated in note 7 to the financial statements.

There have been no significant changes in the principal activities of the Company and its subsidiaries during the financial year, other than as disclosed in note 7 to the financial statements.

## FINANCIAL RESULTS

	Group RM'000	Company RM'000
Net profit/(loss) for the financial year attributable to:		
Owners of the Company	86,960	(9,430)

## DIVIDENDS

Since the end of the previous financial year, the Company paid a first and final single-tier dividend of 7.0 sen per share amounting to RM14,488,878 for the financial year ended 31 December 2020. Out of the total distribution, a total of RM9,379,281 was converted into 4,575,259 new ordinary shares of the Company at the conversion price of RM2.05 per ordinary share under the Dividend Reinvestment Plan.

The directors recommend the payment of a first and final dividend of 7.0 sen per share, amounting to approximately RM14,809,000 for the financial year ended 31 December 2021, which is subject to the approval of the shareholders of the Company at the forthcoming Annual General Meeting. The directors have also determined that a Dividend Reinvestment Plan would apply to this First and Final dividend.

## RESERVES AND PROVISIONS

Material transfers to or from reserves and provisions during the financial year are as disclosed in the financial statements.

## SHARE CAPITAL

During the financial year, the Company increased its issued and paid-up share capital from 206,983,965 ordinary shares to 211,559,224 ordinary shares by way of issuance of 4,575,259 new ordinary shares amounting to RM9,379,281 arising from the implementation of Dividend Reinvestment Plan for financial year ended 31 December 2020 First and Final dividend.

The new ordinary shares issued during the financial year ranked pari passu in all respects with the existing ordinary shares of the Company.

## BAD AND DOUBTFUL DEBTS

Before the financial statements of the Group and the Company were made out, the directors took reasonable steps to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowances for doubtful debts, and satisfied themselves that there were no known bad debts to be written off and that adequate allowance for impairment losses had been made.

## **BAD AND DOUBTFUL DEBTS (CONTINUED)**

At the date of this report, the directors are not aware of any circumstances that would render it necessary to write off any bad debts or the amount of allowance for impairment losses in the financial statements of the Group and the Company inadequate to any substantial extent.

## **CURRENT ASSETS**

Before the financial statements of the Group and the Company were made out, the directors took reasonable steps to ascertain that any current assets, which were unlikely to realise their values as shown in the accounting records of the Group and the Company in the ordinary course of business, have been written down to an amount which they might be expected to realise.

At the date of this report, the directors are not aware of any circumstances which would render the values attributed to current assets in the financial statements of the Group and the Company misleading.

## **VALUATION METHODS**

At the date of this report, the directors are not aware of any circumstances which have arisen which render adherence to the existing methods of valuation of assets or liabilities of the Group and the Company misleading or inappropriate.

## **CONTINGENT AND OTHER LIABILITIES**

At the date of this report, there does not exist:

- (a) any charge on the assets of the Group and the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or
- (b) any contingent liability of the Group and the Company which has arisen since the end of the financial year.

No contingent or other liability of the Group and the Company has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the directors, will or may substantially affect the ability of the Group and the Company to meet their obligations when they fall due.

For the purpose of this paragraph, contingent or other liabilities do not include liabilities arising from contracts of insurance underwritten in the ordinary course of business of the Group.

## **CHANGE OF CIRCUMSTANCES**

At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements of the Group and the Company which would render any amount stated in the financial statements misleading.

## **ITEMS OF AN UNUSUAL NATURE**

The results of the operations of the Group and the Company during the financial year were not, in the opinion of the directors, substantially affected by any item, transaction or event of a material and unusual nature.

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors, to affect substantially the results of the operations of the Group and the Company for the financial year in which this report is made.

## SIGNIFICANT EVENTS

There are no significant events during the financial year other than as disclosed in note 43 to the financial statements.

## PROVISION OF INSURANCE LIABILITIES

Before the financial statements of the Group and the Company were made out, the directors took reasonable steps to ascertain that there was adequate provision for insurance liabilities of the Group's insurance subsidiaries, in accordance with the valuation methods specified in the Risk-Based Capital Framework for Insurers issued by Bank Negara Malaysia and guidelines on Valuation Basis for Liabilities of Labuan Life Insurance Business by Labuan Financial Services Authority.

## DIRECTORS

The directors who have held office during the financial year to the date of this report are:

Dato' Dr. Zaha Rina binti Zahari  
Vibha Hamsi Coburn  
Renzo Christopher Viegas  
Matthew Edward Lawrence  
Vijayam A/P Nadarajah  
Lim Hun Soon @ David Lim (retired on 16 July 2021)

In accordance with Clause 123 of the Company's Constitution, Dato' Dr. Zaha Rina binti Zahari and Mr Matthew Edward Lawrence shall retire at the forthcoming Annual General Meeting, and being eligible, offer themselves for re-election.

Other than the Directors of the Company listed above, the following is a list of Directors who held office in the subsidiaries of the Company during the year to the date of this report:

Arthur Jay Belfer  
Mary Bernadette James A/P N James  
Gianni Fiacco  
Wong Boon Choy  
Swee Leng Edmond Cheah  
Jason Chong Soon Min  
Jasbender Kaur A/P Mehar Singh  
Tan Chue Chau  
Dato' Md Agil bin Mohd Natt (retired on 28 June 2021)  
Tham Kok Yoke (resigned on 14 August 2021)

## DIRECTORS' BENEFITS

Since the end of the previous financial year, no director of the Company has received or become entitled to receive any benefit (other than benefits disclosed as directors' remuneration and benefits in note 35 to the financial statements) by reason of a contract made by the Company or a related company with a director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest.

During and at the end of the financial year, no arrangements subsisted to which the Company is a party, with the object or objects of enabling 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, other than those arising from the Executive Stock Option Plan of the ultimate holding company.

## DIRECTORS' INTERESTS

According to the register of directors' shareholdings, particulars of interests of directors who held office at the end of the financial year in shares and options on shares in the ultimate holding company are as follows:

	Number of ordinary shares			
	As at 1.1.2021	Acquired/ reinvested dividends	Disposed	As at 31.12.2021
<b>Manulife Financial Corporation</b>				
- Direct interest				
Vibha Hamsi Coburn	1,839	1,561	-	3,400
Matthew Edward Lawrence	1,267	1,864	(1,614)	1,517
Renzo Christopher Viegas	-	5,800	-	5,800

	Number of options on ordinary shares			
	As at 1.1.2021	Granted	Lapsed	As at 31.12.2021
<b>Manulife Financial Corporation</b>				
- Direct interest				
Vibha Hamsi Coburn	45,254	-	-	45,254

Stock options are granted to selected individuals under Manulife Financial Corporation's ("MFC") Executive Stock Option Plan ("ESOP"). These options provide the holder with the right to purchase common shares of MFC at an exercise price equal to the higher of the prior day or prior five day average closing market price of common shares on the Toronto Stock Exchange on the date the options were granted and are valid for 10 years from the grant date.

	Number of deferred/restricted/performance share units			
	As at 1.1.2021	Granted/ reinvested dividends	Vested	As at 31.12.2021
<b>Manulife Financial Corporation</b>				
- Direct interest				
Vibha Hamsi Coburn	20,949	10,993	(2,384)	29,558
Matthew Edward Lawrence	7,032	5,706	(1,225)	11,513

Deferred, restricted and performance share units granted to certain employees under Manulife Financial Corporation's ESOP entitle the holder to receive cash payment equal to the value of the same number of common shares plus credited dividends upon retirement or termination of employment or as they are vested, subject to any performance conditions.

Other than as disclosed above, no other directors in office at the end of the financial year held any interest in the shares in the Company or its related corporations during the financial year.

By virtue of the above directors' interests in the shares of the ultimate holding company, the said directors are deemed to have an interest in the shares of the Company and its subsidiary companies to the extent that the ultimate holding company has an interest.



## INDEMNITY AND INSURANCE

During the financial year, the indemnity given or insurance effected for any directors and officers of the Group and Company amounts to RM42,500,000 in aggregate with total annual premium of RM234,735 and RM20,651 respectively.

There were no indemnity given to, or insurance effected for auditors of the Group and Company during the financial year.

## HOLDING COMPANIES

The directors regard Manulife Century Holdings (Netherlands) BV, a company incorporated in Netherlands, as the Company's immediate holding company, and Manulife Financial Corporation, a corporation incorporated in Canada, as the ultimate holding company.

## AUDITORS AND AUDITORS' REMUNERATION

The auditors, Ernst & Young PLT, have expressed their willingness to continue in office.

Auditors' remuneration is disclosed in note 28 to the financial statements.

Signed on behalf of the Board in accordance with a resolution of the Directors dated 28 March 2022.

**DATO' DR. ZAHA RINA BINTI ZAHARI**  
CHAIRMAN

**VIBHA HAMSI COBURN**  
GROUP CHIEF EXECUTIVE OFFICER/  
EXECUTIVE DIRECTOR

Kuala Lumpur, Malaysia

## Statement by Directors

Pursuant to Section 251(2) and Section 251(3) of The Companies Act, 2016

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We, Dato' Dr. Zaha Rina binti Zahari and Vibha Hamsi Coburn, being two of the directors of Manulife Holdings Berhad, do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 115 to 225 are drawn up in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the Companies Act, 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2021 and of their financial performance and cash flows for the financial year then ended.

Signed on behalf of the Board in accordance with a resolution of the Directors dated 28 March 2022.

**DATO' DR. ZAHA RINA BINTI ZAHARI**  
CHAIRMAN

**VIBHA HANSI COBURN**  
GROUP CHIEF EXECUTIVE OFFICER/  
EXECUTIVE DIRECTOR

Kuala Lumpur, Malaysia

## Statutory Declaration

Pursuant to Section 251(1)(b) of The Companies Act, 2016

I, Tan Chue Chau, being the officer primarily responsible for the financial management of Manulife Holdings Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on pages 115 to 225 are in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

**TAN CHUE CHAU**

Subscribed and solemnly declared by the abovenamed Tan Chue Chau at Kuala Lumpur in Malaysia on 28 March 2022, before me.

**COMMISSIONER FOR OATHS**  
**TAN KIM CHOOI**  
No. W 661

**REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS***Opinion*

We have audited the financial statements of Manulife Holdings Berhad, which comprise the statements of financial position as at 31 December 2021 of the Group and of the Company, and statements of profit or loss, statements of total comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 115 to 225.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2021, and of their financial performance and their cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia.

*Basis for opinion*

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' responsibilities for the audit of the financial statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

*Independence and other ethical responsibilities*

We are independent of the Group and of the Company in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By-Laws") and the International Code of Ethics for Professional Accountants (including International Independence Standards) ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

*Key audit matters*

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditors' responsibilities for the audit of the financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis of our audit opinion on the accompanying financial statements.

## 1. Insurance Contract Liabilities of the Group

The Group's insurance contract liabilities as at 31 December 2021 amounted to RM4.57 billion (as disclosed in Note 15 to the financial statements) or approximately 80% of its total liabilities. These long-term liabilities represent the Group's obligations to policyholders of its insurance subsidiaries, Manulife Insurance Berhad and Manulife Insurance Labuan Limited, and mainly consists of actuarial liabilities and investment-linked policyholders' account.

The actuarial liabilities amounted to RM3.02 billion and has been estimated based on standard actuarial valuation models used in the insurance industry and considering the requirements stipulated under the Risk-based Capital Framework issued by Bank Negara Malaysia and the Guidelines on Valuation Basis for Liabilities of Labuan Life Insurance Business issued by Labuan Financial Services Authority as well as the accounting policy described in Note 2(z) to the financial statements. The investment-linked policyholders' account amounted to RM1.40 billion and represents the Net Asset Value of the investment-linked funds managed by the insurance subsidiary, and is recognised in accordance with the accounting policy described in Note 2(z) to the financial statements.

**REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)***Key audit matters (continued)***1. Insurance Contract Liabilities of the Group (continued)**

The complexity of the actuarial valuation models applied to derive the actuarial liabilities may give rise to estimation errors as a result of inadequate or incomplete data, the design and application of the relevant models by the management's expert (i.e. the Appointed Actuary) and the use of inappropriate assumptions. Economic and non-economic assumptions used such as investment yields, discount rates, policyholders' bonus/dividends, expense, mortality/morbidity, critical illnesses and surrenders/lapsation are some of the key inputs used in the valuation models to estimate the actuarial liabilities. Significant professional judgement is applied by the Group in deriving the assumptions (as described in Note 3 to the financial statements) and any significant changes thereon may have a material effect on the insurance contract liabilities.

We have engaged our Actuarial Services professionals in accordance with the requirements of International Standard on Auditing 620: Using the Work of an Auditor's Expert to assist us in performing certain audit procedures on the actuarial liabilities of the Group.

Our audit procedures were focused on the following key areas:

- Understanding and documenting the qualifications, objectivity and independence of the Appointed Actuary tasked with estimating the actuarial liabilities of the insurance subsidiaries;
- Assessing the valuation methodologies applied by the Group to derive the actuarial liabilities in respect of policy benefits promised under life insurance contracts issued by the insurance subsidiaries;
- Assessing the design and testing the operating effectiveness of key internal controls over the actuarial valuation process with respect to financial reporting, including the bases used by the management of the insurance subsidiaries in determining and approving the key assumptions applied;
- Assessing the experience analyses of the insurance subsidiaries used during the setting of the key assumptions to derive the actuarial liabilities and challenging the rationale applied by the Appointed Actuary and management in deriving those assumptions. In addition and where appropriate, comparisons have also been made against other industry constituents;
- Testing the completeness and sufficiency of data used in the valuation of actuarial liabilities including reviewing the data extraction process and reconciliations carried out by management of the insurance subsidiaries. These tests also included control tests performed on selected samples of insurance policies issued by the insurance subsidiaries to ascertain effectiveness of operating controls over quality and accuracy of the underlying data;
- Performing audit tests on the model review process applied by management of the insurance subsidiaries and independently reviewing the results thereon ;
- Reviewing the Liability Adequacy Test results performed by the insurance subsidiaries;
- Auditing the fair value of financial assets and adequacy of liabilities of the investment-linked funds;
- Performing control tests over the creation and cancellation of units of the investment-linked funds as well as calculation of Net Asset Values;
- Assessing the adequacy of disclosures made in the financial statements in respect of the insurance contract liabilities of the Group.

**2. Management Rights of the Group and Investment in Asset Management subsidiary of the Company****(a) Management Rights of the Group**

Management rights represent the purchase consideration paid to acquire the rights to manage unit trust funds. The carrying value as at 31 December 2021 amounted to RM86.82 million (as disclosed in Note 6 to the financial statements). This asset, which has an indefinite useful life is tested for impairment annually and whenever there is indication that it is impaired.



**REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)***Key audit matters (continued)*

## 2. Management Rights of the Group and Investment in Asset Management subsidiary of the Company (continued)

## (b) Investment in Asset Management subsidiary of the Company

The Company's investment in subsidiaries amounted to RM405.87 million as of 31 December 2021 (as disclosed in Note 7 to the financial statements). Included in investment in subsidiaries is the cost of investment in its wholly owned asset management subsidiary, Manulife Investment Management (M) Berhad.

The Group has performed an impairment assessment to ascertain if the Value-In-Use ("VIU") of the asset management cash generating unit ("CGU") is sufficient to support the carrying values of the management rights of the Group and investment in asset management subsidiary of the Company.

In testing for impairment, the Group estimated the VIU of the asset management CGU using the discounted cash flow ("DCF") method. The DCF method requires the application of assumptions which are subjective in nature and which requires judgement in its application. The application of such assumptions has impact on the estimated VIU and thus may affect the impairment decisions to be made for the CGU. The key assumptions used in deriving the VIU of the asset management CGU include assets-under-management, gross and net sales growth, terminal value estimates, expenses growth and discount rates. These key assumptions are disclosed in Note 6 to the financial statements and the policy for impairment of non-financial assets is disclosed in Note 2(m).

Our audit procedures were focused on the following key areas:

- a. Understanding the rationale and considerations used by management in deriving the relevant assumptions underlying the DCF and related VIU estimates;
- b. Challenging the key assumptions which would have the most significant effects on the estimated VIU calculated by the Group and benchmarking these against industry and historical experiences of the Group;
- c. Performing mathematical accuracy calculations on the DCF workings performed by the Group;
- d. Performing appropriate stress-tests on the DCF estimated by the Group to estimate the VIU of the asset management CGU;
- e. Assessing the adequacy of disclosures made in respect of the intangible asset – management rights of the Group and investment in asset management subsidiary.

*Information other than the financial statements and auditors' report thereon*

The directors of the Company are responsible for the other information. The other information comprises the Directors' Report and the Annual Report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

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

If, based on the work we have performed, 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.

**REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)***Responsibilities of the directors for the financial statements*

The directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the directors are responsible for assessing the Group's and 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 the directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

*Auditors' responsibilities for the audit of the financial statements*

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company 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 approved standards on auditing in Malaysia and International Standards on Auditing 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 approved standards on auditing in Malaysia and International Standards on Auditing, 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 of the Group and of the Company, 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 control.
- Obtain an understanding of internal control 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 Group's and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' 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 Group's or 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 of the Group and of the Company 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 Group or the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

**REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)***Auditors' responsibilities for the audit of the financial statements (continued)*

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 control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

*Other matters*

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act, 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

**Ernst & Young PLT**

202006000003 (LLP0022760-LCA) &amp; AF: 0039

Chartered Accountants

Kuala Lumpur, Malaysia

28 March 2022

**Ahmad Hammami Bin Muhyidin**

No. 03313/07/2023 J

Chartered Accountant

# Statements of Financial Position

As At 31 December 2021

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	Note	Group		Company	
		2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
ASSETS					
Property and equipment	4	40,404	43,548	17,979	18,809
Investment property	5	73,580	77,974	27,868	31,172
Intangible assets	6	127,993	135,389	6	12
Subsidiaries	7	-	-	405,873	405,873
Available-for-sale financial assets	8(a)	3,161,038	3,485,271	-	-
Financial assets at fair value through profit or loss	8(b)	2,315,985	2,008,611	62,139	81,085
Loans and receivables	9	632,211	506,749	12,085	9,357
Reinsurance assets	10	20,220	12,472	-	-
Insurance receivables	11	14,797	16,877	-	-
Right-of-use assets	21(a)	1,820	3,027	-	-
Deferred tax assets	18	269	108	-	-
Current tax assets	19	22,841	24,278	596	760
Cash and cash equivalents		237,905	189,492	8,122	6,047
TOTAL ASSETS		6,649,063	6,503,796	534,668	553,115
EQUITY, POLICYHOLDERS' FUNDS AND LIABILITIES					
Share capital	12	121,353	111,974	121,353	111,974
Retained earnings	13	813,896	741,519	385,704	409,623
Other reserves		18,317	53,784	6,613	6,897
Equity attributable to the owners of the Company		953,566	907,277	513,670	528,494
Non-controlling interests	14	-	78	-	-
TOTAL EQUITY		953,566	907,355	513,670	528,494
Insurance contract liabilities	15	4,574,621	4,538,054	-	-
Insurance claims liabilities	16	76,164	56,474	-	-
Financial liability at fair value through profit or loss	17	-	21	-	-
Deferred tax liabilities	18	48,948	56,538	132	57
Current tax liabilities	19	4,980	22,360	-	-
Reinsurance liabilities	10	1,702	4,257	-	-
Insurance payables	20	759,823	672,721	-	-
Lease liabilities	21(b)	1,913	3,136	-	-
Other payables	22	227,346	242,880	20,866	24,564
TOTAL LIABILITIES		5,695,497	5,596,441	20,998	24,621
TOTAL EQUITY, POLICYHOLDERS' FUNDS AND LIABILITIES		6,649,063	6,503,796	534,668	553,115

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



# Statements of Profit or Loss

For the Financial Year Ended 31 December 2021

	Note	Group		Company	
		2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Premium income					
Gross premiums		1,071,038	1,014,017	-	-
Premiums ceded to reinsurers		(67,896)	(93,209)	-	-
Net premiums	23	1,003,142	920,808	-	-
Investment income	24	213,239	191,968	7,204	7,205
Net realised gains	25	139,173	54,844	-	-
Net fair value (losses)/gains	26	(1,716)	98,427	(6,686)	3,007
Fee income	27	150,274	109,520	1,552	1,262
Other operating income		3,932	4,812	-	2
<b>Total revenue</b>		<b>1,508,044</b>	<b>1,380,379</b>	<b>2,070</b>	<b>11,476</b>
Gross benefits and claims paid and payable		(817,500)	(841,395)	-	-
Claims ceded to reinsurers		41,066	35,777	-	-
Gross change in insurance contract liabilities		(184,814)	(171,087)	-	-
Change in insurance contract liabilities ceded to reinsurers		4,909	5,369	-	-
<b>Net claims</b>		<b>(956,339)</b>	<b>(971,336)</b>	<b>-</b>	<b>-</b>
Fee and commission expenses		(211,333)	(114,376)	-	-
Investment expenses		(4,206)	(4,870)	(1,801)	(2,127)
Management expenses	28	(212,136)	(210,758)	(9,383)	(7,962)
Other operating (expenses)/income	30	(18,520)	(33,263)	(241)	11
<b>Other expenses</b>		<b>(446,195)</b>	<b>(363,267)</b>	<b>(11,425)</b>	<b>(10,078)</b>
<b>Profit before taxation</b>		<b>105,510</b>	<b>45,776</b>	<b>(9,355)</b>	<b>1,398</b>
Taxation	31	(18,550)	(6,961)	(75)	381
<b>Net profit/(loss) for the financial year</b>		<b>86,960</b>	<b>38,815</b>	<b>(9,430)</b>	<b>1,779</b>
<b>Net profit/(loss) attributable to:</b>					
Owners of the Company		86,960	38,811	(9,430)	1,779
Non-controlling interests		-	4	-	-
		<b>86,960</b>	<b>38,815</b>	<b>(9,430)</b>	<b>1,779</b>
Basic and diluted earnings per share (sen)	32	41.60	19.01		

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

# Statements of Total Comprehensive Income

For the Financial Year Ended 31 December 2021

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	Note	Group		Company	
		2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
<b>Net profit/(loss) for the financial year</b>		86,960	38,815	(9,430)	1,779
<b>Other comprehensive (loss)/income, net of tax:</b>					
Other comprehensive (loss)/income to be reclassified to profit or loss in subsequent periods:					
Net gains on foreign currency translation		528	927	-	-
Fair value change of available for sale financial assets:					
- Gross fair value change	8(c)	(203,261)	207,125	-	-
- Deferred tax	18	13,761	(15,597)	-	-
		(189,500)	191,528	-	-
Change in insurance contract liabilities arising from unrealised net fair value change	15	153,789	(156,790)	-	-
Net (loss)/income		(35,711)	34,738	-	-
<b>Net other comprehensive (loss)/income to be reclassified to profit or loss in subsequent periods</b>		(35,183)	35,665	-	-
Other comprehensive (loss)/income not to be reclassified to profit or loss in subsequent periods:					
Deficits/surplus from revaluation of property:					
- Gross (deficits)/surplus from revaluation		(576)	1,169	(284)	695
		(576)	1,169	(284)	695
Changes in insurance contract liabilities arising from revaluation of property	15	292	(474)	-	-
Net (loss)/income		(284)	695	(284)	695
<b>Net other comprehensive (loss)/income not to be reclassified to profit or loss in subsequent periods</b>		(284)	695	(284)	695
<b>Other comprehensive (loss)/income for the financial year, net of tax</b>		(35,467)	36,360	(284)	695
<b>Total comprehensive income/(loss) for the financial year</b>		51,493	75,175	(9,714)	2,474
<b>Total comprehensive income/(loss) attributable to:</b>					
Owners of the Company		51,493	75,171	(9,714)	2,474
Non-controlling interests		-	4	-	-
		51,493	75,175	(9,714)	2,474

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

## Statements of Changes in Equity

For the Financial Year Ended 31 December 2021

Group	Note	Attributable to owners of the Company					Total	Non-controlling interests	Total equity
		Share capital	Asset revaluation reserve	Currency translation reserve	Fair value reserve	Retained earnings*			
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January 2020		103,069	6,202	(1,251)	12,473	716,874	837,367	256	837,623
Changes in ownership interest in a unit trust fund managed by a subsidiary		-	-	-	-	-	-	(182)	(182)
Net profit for the financial year		-	-	-	-	38,811	38,811	4	38,815
Other comprehensive income for the financial year		-	695	927	34,738	-	36,360	-	36,360
Total comprehensive income for the financial year		-	695	927	34,738	38,811	75,171	4	75,175
Issuance of shares pursuant to Dividend Reinvestment Plan	12	8,905	-	-	-	-	8,905	-	8,905
Dividend paid	33	-	-	-	-	(14,166)	(14,166)	-	(14,166)
At 31 December 2020/ 1 January 2021		111,974	6,897	(324)	47,211	741,519	907,277	78	907,355
Changes in ownership interest in a unit trust fund managed by a subsidiary		-	-	-	-	(94)	(94)	(78)	(172)
Net profit for the financial year		-	-	-	-	86,960	86,960	-	86,960
Other comprehensive (loss)/income for the financial year		-	(284)	528	(35,711)	-	(35,467)	-	(35,467)
Total comprehensive (loss)/income for the financial year		-	(284)	528	(35,711)	86,960	51,493	-	51,493
Issuance of shares pursuant to Dividend Reinvestment Plan	12	9,379	-	-	-	-	9,379	-	9,379
Dividend paid	33	-	-	-	-	(14,489)	(14,489)	-	(14,489)
At 31 December 2021		121,353	6,613	204	11,500	813,896	953,566	-	953,566

\* Included in the retained earnings are surplus from Non-participating life fund of the insurance subsidiaries of the Group (net of deferred tax) of approximately RM 137,611,000 (31 December 2020: RM 89,831,000) as further disclosed in note 13. These amounts are only distributable upon the actual recommended transfer from the Non-participating life fund to the Shareholder's fund of the insurance subsidiaries of the Group by the Appointed Actuary.

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

Statements of Changes in Equity  
For the Financial Year Ended 31 December 2021

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Company	Note	Share capital RM'000	Non-distributable Asset revaluation reserve RM'000	Distributable Retained earnings RM'000	Total equity RM'000
At 1 January 2020		103,069	6,202	422,010	531,281
Net profit for the financial year		-	-	1,779	1,779
Other comprehensive income for the financial year		-	695	-	695
Total comprehensive income for the financial year		-	695	1,779	2,474
Issuance of shares pursuant to Dividend Reinvestment Plan	12	8,905	-	-	8,905
Dividend paid	33	-	-	(14,166)	(14,166)
At 31 December 2020/1 January 2021		111,974	6,897	409,623	528,494
Net loss for the financial year		-	-	(9,430)	(9,430)
Other comprehensive loss for the financial year		-	(284)	-	(284)
Total comprehensive loss for the financial year		-	(284)	(9,430)	(9,714)
Issuance of shares pursuant to Dividend Reinvestment Plan	12	9,379	-	-	9,379
Dividend paid	33	-	-	(14,489)	(14,489)
At 31 December 2021		121,353	6,613	385,704	513,670

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

# Statements of Cash Flows

For the Financial Year Ended 31 December 2021

		Group		Company	
	Note	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Net profit/(loss) for the financial year		86,960	38,815	(9,430)	1,779
Adjustments for non-cash items	34	(309,079)	(299,345)	663	(9,744)
Operating losses before changes in operating assets and liabilities		(222,119)	(260,530)	(8,767)	(7,965)
Purchase of investments	8(c)	(2,410,045)	(2,860,648)	-	-
Proceeds from disposal and maturity of investments		2,354,206	2,806,959	-	-
Interest income received		150,199	142,080	16	24
Dividend income received		69,000	50,682	3,271	2,694
Rental income received		3,145	3,723	3,904	4,470
Decrease in insurance receivables		2,080	8,898	-	-
Increase in reinsurance assets		(10,303)	(7,689)	-	-
(Increase)/decrease in fixed and call deposits		(132,657)	(111,788)	1,175	(178)
Increase in loans receivable		(3,619)	(996)	-	-
Decrease/(increase) in other receivables		8,145	(25,746)	(3,890)	3,689
Increase in insurance contract liabilities		190,648	164,897	-	-
Increase in insurance claims liabilities		19,690	3,010	-	-
Increase/(decrease) in payables		68,743	113,690	(3,939)	10,196
Cash generated from/(used in) operations		87,113	26,542	(8,230)	12,930
Interest paid	21(b)	(81)	(106)	-	-
Income tax (paid)/refund		(45,235)	(18,024)	164	(522)
Net cash inflow/(outflow) from operating activities		41,797	8,412	(8,066)	12,408



		Group		Company	
	Note	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Purchase of property and equipment	4	(940)	(5,705)	(313)	(273)
Purchase of intangible assets	6	(1,031)	(11,198)	-	-
Purchase of investments	8(c)	(19,074)	(26,932)	(19,074)	(26,932)
Proceeds from disposal and maturity of investments		34,638	24,927	34,638	24,926
Proceeds from disposal of property and equipment		-	5	-	-
Net cash inflow/(outflow) from investing activities		13,593	(18,903)	15,251	(2,279)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>					
Dividend paid to shareholders	33	(5,110)	(5,260)	(5,110)	(5,260)
Changes in non-controlling interests		(172)	(182)	-	-
Payment of lease liabilities	21(b)	(1,695)	(1,720)	-	-
Net cash outflow from financing activities		(6,977)	(7,162)	(5,110)	(5,260)
<b>CASH AND CASH EQUIVALENTS</b>					
Net increase/(decrease) during the financial year		48,413	(17,653)	2,075	4,869
Cash and cash equivalents at 1 January		189,492	207,145	6,047	1,178
Cash and cash equivalents at 31 December		237,905	189,492	8,122	6,047

**CASH AND CASH EQUIVALENTS**

Cash and cash equivalents included in the statements of cash flows and statements of financial position comprise the following:

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Cash and bank balances	207,520	153,886	7,751	3,182
Short-term deposits*	30,385	35,606	371	2,865
Cash and cash equivalents	237,905	189,492	8,122	6,047

\* Short-term deposits with original maturities of less than 3 months.

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

## 1. GENERAL INFORMATION AND PRINCIPAL ACTIVITIES

### General

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and listed on the Main Market of Bursa Malaysia Securities Berhad ("Bursa Malaysia").

The immediate holding company is Manulife Century Holdings (Netherlands) BV, a company incorporated in the Netherlands. The ultimate holding company is Manulife Financial Corporation, a corporation incorporated and domiciled in Canada and listed on the Toronto, New York and Hong Kong Stock Exchanges.

### Principal activities

The Company is engaged principally in investment holding whilst the principal activities of the subsidiaries are as stated in note 7 to the financial statements.

There have been no significant changes in the principal activities of the Company and its subsidiaries during the financial year, other than as disclosed in note 7 to the financial statements.

### Registered office and principal place of business

The registered office and principal place of business of the Company is located at 16th Floor, Menara Manulife, 6 Jalan Gelenggang, Damansara Heights, 50490 Kuala Lumpur.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following accounting policies have been used consistently in dealing with items which are considered material in relation to the financial statements.

### (a) Basis of preparation

The financial statements of the Group and the Company have been prepared on a historical cost basis except as disclosed in this summary of significant accounting policies, and in accordance with Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards ("IFRS") and the requirements of the Companies Act, 2016 in Malaysia.

### (i) Adoption of new pronouncements in the current year

The accounting policies adopted are consistent with those of the previous financial year except for the adoption of the new pronouncements effective from 1 January 2021 as follows:

Description	Effective for annual periods beginning on or after
Covid-19-Related Rent Concessions (Amendment to MFRS 16 <i>Leases</i> )	1 June 2020
Interest Rate Benchmark Reform – Phase 2 (Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16)	1 January 2021

The adoption of the above new pronouncements did not have any significant effect on the disclosures or amounts recognised in the Group and the Company's financial statements.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****(a) Basis of preparation (continued)****(ii) Standards and amendments/improvements to published standards and interpretations that are issued but not yet effective**

The following are accounting standards, interpretations and amendments of the MFRSs that have been issued by the Malaysian Accounting Standards Board ("MASB") but have not been adopted by the Group and the Company. The Group and the Company intend to adopt these new pronouncements, if applicable, when they become effective.

Description	Effective for annual periods beginning on or after
Covid-19-Related Rent Concessions beyond 30 June 2021 (Amendment to MFRS 16 <i>Leases</i> )	1 April 2021
Annual Improvements to MFRS Standards 2018–2020 (Amendments to MFRS 1, MFRS 9, MFRS 141)	1 January 2022
Onerous Contracts—Cost of Fulfilling a Contract (Amendments to MFRS 137 <i>Provisions, Contingent Liabilities and Contingent Assets</i> )	1 January 2022
Property, Plant and Equipment—Proceeds before Intended Use (Amendments to MFRS 116 <i>Property, Plant and Equipment</i> )	1 January 2022
Reference to the Conceptual Framework (Amendments to MFRS 3 <i>Business Combinations</i> )	1 January 2022
MFRS 17 <i>Insurance Contracts</i>	1 January 2023
Amendments to MFRS 17 <i>Insurance Contracts</i>	1 January 2023
Initial Application of MFRS 17 and MFRS 9—Comparative Information (Amendment to MFRS 17 <i>Insurance Contracts</i> )	1 January 2023
Classification of Liabilities as Current or Non-current (Amendments to MFRS 101)	1 January 2023
Disclosure of Accounting Policies (Amendments to MFRS 101)	1 January 2023
Definition of Accounting Estimates (Amendments to MFRS 108)	1 January 2023
Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to MFRS 112)	1 January 2023
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred

The directors expect that the adoption of the above new pronouncements will have no material impact on the financial statements in the period of initial application except as discussed below:

**MFRS 17 Insurance Contracts and Amendments to MFRS 17 Insurance Contracts**

MFRS 17 which was issued in August 2017, will replace MFRS 4 Insurance Contracts. MFRS 17 provides a comprehensive model for insurance contracts covering all relevant accounting aspects, from recognition and measurement, presentation and disclosure.

Based on the Amendments to MFRS17, MFRS17 and the amendments introduced in the Amendments to MFRS17 are effective for annual periods beginning on or after 1 January 2023. The Group will be adopting the new standard on the required effective date and a Project Steering Committee has been formed to oversee the implementation of MFRS 17 for the insurance subsidiaries. The Group expects that the new standard will result in an important change to the accounting policies for insurance contract liabilities of the Group and is likely to have significant impact on the total profit and the total equity, as well as changes to the overall presentation and disclosures in the Group's financial statements.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****(a) Basis of preparation (continued)****(ii) Standards and amendments/improvements to published standards and interpretations that are issued but not yet effective (continued)**

The Group applied the temporary exemption under Amendments to MFRS 4 Insurance Contract Liabilities: Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts to defer the adoption of MFRS 9 until 1 January 2023, which is in line with the adoption of MFRS 17 Insurance Contracts and Amendments to MFRS 17 Insurance Contracts, as the Group's activities are predominantly connected with insurance, and on the basis of meeting the predominance "insurance related industry" test under Amendments to MFRS 4, whereby the Group's insurance liabilities is more than 90% of the Group's total liabilities.

Accordingly, the Group's financial instruments will continue to be measured and classified in accordance with MFRS 139 as set out in note 2(h).

Additional disclosures as required under Amendments to MFRS 4 is included in note 40.

The Project Steering Committee is monitoring the progress of the implementation of this new standard by the Project Working Group which involves various key departments, mainly Actuarial, Pricing, Product Development, Finance, IT and Risk. The Group believes it is achieving the relevant milestones to meet the effective date of 1 January 2023.

**(b) Basis of consolidation****(i) Subsidiaries**

Subsidiaries are entities, including structured entities, controlled by the Company. A subsidiary is an entity over which the Group has all the following:

- (1) Power over the investee;
- (2) Exposure or rights to variable returns from its investment with the investee; and
- (3) The ability to use its power over the investee to attract its returns.

The Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee;
- Rights arising from other contractual arrangements; and
- The Group's voting rights and potential voting rights.

The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Investment in subsidiaries is stated at cost less any accumulated impairment losses. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount as set out in note 2(m) on impairment.

Gain or loss on disposal of subsidiary is the difference between net disposal proceeds and the Group's share of its net assets together with any exchange differences which were not previously recognised in the consolidated statement of profit or loss.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (b) Basis of consolidation (continued)

#### (ii) Business combination

Subsidiaries are consolidated using the acquisition method of accounting from the date on which control is transferred to the Group and are de-consolidated from the date that control ceases.

Goodwill arising on consolidation represents the excess of the purchase consideration over the fair value of identifiable net assets of subsidiaries at the date of acquisition. If the fair value of the net assets acquired is in excess of the consideration transferred, the Group reassess whether it has correctly identified all the assets acquired and all the liabilities assumed and reviews the procedures used to measure the amount to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the loss is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated to a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

In respect of subsidiaries acquired before 1 January 2006, goodwill on consolidation was written off against retained earnings in the financial year of acquisition.

#### (iii) Non-controlling interests

Non-controlling interests at the end of the reporting period, being the equity in a subsidiary not attributable directly or indirectly to the equity holders of the Group, are presented in the consolidated statement of financial position and statement of changes in equity within equity, separately from equity attributable to the owners of the Group. Non-controlling interests in the results of the Group is presented in the consolidated statement of profit or loss and statement of total comprehensive income as an allocation of the profit or loss for the financial year between non-controlling interests and owners of the Group.

Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

#### (iv) Transactions eliminated on consolidation

All inter-company transactions, balances and unrealised gains or losses on transactions between group of companies are eliminated.



## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (c) Fair value measurement

Fair value of an asset or a liability is measured at a price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

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

The valuation techniques and categories of fair values of assets and liabilities are further described in note 4, note 5, note 37(b) and note 37(c).

### (d) Property and equipment

Property and equipment are stated at cost or valuation, less accumulated depreciation and accumulated impairment losses, if any.

The cost of property and equipment includes expenditure that is directly attributable to the acquisition of the assets. Dismantlement, removal or restoration costs are included as part of the cost of property and equipment if the obligation for dismantlement, removal or restoration is incurred as a consequence of acquiring or using the asset.

Subsequent expenditure relating to the property and equipment that has already been recognised is added to the carrying amount of the asset when it is probable that future economic benefits, in excess of the standard of performance of the asset before the expenditure was made, will flow to the Group and the Company and the cost can be reliably measured. Other subsequent expenditure is recognised as an expense during the financial year in which it is incurred.

Land and building, which are substantially occupied by the Group for its operations, are classified under property and equipment.

Land and building are initially stated at cost and subsequently shown at fair value, based on independent valuation of the open market value on the existing use basis carried out by professional valuers less accumulated depreciation and any accumulated impairment losses. These valuations are reviewed annually and a formal valuation by an independent professional valuer is carried out once in every five years or earlier if the carrying values of the revalued asset are materially different from the market values. Professional and qualified external valuer is engaged to perform the formal valuation. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. The Group and the Company decides, after discussions with the external valuer, which valuation techniques and inputs to use. The valuation result is presented to the Board of Directors for approval prior to the adoption of the valuation report.

The Group and the Company analyses the movements in the values of the property on an annual basis. Desktop valuation is performed by the Group and the Company in the interim period to obtain an indicative fair value of the property. For this analysis, the Group and the Company verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to the valuation report and other relevant documents. The Group and the Company, in conjunction with the external valuers, also compares the change in the fair value of the property with relevant external sources to determine whether the change is reasonable.

When the land and building are revalued, any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset. The net amount is then restated to the revalued amount of the asset.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****(d) Property and equipment (continued)**

The surplus arising on revaluation is credited to the asset revaluation reserve account except that a surplus, to the extent that such surplus is related to and not greater than a deficit arising on revaluation previously recorded as an expense, is credited to the profit or loss. A deficit arising on revaluation is recognised as an expense except that, to the extent that such a deficit is related to a surplus which was previously recorded as a credit to the asset revaluation reserve account and which has not been subsequently reversed or utilised, it is charged directly to that account.

No depreciation is charged on freehold land. Leasehold building is amortised in equal instalments over the period of their respective leases or earlier if the expected useful life is shorter than the leasehold period.

Work in progress is not depreciated until the asset is ready for its intended use.

All other property and equipment are depreciated on a straight-line basis to write off the cost of the assets over their estimated useful lives. The principal annual rates of depreciation used are as follows:

Building	- 50 years (subsequent to revaluation, the revalued amounts are depreciated over the remaining useful lives following the date of the latest valuation)
Furniture, fittings and equipment	- 10% to 20%
Motor vehicles	- 20%
Renovations	- 10%

The residual values and useful lives of property and equipment are reviewed, and adjusted as appropriate, at each reporting date.

At each reporting date, the Group and the Company assesses whether there is any indication of impairment of property and equipment. Where an indication of impairment exists, the carrying amount of the asset is assessed and written down immediately to its recoverable amount as set out in note 2(m) on impairment of non-financial assets.

On disposal of property and equipment, the difference between net proceeds and the carrying amount is recognised in profit or loss. On disposal of revalued assets, the amounts of any remaining revaluation surplus relating to those assets are transferred to retained earnings.

Repairs and maintenance are charged to profit or loss during the financial year in which they are incurred.

**(e) Investment property**

Investment property comprises land and building held by the Group and the Company which are held for long term rental yields, for capital appreciation or both and are not substantially occupied by the Group and the Company.

Investment property is initially stated at cost including related and incidental expenditure incurred, and is subsequently carried at fair value by the directors based on independent valuation of the open market values on existing use basis carried out by professional valuer. These valuations are reviewed annually and a formal valuation by an independent professional valuer is carried out once in every three years or earlier if the carrying values of the investment property are materially different from the market value. Professional and qualified external valuer is engaged to perform the formal valuation. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. The Group and the Company decides, after discussions with the external valuer, which valuation techniques and inputs to use. The valuation result is presented to the Board of Directors for approval prior to the adoption of the valuation report.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (e) Investment property (continued)

The Group and the Company analyses the movements in the values of the property on an annual basis. Desktop valuation is performed by the Group and the Company in the interim period to obtain an indicative fair value of the property. For this analysis, the Group and the Company verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to the valuation report and other relevant documents. The Group and the Company, in conjunction with the external valuer, also compares the change in the fair value of the property with relevant external sources to determine whether the change is reasonable.

Any changes in the fair values of investment property are recorded in the profit or loss.

On disposal of investment property, the difference between net proceeds and the carrying amount is recognised in the profit or loss as appropriate.

If an investment property becomes owner-occupied, it is reclassified to property and equipment at its carrying value at the date of transfer.

### (f) Intangible assets

#### (i) Management rights

Management rights, which arose on acquisition of a subsidiary, represent the purchase consideration paid to acquire the rights to manage unit trust funds. Management expects no foreseeable limit to the period over which the asset is expected to generate net cash inflows for the Group. The rights are therefore considered to have an indefinite useful life and are not amortised but are instead, tested for impairment annually and whenever there is indication that it is impaired as set out in note 2(m) on impairment.

#### (ii) Exclusive right

The exclusive right arises from the 10-year exclusive bancassurance agreement entered into between the subsidiary, Manulife Insurance Berhad with Alliance Bank Malaysia Berhad ("ABMB"). The exclusive right is amortised over the duration of the agreement and the annual amortisation amount is calculated with reference to the benefits generated from the partnership (which is defined as the annualised premium equivalent) in which Manulife Insurance Berhad expects to recognise the related revenue.

#### (iii) Computer software

Cost of software rights acquired or developed are amortised on a straight-line basis over a period of four to five years.

Computer software in progress is not amortised until the asset is ready for its intended use.

At each reporting date, the Group and the Company assesses whether there is any indication of impairment of its intangible assets. Where an indication of impairment exists, the carrying amount of the asset is assessed and written down immediately to its recoverable amount as set out in note 2(m) on impairment of non-financial assets.

#### (iv) Distribution agreement

The distribution agreement arises from the 20-year distribution right entered into between the subsidiary, Manulife Insurance Berhad ("MIB") and an agency leadership corporation. The distribution agreement is amortised over the duration of the agreement and the annual amortisation amount is calculated based on the consumption pattern of the distribution, which is the contracted number of agents.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****(g) Leases**

At the inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract involves the use of an identified asset and conveys the right to control the use of the asset for a period of time in exchange for consideration – i.e. the customer has the right to:

- obtain substantially all of the economic benefits from using the asset; and
- direct the use of the asset.

**(i) As Lessee**

The Group recognises a right-of-use asset and a lease liability at the commencement date of the lease. The right-of-use asset is initially measured at cost, which comprises the amount of lease liability, any lease payments made or before the commencement date, any indirect costs incurred and an estimate of the 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 incentive received. 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 Group's incremental borrowing rate.

Subsequently, the right-of-use asset is depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of the right-of-use assets are determined on the same basis as those of property and equipment (see note 2(d)). In addition, the carrying amount of the right-of-use asset is reduced by any impairment losses and adjusted for certain remeasurements of the lease liability.

The lease liability is subsequently measured at amortised cost using the effective interest method. It is remeasured to reflect any lease modifications or reassessments.

The Group presents its right-of-use assets in 'right-of-use assets' and 'lease liabilities' in the balance sheet.

Short-term leases and leases of low-value assets

The Group has elected not to recognise right-of-use assets and leases liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

**(ii) As Lessor**

The Group and the Company classifies all leases for which it is a lessor as operating leases, because each of these leases does not transfer substantially all of the risks and rewards incidental to ownership of the underlying asset.

Lease payments from operating leases are recognised as income on a straight-line basis over the lease term and are reported as rental income. The accounting policy for rental income is set out in note 2(p).

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (h) Financial instruments under MFRS 139

The Group deferred the adoption of MFRS 9 as permitted under Amendment to MFRS 4. Accordingly, the Group continues to apply the following policies under MFRS 139 for both current year and prior year.

#### (i) Classification, recognition and measurement of financial assets

The Group classifies the financial assets into the following categories: financial assets at fair value through profit or loss ("FVTPL"), held-to-maturity ("HTM") financial assets, loans and receivables ("LAR") and available-for-sale ("AFS") financial assets.

The classification depends on the purpose for which the investments were acquired or originated. Management determines the classification of its investments at initial recognition.

##### (1) FVTPL

Financial assets at FVTPL include financial assets held for trading including derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument) and those designated at fair value through profit or loss at inception. Investments typically bought with the intention to sell in the near future are classified as held-for-trading. For investments designated at fair value through profit or loss, the following criteria must be met:

- the designation eliminates or significantly reduces the inconsistent treatment that would otherwise arise from measuring the assets or liabilities or recognising gains or losses on a different basis; or
- the assets and liabilities are part of a group of financial assets, financial liabilities or both which are managed and their performance are evaluated on a fair value basis, in accordance with a documented risk management or investment strategy.

These investments are initially recorded at fair value and transaction costs are expensed in the profit or loss. Subsequent to initial recognition, these investments are remeasured at fair value. Fair value adjustments and realised gains and losses are recognised in profit or loss.

Derivative financial instruments held by the Group are forward foreign exchange contract to hedge its currency risks. Any fair value gains on these derivative financial instruments are recognised as financial assets.

##### (2) HTM

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as HTM when the Group has the positive intention and ability to hold until maturity. These investments are initially recognised at cost, being the fair value of the consideration paid for the acquisition of the investments. After initial measurement, HTM financial assets are measured at amortised cost, using the effective yield method, less any allowance for impairment losses. Gains and losses are recognised in profit or loss when the investments are derecognised or impaired, as well as through the amortisation process.

##### (3) LAR

LAR are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These investments are initially recognised at cost, being the fair value of the consideration paid for the acquisition of the investments. All transaction costs directly attributable to the acquisition are also included in the cost of the investments. After initial measurement, loans and receivables are measured at amortised cost, using the effective yield method, less any allowance for impairment losses. Gains and losses are recognised in profit or loss when the investments are derecognised or impaired, as well as through the amortisation process.



**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****(h) Financial instruments under MFRS 139 (continued)****(i) Classification, recognition and measurement of financial assets (continued)****(4) AFS**

AFS are non-derivative financial assets that are designated as available-for-sale or are not classified in any of the three preceding categories. These investments are initially recognised at cost, being the fair value of the consideration paid for the acquisition of the investments. After initial measurement, AFS are remeasured at fair value, with gains or losses recognised in other comprehensive income, except for impairment losses.

Investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost.

On derecognition, the cumulative fair value gains and losses previously recognised in other comprehensive income are reclassified to profit or loss.

**(ii) Derecognition of financial assets**

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or when they have been transferred and the Group has also transferred substantially all risks and rewards of ownership.

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of consideration received or receivable and any accumulated gains or loss that had been recognised in other comprehensive income is recognised in profit or loss.

**(iii) Impairment**

All financial assets, except for FVTPL, are subject to review for impairment. The Group assesses at each reporting date whether there is any objective evidence that a financial asset or group of financial assets is impaired.

**Financial assets carried at amortised cost**

The Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If it is determined that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, the asset is included in a group of financial assets with similar credit risk characteristics and that group of financial assets is collectively assessed for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in the collective assessment of impairment. The impairment assessment is performed at each reporting date.

If there is objective evidence that an impairment loss on financial assets carried at amortised cost has been incurred, the amount of the impairment loss is measured as the difference between the financial asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the financial asset is reduced and the impairment loss is recorded in the profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed. Any subsequent reversal of an impairment loss is recognised in the profit or loss, to the extent that the carrying value of the asset does not exceed its amortised cost at the reversal date.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****(h) Financial instruments under MFRS 139 (continued)****(iii) Impairment (continued)****Financial assets carried at amortised cost (continued)****AFS financial assets**

If an AFS financial asset is impaired, an amount comprising the difference between its cost (net of any principal repayment and amortisation) and its current fair value, less any impairment losses previously recognised in profit or loss, is transferred from equity or insurance contract liabilities for the insurance subsidiaries of the Group to the profit or loss. Reversal of impairment losses on equity instruments classified as AFS financial assets are not recognised in the profit or loss. Reversal of impairment losses on debt instruments classified as AFS financial assets are reversed through the profit or loss if the increase in the fair value of the instruments can be objectively related to an event occurring after the impairment losses were recognised in the profit or loss.

**(i) Financial instruments under MFRS 9**

The Company has adopted MFRS 9 in the year of 2018. Accordingly, the Company has applied the following policies under MFRS 9 for both current year and prior year.

The Group deferred the adoption of MFRS 9 as permitted under Amendment to MFRS 4 as explained in note 2(h).

**(i) Classification and measurement**

The classification of financial assets depends on the Company's business model of managing the financial assets in order to generate cashflows ("business model test") and the contractual cashflow characteristics of the financial instruments ("SPPI test"). The business model test determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. The SPPI test determines whether the contractual cash flows are solely for payments of principal and interest.

Financial assets are classified into four categories:

**(1) Financial assets at amortised costs**

A financial asset is measured at amortised cost if its business model is to hold the asset in order to collect contractual cash flows, and the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the outstanding principal.

Financial assets at amortised cost are subsequently measured using the effective interest rates and are subject to impairment assessment.

The Company classifies loans and receivables as financial assets measured at amortised cost.

**(2) Financial assets at FVOCI (debt instruments)**

A financial asset is measured at fair value through other comprehensive income ("FVOCI") if its business model is both to hold the asset to collect contractual cash flows and to sell the financial asset. In addition, the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the outstanding principal.

These investments are initially recorded at fair value and transaction costs are expensed in the profit or loss. Subsequent to initial recognition, these investments are remeasured at fair value. All fair value adjustments are recognised through OCI. Debt instruments at FVOCI are subject to impairment assessment.

The Company classifies its debt instruments as financial assets at FVOCI.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****(i) Financial instruments under MFRS 9 (continued)****(i) Classification and measurement (continued)****(3) Financial assets at FVOCI (equities)**

On initial recognition of an equity instrument that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on investment-by-investment basis.

These investments are initially recorded at fair value and transaction costs are expensed in the profit or loss. Subsequent to initial recognition, these investments are remeasured at fair value. All fair value adjustments are recognised through OCI. All equity instruments designated at FVOCI are not subject to impairment assessment.

As at the date of adoption, the Company did not irrevocably designate any equity investments as FVOCI.

**(4) Financial assets at FVTPL**

Financial assets are classified as FVTPL if the financial assets are held for trading or are managed on a fair value basis (including derivatives). Other financial assets with contractual cash flow that are not solely payments of principal and interest, regardless of its business model are classified as FVTPL.

Certain financial assets that otherwise meets the requirements to be either measured at amortised cost or at FVOCI, may irrevocably be designated at FVTPL on initial recognition, when such designation eliminates or significantly reduces an accounting mismatch that would otherwise arise.

These investments are initially recorded at fair value and transaction costs are expensed in the profit or loss. Subsequent to initial recognition, these investments are remeasured at fair value. All subsequent fair value adjustments are recognised through profit or loss.

The Company classifies its equity securities, real estate investment trusts and unit trust funds as financial assets at FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for management of the financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in business model.

**(ii) Derecognition of financial assets**

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

On derecognition of financial assets in its entirety, other than for equity instruments which are FVOCI, all gains and losses, (difference between the carrying amount and the sum of consideration received or receivable), if any, is recognised in the profit or loss. Accumulated fair value gains and losses on debt securities at FVOCI which were recognised within OCI will be reclassified from OCI to profit or loss; whilst accumulated fair value gains and losses on equity instruments at FVOCI which were recognised within OCI are directly transferred to retained earnings.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****(i) Financial instruments under MFRS 9 (continued)****(iii) Impairment of financial assets**Recognition of Expected Credit Loss ("ECL")

The Company assesses at each reporting date to determine loss allowances for expected credit loss ("ECL") on financial assets measured at amortised cost and debt securities at FVOCI based on two different approaches as follows:

*General approach - three-stage approach*

The general approach impairment recognition requires loss allowance to be recognised based on "three-staging" model which reflects the change in credit quality of the financial instrument since initial recognition:

*Stage 1: 12-month ECL*

For financial assets that have no significant increase in credit risk since initial recognition and that are not credit impaired upon origination, the 12-month ECL that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months) will be recognised in profit or loss.

*Stage 2: Lifetime ECL – Non-credit impaired*

For financial assets that have significant increase in credit risks since initial recognition but do not have objective evidence of impairment, a lifetime ECL that results from all possible default events over the expected life of the financial assets will be recognised in profit or loss. The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

*Stage 3: Impairment – Credit impaired*

Financial assets are assessed as credit impaired when one or more events that have detrimental impact on the estimated future cash flows of that asset have occurred. For financial assets that are credit impaired, impairment will be recognised in profit or loss.

The Company uses the general approach to measure loss allowances for the following:

- Debt securities that are determined to have low credit risk at the reporting date; and
- Other debt securities and bank balances for which risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

The Company considers debt security to have low credit risk when its credit risk rating is a minimum rating of "BBB". The Company also considers all government issued or government guaranteed debt securities to have low credit risk. The Company's fixed deposits with licensed banks are also assessed to have low credit risk.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****(i) Financial instruments under MFRS 9 (continued)****(iii) Impairment of financial assets (continued)**Recognition of Expected Credit Loss ("ECL") (continued)

A significant increase in credit risk since inception may occur in the following:

- (i) if the financial assets, either reinsurance assets, or loans receivables are 30 days past due;
- (ii) in the case of corporate debt securities or reinsurance assets, if there is a significant deterioration of credit risk rating by 2 ranks from the initial purchase or contract date; or
- (iii) significant increase in bond yields due to market's assessment of creditworthiness of those investments.

At each reporting date, the Company assesses whether financial assets carried at amortised cost and debt securities at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer, such as lawsuits of similar actions that threaten the financial viability of the counterparty;
- a breach of contract such as a default or being more than 90 days past due;
- it is probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

*Simplified approach*

The simplified approach impairment recognition allows for loss allowance to be recognised based on expected lifetime ECL, without considering credit risk.

Loss allowances for trade and other receivables, with no financing component, are always measured at an amount equal to lifetime ECLs.

Measurement of ECL

ECL is a probability weighted estimate of credit losses over the expected life of a financial asset. The estimated ECL incorporates time value of money and considers historical data, current conditions and forecasts of future economic conditions.

The Company measures the ECL on an individual basis for debts securities that are deemed significant. When estimating ECL, the Company considers the probability of default ("PD"), loss given default ("LGD") and the exposure at default ("EAD").

PD represents the likelihood of a borrower defaulting on its financial obligation at the time of default, either over the next 12 months, or over the remaining lifetime of the obligation. Multi-year PDs (of up to 30 years) are generated, based on proprietary and publicly available ratings data, using statistical methods. PDs representing different economic scenarios are projected, allowing the Company to consider a range of possible outcomes as required under MFRS 9. If a counterparty of exposure migrates between rating classes, this will lead to a change in the estimate of the associated PD.



**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****(i) Financial instruments under MFRS 9 (continued)****(iii) Impairment of financial assets (continued)**Measurement of ECL (continued)

LGD is the estimated magnitude of the likely loss if there is a default, based on statistical method. LGD is expressed as a percentage per loss per unit of exposure at the time of default and varies by type and seniority of claims, availability of collateral, geographical location and industry of borrower and existing market conditions.

EAD represents the expected exposure in the event of a default. The EAD of a financial asset is its gross carrying amount.

The PDs and LGDs are then applied accordingly to the carrying value of financial assets (debt securities at FVOCI) to obtain an ECL.

When the Company measures ECL on a collective basis, the financial assets are grouped based on shared characteristics such as credit risk rating, type of financial asset, and etc.

Forward looking information and key economic variables are considered while assessing the change in credit risk of an instrument. These economic variables and their associated impact on PD, LGD and EAD vary by financial instruments. Some of the key macroeconomics factors incorporated into the ECL estimation include Gross Domestic Product, current and future interest rates environment, potential economic outlook and forecast collateral values.

As with any economic forecasts, the projections and likelihoods of occurrence are subject to a high degree of inherent uncertainty and the actual outcomes may be significantly different from those projected. The Company considers these forecasts to represent its best estimate of the possible outcomes to establish that the chosen scenarios are appropriately representative of the range of possible scenarios.

The sensitivity of the ECL to the economic variable assumptions affecting the calculation of ECL was not significant to the Company for the year ended 31 December 2021 and 31 December 2020.

**(iv) Write off**

Financial assets are written off either partially or in full when there is no realistic prospect of recovery. The Company determines this based on the inability of the borrower to pay.

**(j) Fair value of financial instruments**

The fair value of financial instruments that are actively traded in organised financial markets is determined by reference to quoted market bid prices for assets and offer prices for liabilities, at the close of business on the reporting date.

For investments in unit and real estate investment trusts, fair value is determined by reference to published bid values.

For financial instruments where there is no active market, the fair value is determined by using valuation techniques. Such techniques include using recent arm's length transactions, reference to the current market value of another instrument which is substantially the same, discounted cash flow analysis and/or option pricing models making maximum use of market inputs and relying as little as possible on entity-specific inputs. For discounted cash flow techniques, estimated future cash flows are based on management's best estimates and the discount rate used is a market related rate for a similar instrument. Certain financial instruments are valued using pricing models that consider, among other factors, contractual and market prices, co-relation, time value of money, credit risk, yield curve volatility factors and/or prepayment rates of the underlying positions. The use of different pricing models and assumptions could produce materially different estimates of fair values.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****(j) Fair value of financial instruments (continued)**

The fair value of floating rate and over-night deposits with financial institutions is their carrying value. The carrying value is the cost of the deposits/placements and accrued interests/profits. The fair value of fixed interest/yield-bearing deposits is estimated using discounted cash flow techniques. Expected cash flows are discounted at current market rates for similar instruments at the reporting date.

If the fair value cannot be measured reliably, these financial instruments are measured at cost, being the fair value of the consideration paid for the acquisition of the instrument or the amount received on issuing the financial liability. All transaction costs directly attributable to the acquisition are also included in the cost of the investment.

**(k) Financial liabilities**

All financial liabilities are initially measured at fair value and subsequently measured at amortised cost other than those categorised as fair value through profit or loss.

Fair value through profit or loss category comprises financial liabilities that are held for trading, derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument) or financial liabilities that are specifically designated into this category at inception.

Derivative financial instruments held by the Group are forward foreign exchange contract to hedge its currency risks. Any fair value losses on these derivative financial instruments are recognised as financial liabilities.

Other financial liabilities are measured at amortised cost using the effective interest method with gains and losses recognised in profit or loss when the instrument is derecognised as well as through the amortisation process. Interest expenses are recognised in the profit or loss.

Financial liabilities are derecognised when the obligation under the liability is extinguished and resulting gains or losses are recognised in profit or loss.

**(l) Offsetting of financial assets and financial liabilities**

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

**(m) Impairment of non-financial assets**

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount. The recoverable amount of an asset is the greater of its value in use and its fair value less costs of disposal. For the purposes of assessing impairment, assets are grouped at the lowest level for which there are separately identifiable cash flows.

Impairment losses recognised in prior periods are assessed at the end of each reporting period 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 since the last impairment loss was recognised. 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. Reversals of impairment losses are credited to profit or loss in the financial year in which the reversals are recognised.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****(n) Assets held for sale**

Non-current assets are classified as assets held for sale and stated at the lower of carrying amount and fair value less costs to sell if their carrying amount is recovered principally through a sale transaction rather than through continuing use.

**(o) Employee benefits****(i) Short-term employee benefits**

Wages, salaries, allowances, paid annual leave and sick leave, bonuses, social security contributions and non-monetary benefits are accrued in the financial year in which the associated services are rendered by employees of the Group and the Company.

**(ii) Post-employment benefits**

The Group and the Company are required to contribute to the Employees' Provident Fund, a defined contribution plan.

Other than the mandatory contributions to the Employees' Provident Fund, the Group and the Company make contributions to a separately funded defined contribution retirement benefits scheme ("the Scheme"), which is administered by the Trustees of the Scheme, for all employees of the Group. Under the Scheme, the Company and its subsidiary companies shall make contributions to the Scheme at such rate and at such frequency as shall be determined from time to time by the Company and the Trustees of the Scheme, with the advice of an Actuary, provided that the total contribution by the Company and the subsidiary companies to the Scheme and to the Employees' Provident Fund does not exceed 15% of the employees' salary. Actuarial investigation is performed periodically to assess the financial condition of the Scheme.

Following the resolution of the Trustees of the Scheme, the Scheme was dissolved on 31 January 2021. Upon completion on the closure of the Scheme, the Trustees of the Scheme will distribute the net assets of the Scheme to its employees via the Employees' Provident Fund.

The contribution payable for the financial year is charged to the profit or loss. Once the contributions have been paid, the Group and the Company have no further payment obligations.

**(iii) Share-based compensation**

The Group and the Company participated in share-based compensation plans granted to certain employees of Manulife Financial Corporation Group as consideration for services rendered. These plans include both equity-settled share-based and cash-settled share-based compensation scheme to eligible employees.

**(i) Equity-settled share-based compensation**

The fair value of equity-settled share-based compensation granted to employees as at the grant date is recognised in the profit and loss over the vesting periods of the grant. The fair value of the grant is measured using the Black Scholes option pricing model, with the market price or strike price being the closing transaction price of Manulife Financial Corporation ("MFC") shares prior to the grant date. In valuing the share-based payments, no account is taken of any performance conditions, other than conditions linked to the price of the shares of MFC if applicable.

At each date of the statement of financial position, the Group and the Company review its estimates of the number of employees expected to meet service vesting conditions and the fair value of the liability incurred. The impact of the revision of the original estimate, if any, is recognised in the profit or loss.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****(o) Employee benefits (continued)****(iii) Share-based compensation (continued)****(ii) Cash-settled share-based compensation**

Cash-settled share-based compensation relates to the employee services received in exchange for the grant of the share appreciation rights. The fair value of the compensation is recognised in the profit or loss over the vesting periods of the grant with a corresponding increase in liabilities.

The total amount to be expensed over the vesting period is determined by reference to the fair value of the share appreciation rights of MFC. At each date of the statement of financial position, the Group and the Company review its estimates of the number of employees expected to meet service vesting conditions and the fair value of the liability incurred. The impact of the revision of the original estimate, if any, is recognised in the profit or loss.

The cumulative liability incurred net of any directly attributable transaction costs, will be reversed as cash is paid at the end of the vesting period.

**(iv) Deferred remuneration scheme**

The Group provides deferred remuneration to certain employees by investing in unit trust funds on behalf of the said employees. The deferred remuneration shall be paid to the employees at the end of 3 years. The Group recognises a liability in respect of these deferred remuneration which reflects its obligation to the said employees, and which takes into account the fair value movements of the underlying unit trust funds and the related dividend income earned thereon.

**(p) Other revenue recognition**

Interest income is recognised using the effective interest rate method. When a loan and receivable is impaired, the Group and 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. Interest income on impaired loan and receivables are recognised using the original effective interest rate.

Other interest income including the amount of amortisation of premiums and accretion of discounts is recognised on a time proportion basis that takes into account the effective yield of the assets.

Dividend income is recognised in the profit or loss on the date that the Company's right to receive payment is established, which in the case of quoted securities is the ex-dividend date.

Rental income from investment property is recognised in profit or loss on a straight-line basis over the term of the lease.

Realised gains and losses recorded in the profit or loss on investments include gains and losses on financial assets and investment property. Gains and losses on the sale of investments are calculated as the difference between net sales proceeds and the original or amortised cost and are recorded on occurrence of the sale transaction.

Charges and fee income are recognised upon allotment of units, net of cost of units sold on unit trusts.

Management fees from the management of unit trust funds and investment funds and outsourcing fee are recognised when the services are provided.

Outsourcing fee income is earned from provision of shared services to the companies within the Group and to the subsidiaries of the ultimate holding company, and are recognised when services are provided.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****(q) Product classification**

An insurance contract is a contract under which the insurance subsidiaries of the Group have accepted significant insurance risk from another party (the policyholders) by agreeing to compensate the policyholders if a specified uncertain future event (the insured event) adversely affects the policyholders. For purpose of MFRS 4 on "Insurance Contracts", the insurance subsidiaries of the Group define insurance risk to be significant when the benefits payable on the occurrence of the insured event are 5% or more than the benefits payable if the insured event did not occur at any one point of the insurance contract. Based on this definition, all policy contracts issued by the insurance subsidiaries of the Group, including investment-linked contracts, are considered insurance contracts as at the date of the statement of financial position. The investment components of the investment-linked contracts are not unbundled.

Investment contracts are those contracts that do not transfer significant insurance risk, but significant financial risk. Financial risk is the risk of a possible future change in one or more of a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of price or rate, credit rating or credit index or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract. Insurance risk is the risk other than financial risk.

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, unless all rights and obligations are extinguished or expired. Investment contracts can, however, be reclassified as insurance contracts after inception if insurance risk becomes significant.

Insurance and investment contracts are further classified as being either with or without discretionary participation features ("DPF"). DPF is a contractual right to receive, as a supplement to guaranteed benefits, additional benefits that are:

- likely to be a significant portion of the total contractual benefits;
- whose amount or timing is contractually at the discretion of the issuer; 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 issuer; or
  - profit or loss of the insurance subsidiaries, fund or other entity that issues the contract.

Contracts in the Participating life funds are classified as insurance contracts with DPF and contracts in the Non-participating life funds are classified as insurance contracts without DPF.

For financial options and guarantees which are not closely related to the host insurance contract and/or investment contract with DPF, bifurcation is required to measure these embedded derivatives separately at fair value through profit or loss. However, bifurcation is not required if the embedded derivative is itself an insurance contract and/or investment contract with DPF, or if the host insurance contract and/or investment contract itself is measured at fair value through profit or loss.

**(r) Reinsurance**

The insurance subsidiaries of the Group cede insurance risk in the normal course of business for their insurance business. Reinsurance assets represent balances due from reinsurance companies. Amounts recoverable from reinsurers are estimated in a manner consistent with the outstanding claims provision or settled claims associated with the reinsurers' policies and are in accordance with the related reinsurance contracts.

Ceded reinsurance arrangements do not relieve the insurance subsidiaries of the Group from their obligations to policyholders. Premiums and claims are presented on a gross basis for ceded reinsurance.



**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****(r) Reinsurance (continued)**

Reinsurance assets are reviewed for impairment at each reporting date or more frequently when an indication of impairment arises during the reporting period. Impairment occurs when there is objective evidence as a result of an event that occurred after initial recognition of the reinsurance asset that the insurance subsidiaries of the Group may not receive all outstanding amounts due under the terms of the contract and the event has a reliably measurable impact on the amounts that the insurance subsidiaries of the Group will receive from the reinsurer. The impairment loss is recorded in the profit or loss.

Reinsurance liabilities represent balances due to reinsurance companies. Amounts payable are estimated in a manner consistent with the related reinsurance contract.

Reinsurance assets or liabilities are derecognised when the contractual rights are extinguished or expire or when the contract is transferred to another party.

**(s) Life insurance underwriting results of the insurance subsidiaries of the Group****(i) Gross premiums**

Premium income includes premium recognised in the Life fund and the Investment-linked funds. Premium income of the Life fund is recognised as soon as the amount of the premium can be reliably measured. First premium is recognised from inception date and subsequent premium is recognised when it is due.

At the end of the financial year, all due premiums are accounted for to the extent that they can be reliably measured.

Premium income of the Investment-linked funds is in respect of the net creation of units which represents premiums paid by policyholders as payment for a new contract or subsequent payments to increase the amount of that contract. Net creation of units is recognised on a receipt basis.

**(ii) Reinsurance premiums**

Outward reinsurance premiums are recognised in the same accounting period as the original policies to which the reinsurance relates.

**(iii) Commission and agency expenses**

Commission and agency expenses, which are costs directly incurred in securing premium on insurance policies and net of income derived from reinsurers in the course of ceding of premium to reinsurers, are charged to the profit or loss in the financial year in which they are incurred.

**(iv) Benefits, claims and expenses**

Benefits and claims that are incurred during the financial year are recognised when a claimable event occurs and/or when the insurer is notified.

Recoveries on reinsurance claims are accounted for in the same financial year as the original claims are recognised.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****(s) Life insurance underwriting results of the insurance subsidiaries of the Group (continued)****(iv) Benefits, claims and expenses (continued)**

Benefits and claims for claims arising on life insurance policies including settlement costs, less reinsurance recoveries, are accounted for using the case basis method and for this purpose, the benefits payable under a life insurance policy are recognised as follows:

- (1) maturity or other policy benefit payments due on specified dates are treated as claims payable on the due dates; and
- (2) death, surrender and other benefits without due dates are treated as claims payable, on the date of receipt of intimation of death of the assured or occurrence of contingency covered.

**(t) Insurance receivables**

Insurance receivables are recognised when due and measured on initial recognition at the fair value of the consideration received or receivable. Subsequent to initial recognition, insurance receivables are measured at amortised cost, using the effective yield method.

If there is objective evidence that the insurance receivables are impaired, the insurance subsidiaries of the Group reduce the carrying amount of the insurance receivables accordingly and recognise that impairment loss in the profit or loss. The insurance subsidiaries of the Group gather the objective evidence that an insurance receivable is impaired using the same process adopted for financial assets carried at amortised cost and impairment loss is calculated under the same method used for these financial assets as set out in note 2(h)(iii) on impairment.

Insurance receivables are derecognised when the derecognition criteria for financial assets, as described in note 2(h)(ii), have been met.

**(u) Foreign currencies****(i) Functional and presentation currency**

Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The functional currency of all entities in the Group, except for Manulife Insurance Labuan Limited and certain Investment-linked funds of the Manulife Insurance Berhad is Ringgit Malaysia. The consolidated financial statements are presented in Ringgit Malaysia, which is the Group's functional and presentation currency.

**(ii) Transactions and balances**

Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Currency translation gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit or loss.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****(u) Foreign currencies (continued)****(iii) Translation of Group's financial statements**

The results and financial position of the Group's entities and Investment-linked funds of Manulife Insurance Berhad that have a functional currency that is different from the presentation currency, are translated into the presentation currency as follows:

- (1) Assets and liabilities for the statement of financial position presented are translated at the closing rate at the date of the statement of financial position; and
- (2) Income and expenses for profit or loss are translated at average exchange rate unless this average rate is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction date, in which case income and expenses are translated using the exchange rates at the date of the transactions.

All resulting exchange differences from translating the financial statements of Manulife Insurance Labuan Limited are recognised in other comprehensive income as a foreign currency translation reserve and are subsequently reclassified to profit or loss upon disposal. Differences from translating the foreign Investment-linked funds are included in profit or loss.

**(v) Dividends on ordinary share capital**

Dividends on ordinary shares are recognised as a liability in the financial year in which it is declared and approved by the Company's shareholders.

**(w) Cash and cash equivalents**

Cash and cash equivalents consist of cash at bank balances and deposits held at call with financial institutions with original maturities of three months or less. It excludes deposits which are held for investment purpose.

The Group classifies cash flows from the acquisition and disposal of financial assets of the insurance subsidiaries of the Group as operating cash flows, as the purchases are funded from cash flows associated with the origination of insurance contracts, net of cash flows for payments of benefits and claims incurred for insurance contracts underwritten which are classified as operating activities.

**(x) Taxation***Current income tax*

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date. Current income tax is recognised in the statement of profit or loss.

*Deferred tax*

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

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences or unused tax losses can be utilised. Deferred tax assets are reviewed at the end of each reporting date and are reduced to the extent that it is no longer probable that the related benefit will be realised.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (x) Taxation (continued)

Deferred tax is determined using tax rates (and tax laws) that have been enacted or substantively enacted by the date of the statement of financial position and are expected to apply when the related deferred tax asset is realised or when the deferred tax liability is settled. Deferred tax is recognised in the profit or loss except when it arises from a transaction which is recognised in other comprehensive income or directly in equity or directly in the insurance contract liabilities, in which case, the deferred tax is also charged or credited to other comprehensive income or directly in equity or directly in the insurance contract liabilities.

### (y) Contingent liabilities and contingent assets

The Group and the Company do not recognise a contingent liability but disclose its existence in the financial statements. A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group and the Company or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in the extremely rare circumstance where there is a liability that cannot be recognised because it cannot be measured reliably.

A contingent asset is a possible asset that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group and the Company. The Group and the Company do not recognise contingent assets but disclose their existence where inflows of economic benefits are probable, but not virtually certain.

### (z) Insurance contract liabilities

#### (i) Actuarial liabilities

Actuarial liabilities are recognised when contracts are entered into and premiums are charged.

These liabilities are measured by the gross premium valuation method, a prospective actuarial valuation method. The liability is determined as the sum of the present value of future guaranteed and, in the case of a Participating life policy, appropriate level of non-guaranteed benefits, and the expected future management and distribution expenses, less the present value of future gross considerations arising from the policy discounted at the appropriate risk discount rate. The liability is based on best estimate assumptions and with due regard to significant recent experience. An appropriate allowance for provision of risk margin for adverse deviation from expected experience is made in the valuation of Non-participating life policies, the guaranteed benefits liabilities of Participating life policies, Non-participating annuity policies and non-unit liabilities of Investment-linked policies.

The liability in respect of policies of a Participating insurance contract is taken as the higher of the guaranteed benefit liabilities or the total benefit liabilities at the fund level.

In the case of a life policy where a part of, or the whole of the premiums are accumulated in a fund, the accumulated amount, as declared to the policy owners, are set as the liabilities if the accumulated amount is higher than the figure as calculated using the prospective actuarial valuation method.

Where policies or extensions of a policy are collectively treated as an asset at the fund level under the valuation method adopted, the value of such asset is eliminated through zerorisation.

In the case of a 1-year life policy or a 1-year extension to a life policy covering contingencies other than death or survival, the liability for such life insurance contracts comprises the provision for unearned premiums and unexpired risks, as well as for claims outstanding, which includes an estimate of the incurred claims that have not yet been reported to the insurance subsidiaries of the Group.

The liability is derecognised when the contract expires, is discharged or is cancelled.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****(z) Insurance contract liabilities (continued)****(i) Actuarial liabilities (continued)**

At each reporting date, an assessment is made of whether the recognised insurance contract liabilities are adequate, net of present value of in-force business ("PVIF") by using an existing liability adequacy test.

Any inadequacy is recorded in the profit or loss, initially by impairing PVIF and subsequently by establishing technical reserves for the remaining loss. In subsequent periods, the liability for a block of business that has failed the adequacy test is based on the assumptions that are established at the time of the loss recognition. Impairment losses resulting from liability adequacy testing can be reversed in future years if the impairment no longer exists.

**(ii) Unallocated surplus**

Surpluses of contracts under the Participating life funds are attributable to policyholders and shareholders and the amount and timing of distribution to both the policyholders and shareholders are determined by an actuarial valuation of the long-term liabilities to policyholders at the date of the statement of financial position and is made in accordance with the provisions of the Financial Services Act, 2013 and policy documents issued by BNM.

Unallocated surplus of Participating life funds, where the amounts of surplus are yet to be allocated or distributed to either policyholders or shareholders by the end of the financial year, are held within the insurance contract liabilities.

Unallocated surplus for Non-participating life funds is recognised as equity, as the policyholders do not have any rights over this unallocated surplus. The shareholder will ultimately have the rights over this unallocated surplus upon the recommendation of distribution by the Appointed Actuary. Hence, the unallocated surplus represents the residual interest of the shareholder in the assets of the Non-participating life fund after deducting all its liabilities and it is recognised as equity accordingly.

**(iii) Fair value reserve**

Fair value gains and losses on AFS financial assets of Participating life fund are initially recognised in other comprehensive income. Subsequently, an equivalent amount of adjustment to the insurance contract liabilities is recognised.

**(iv) Asset revaluation reserve**

Revaluation surplus or deficit of freehold property of Participating life fund is initially recognised in other comprehensive income. Subsequently, an equivalent amount of adjustment to the insurance contract liabilities is recognised.

**(v) Net asset value attributable to unit holders**

The unit liability of investment-linked policies is equal to the net asset value of the Investment-linked funds, which represents net premium received and investment returns credited to the policy less deduction for mortality, morbidity costs and expense charges.



### 3. CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

Significant areas of estimation uncertainty and critical judgements in applying accounting policies that have significant effect on the amounts recognised in the financial statements are as follows:

- (i) Valuation of freehold property and investment property – note 4 and note 5
- (ii) Impairment of financial assets – note 2(h)(iii) and 2(i)(iii)
- (iii) Impairment of intangible assets – note 2(m)
- (iv) Recognition of deferred tax assets – note 18

The estimates, assumptions and judgements that have significant risk of causing a material adjustment to the carrying amounts of assets and liabilities in the future are discussed below.

#### Leases

##### Incremental borrowing rates for leases

The Group uses its incremental borrowing rate ("IBR") to measure lease liabilities. The IBR is the interest rate that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Group estimates the IBR using observable inputs when available and is required to make certain entity-specific estimates.

#### Valuation of actuarial liabilities

The valuation of the ultimate liability arising from policy benefits made under life insurance contracts is the Group's insurance subsidiaries' most critical accounting estimate. The assumptions in relation to mortality, morbidity, longevity, investment returns, expenses, surrender rates (including lapses, Investment-linked premium, persistency and partial withdrawal), policyholders' bonuses/dividends and discount rates are used for calculating the liabilities during the life of the contract. Such assumptions require a significant amount of professional judgement and therefore, actual experience may be different than the assumptions made by the insurance subsidiaries. Actual experience is monitored to assess whether the assumptions remain appropriate or assumptions are changed as warranted. Any movement in the key assumptions will have an effect in determining the actuarial liabilities. All contracts are subject to a liability adequacy test, which reflect management's best current estimate.

The key assumptions used in the estimation of actuarial liabilities are as follows:

##### Interest rate

#### i. Manulife Insurance Berhad

The discount rates used for the valuation of Non-participating life fund (except for Universal Life Non-participating policy), Non-participating annuity fund, Investment-linked operating fund and the guaranteed benefits liabilities of the Participating life funds under the "Risk-Based Capital Framework for Insurers" are described below:

- (i) For cash flows with duration of less than 15 years, Malaysian Government Bond zero coupon spot yields of matching duration are used; and
- (ii) For cash flows with duration of 15 years or more, Malaysian Government Bond zero coupon spot yields of 15 years to maturity are used,

where duration is the term to maturity of each future cash flow.

**3. CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (CONTINUED)****Valuation of actuarial liabilities (continued)**

The key assumptions used in the estimation of actuarial liabilities are as follows (continued):

Interest rate (continued)

## i. Manulife Insurance Berhad (continued)

Zero coupon spot yields as at current financial year end are obtained from Bond Pricing Agency Malaysia Sdn Bhd. (a bond pricing agency approved by BNM) and used for the valuation of guaranteed liabilities for all products, except for the US dollar denominated variable annuity ("VA") which used the corresponding US treasury yield as the valuation interest rate.

For the valuation of total benefits liabilities of the Participating life funds and Universal Life Non-participating policy, a suitable discount rate based on the historical yield and future investment outlook of the respective fund is used.

The table below shows the valuation discounting forward yields for the respective life funds after taking into consideration the applicable adjustment on investment expense and investment income tax.

Calendar Year	Resultant Valuation Discounting Yields				
	Ordinary Par	Annuity Par	Non-Par Annuity + Non-Par + IL	Non-Par Universal Life	IL SIP (VA)
2022	4.24%	1.85%	1.85%	3.99%	0.39%
2023	4.34%	3.36%	3.36%	4.00%	1.07%
2024	4.44%	3.77%	3.77%	4.01%	1.45%
2025	4.53%	3.23%	3.23%	4.02%	1.55%
2026	4.63%	3.80%	3.80%	4.04%	1.84%
2027	4.73%	4.22%	4.22%	4.05%	1.80%
2028	4.83%	4.14%	4.14%	4.06%	1.98%
2029	4.93%	3.88%	3.88%	4.07%	1.65%
2030	5.03%	3.98%	3.98%	4.08%	1.71%
2031	5.13%	4.69%	4.69%	4.10%	1.76%
2032	5.22%	4.80%	4.80%	4.11%	1.98%
2033	5.22%	5.12%	5.12%	4.11%	2.07%
2034	5.22%	5.73%	5.73%	4.11%	2.15%
2035	5.22%	4.74%	4.74%	4.11%	2.24%
2036	5.22%	4.39%	4.39%	4.11%	2.32%
2037	5.22%	4.11%	4.11%	4.11%	1.73%
2038+	5.22%	4.11%	4.11%	4.11%	1.73%

**3. CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (CONTINUED)****Valuation of actuarial liabilities (continued)**

The key assumptions used in the estimation of actuarial liabilities are as follows (continued):

Interest rate (continued)

## ii. Manulife Insurance Labuan Limited

The liability in respect of universal life non-participating policies is conducted with gross premium valuation ("GPV") method and taken as the higher liability value derived of (i) where only the guaranteed benefits are considered benefits (with appropriate PRAD applied), by discounting all cash flows at the risk-free discount rate; or (ii) the total guaranteed and non-guaranteed benefits (with appropriate PRAD applied), by discounting all cash flows at the yield of the investment portfolio.

The risk-free discount rate was used for all cash flows to determine the liability of a Non-participating Universal Life policy with only guaranteed benefits considered. The subsidiary's product cash flows are denominated in US Dollar currency. Hence, USD treasury yields are used.

According to the prevailing regulatory guideline, the risk-free discount rate shall be derived from a yield curve, as follows:

- For durations of less than 15 years: zero coupon spot yield of USD treasury yields with matching duration; and
- For durations of 15 years or more: zero coupon spot yield of USD treasury yields with 15 years term to maturity,

where duration is the term to maturity of each future cash flow.

However, Labuan regulator allows the Company to apply a more pragmatic approach for discounting the liability valuation until the implementation of the new valuation guideline.

With that, a three-segment approach ("Smith-Wilson approach") was used in deriving the risk-free yield curve for discounting the guaranteed liability cash flows.

- a) Segment 1: Liquid segment based on market information on government bonds. The Company's product cash flows are denominated in US Dollar currency. Hence, USD treasury yields are used.
- b) Segment 2: Extrapolation between first and third segments, using Smith-Wilson method (\*a simple linear approach) to extrapolate between the last liquid point ("LLP") to the commencement of Segment 3;
- c) Segment 3: Convergence to the Ultimate Forward Rate ("UFR").

For USD denominated liabilities, the LLP was 30 years and the convergence point was at year 60. The UFR was determined as the sum of expected real interest rate and expected inflation rate. The UFR for USD denominated liabilities was calculated as 3.8%, based on expected real interest rate of 1.8% and expected inflation of 2.0%.

Where total guaranteed and non-guaranteed benefits are considered, the discount rate was derived from a suitable discount rate based on the historical yield and future investment outlook of the funds/invested assets.

**3. CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (CONTINUED)****Valuation of actuarial liabilities (continued)**

The key assumptions used in the estimation of actuarial liabilities are as follows (continued):

Interest rate (continued)

## iii. Manulife Insurance Labuan Limited (continued)

For Universal Life Non-Participating policy, the current yield and expected long term (ELT) yield were derived based on weighted average of respective asset mix and returns of the fund / investment portfolio. The total benefits valuation yield is calculated from current yield grading to expected long-term yield.

The table below shows the valuation discounting forward yields for the Life funds, after taking into consideration the applicable adjustment on investment expense.

Universal Life Non-Participating – Fund Based Yield							
Calendar Year	Discounting Yield	Calendar Year	Discounting Yield	Calendar Year	Discounting Yield	Calendar Year	Discounting Yield
2022	3.17%	2037	3.60%	2052	4.03%	2067	4.47%
2023	3.19%	2038	3.63%	2053	4.06%	2068	4.49%
2024	3.22%	2039	3.66%	2054	4.09%	2069	4.52%
2025	3.25%	2040	3.69%	2055	4.12%	2070	4.55%
2026	3.28%	2041	3.71%	2056	4.15%	2071	4.58%
2027	3.31%	2042	3.74%	2057	4.18%	2072	4.61%
2028	3.34%	2043	3.77%	2058	4.21%	2073	4.64%
2029	3.37%	2044	3.80%	2059	4.23%	2074	4.67%
2030	3.40%	2045	3.83%	2060	4.26%	2075	4.70%
2031	3.43%	2046	3.86%	2061	4.29%	2076	4.73%
2032	3.45%	2047	3.89%	2062	4.32%	2077	4.75%
2033	3.48%	2048	3.92%	2063	4.35%	2078	4.78%
2034	3.51%	2049	3.95%	2064	4.38%	2079	4.81%
2035	3.54%	2050	3.97%	2065	4.41%	2080	4.84%
2036	3.57%	2051	4.00%	2066	4.44%	2081	4.87%
						2082+	4.90%

**3. CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (CONTINUED)****Valuation of actuarial liabilities (continued)**

The key assumptions used in the estimation of actuarial liabilities are as follows (continued):

Interest rate (continued)

## iv. Manulife Insurance Labuan Limited (continued)

Universal Life Non-Participating – US Treasury Yield with Smith-Wilson Method							
Calendar Year	Discounting Yield	Calendar Year	Discounting Yield	Calendar Year	Discounting Yield	Calendar Year	Discounting Yield
2022	0.39%	2037	2.62%	2052	2.55%	2067	3.74%
2023	1.07%	2038	2.70%	2053	2.79%	2068	3.75%
2024	1.45%	2039	2.67%	2054	2.98%	2069	3.76%
2025	1.55%	2040	2.55%	2055	3.13%	2070	3.77%
2026	1.84%	2041	2.33%	2056	3.25%	2071	3.77%
2027	1.80%	2042	2.04%	2057	3.36%	2072	3.78%
2028	1.98%	2043	1.81%	2058	3.44%	2073	3.78%
2029	1.65%	2044	1.67%	2059	3.50%	2074	3.79%
2030	1.71%	2045	1.60%	2060	3.56%	2075	3.79%
2031	1.76%	2046	1.58%	2061	3.60%	2076	3.79%
2032	1.87%	2047	1.63%	2062	3.64%	2077	3.79%
2033	2.00%	2048	1.72%	2063	3.67%	2078	3.79%
2034	2.14%	2049	1.85%	2064	3.69%	2079	3.79%
2035	2.29%	2050	2.04%	2065	3.71%	2080	3.80%
2036	2.46%	2051	2.28%	2066	3.73%	2081+	3.80%

Mortality, morbidity, critical illness, expenses and surrenders (including lapses, Investment-linked premium, persistency and partial withdrawal)

## i. Manulife Insurance Berhad

Assumptions on mortality are derived from the insurance subsidiary's historical experience and from reinsurance premium table, where applicable. For morbidity assumptions, they are based on reinsurance premium tables, adjusted where appropriate to reflect the insurance subsidiary's unique risk exposure, product characteristics, target markets and own claims severity and frequency experiences. For those contracts that insure risks to longevity, prudent allowance is made for expected future mortality improvements.

Assumptions on future expenses are based on current expense levels for variable expenses while fixed expenses are derived based on projected 2024 business statistics to reflect the benefit from economies of scale. Appropriate expected expense inflation adjustments are applied.

Assumptions on surrenders (including lapses, Investment-linked premium, persistency and partial withdrawal) are derived from the insurance subsidiary's historical experience.

All assumptions are monitored through regular experience studies to ensure relevance and appropriateness.



**3. CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (CONTINUED)****Valuation of actuarial liabilities (continued)**

Mortality, morbidity, critical illness, expenses and surrenders (including lapses, Investment-linked premium, persistency and partial withdrawal) (continued)

## i. Manulife Insurance Berhad (continued)

For the Non-participating life fund, Non-participating annuity fund, Investment-linked operating fund and the guaranteed benefits liabilities of the Participating life funds, provision of risk for adverse deviation ("PRAD") assumptions are added to the best estimate assumptions.

For the valuation of total benefit liabilities of the Participating life funds, the best estimates assumptions are used.

## ii. Manulife Insurance Labuan Limited

Assumptions on mortality are derived based on the best estimate assumptions.

Assumptions on future expenses are based on current expense level for variable expenses while fixed expenses are derived based on projected 2024 business statistic to reflect the benefit from economies of scale. Appropriate expected expense inflation adjustments are applied.

Assumptions on policy persistency (including lapses and surrender) are derived from the best estimate pricing assumptions.

Provision of risk for adverse deviation ("PRAD") assumptions is added to the best estimate pricing assumptions.

All assumptions will be monitored through regular experience studies to ensure relevance and appropriateness.

**Participating Policyholders' Bonuses/Dividends**

Continuance of current bonus level is assumed in the best estimate valuation. On top of that, an appropriate reserve provision is made to reflect the adjustability of post-asset share ordinary life participating policies' future terminal dividend scale.

## 4. PROPERTY AND EQUIPMENT

Group	Note	Building RM'000	Work in progress RM'000	Furniture, fittings and equipment RM'000	Motor vehicles RM'000	Renovations RM'000	Total RM'000
<b>Cost/valuation</b>							
At 1 January 2020		26,407	1,421	24,708	1,317	10,983	64,836
Additions		-	4,120	1,531	15	39	5,705
Disposal		-	-	(4)	(10)	-	(14)
Transfer from work-in-progress		-	(2,027)	1,427	-	600	-
Transfer to furniture and fittings		-	-	10	-	(10)	-
Revaluation adjustment		619	-	-	-	-	619
Effect of exchange rate		-	1	-	-	-	1
At 31 December 2020/ 1 January 2021		27,026	3,515	27,672	1,322	11,612	71,147
Additions		137	212	335	-	256	940
Transfer from work-in-progress		420	(2,385)	457	-	1,508	-
Revaluation adjustment		(1,163)	-	-	-	-	(1,163)
Effect of exchange rate		-	-	1	-	1	2
At 31 December 2021		26,420	1,342	28,465	1,322	13,377	70,926
Comprising assets stated at 31 December 2021:							
Valuation		26,420	-	-	-	-	26,420
Cost		-	1,342	28,465	1,322	13,377	44,506
		26,420	1,342	28,465	1,322	13,377	70,926
Comprising assets stated at 31 December 2020:							
Valuation		27,026	-	-	-	-	27,026
Cost		-	3,515	27,672	1,322	11,612	44,121
		27,026	3,515	27,672	1,322	11,612	71,147
<b>Accumulated depreciation</b>							
At 1 January 2020		-	-	19,346	758	4,723	24,827
Charge for the financial year	28	550	-	1,475	171	1,140	3,336
Disposal		-	-	(4)	(10)	-	(14)
Reversal on revaluation		(550)	-	-	-	-	(550)
At 31 December 2020/ 1 January 2021		-	-	20,817	919	5,863	27,599
Charge for the financial year	28	587	-	1,575	146	1,202	3,510
Reversal on revaluation		(587)	-	-	-	-	(587)
At 31 December 2021		-	-	22,392	1,065	7,065	30,522
<b>Carrying amount</b>							
At 31 December 2021		26,420	1,342	6,073	257	6,312	40,404
At 31 December 2020		27,026	3,515	6,855	403	5,749	43,548

**4. PROPERTY AND EQUIPMENT (CONTINUED)**

Company	Note	Building RM'000	Work in progress RM'000	Furniture, fittings and equipment RM'000	Motor vehicles RM'000	Renovations RM'000	Total RM'000
<b>Cost/valuation</b>							
At 1 January 2020		16,062	-	3,073	935	3,170	23,240
Additions		-	182	91	-	-	273
Revaluation adjustment		360	-	-	-	-	360
At 31 December 2020/ 1 January 2021		16,422	182	3,164	935	3,170	23,873
Additions		81	72	15	-	145	313
Transfer from work-in-progress		188	(188)	-	-	-	-
Revaluation adjustment		(640)	-	-	-	-	(640)
At 31 December 2021		16,051	66	3,179	935	3,315	23,546
Comprising assets stated at 31 December 2021:							
Valuation		16,051	-	-	-	-	16,051
Cost		-	66	3,179	935	3,315	7,495
		16,051	66	3,179	935	3,315	23,546
Comprising assets stated at 31 December 2020:							
Valuation		16,422	-	-	-	-	16,422
Cost		-	182	3,164	935	3,170	7,451
		16,422	182	3,164	935	3,170	23,873
<b>Accumulated depreciation</b>							
At 1 January 2020		-	-	2,580	595	1,386	4,561
Charge for the financial year	28	335	-	95	91	317	838
Reversal on revaluation		(335)	-	-	-	-	(335)
At 31 December 2020/ 1 January 2021		-	-	2,675	686	1,703	5,064
Charge for the financial year	28	356	-	93	90	320	859
Reversal on revaluation		(356)	-	-	-	-	(356)
At 31 December 2021		-	-	2,768	776	2,023	5,567
<b>Net carrying amount</b>							
At 31 December 2021		16,051	66	411	159	1,292	17,979
At 31 December 2020		16,422	182	489	249	1,467	18,809

**4. PROPERTY AND EQUIPMENT (CONTINUED)**

The net book value of the revalued building had this asset been carried at cost less accumulated depreciation is as follows:

	2021 RM'000	2020 RM'000
<b>Group</b>		
Building	11,866	11,688
<b>Company</b>		
Building	5,830	5,778

The Group and the Company had carried out a valuation on the freehold property based on the income method conducted by an independent qualified valuer, Justin Chee Ting Hwang, MRICS, MRISM, MPEPS, Registered Valuer (V-774) of Knight Frank Malaysia Sdn. Bhd. (200201017816 (585479-A)). The valuation of this property was adopted for the financial year ended 31 December 2021. The recognised revalued amount was based on the valuation exercise performed as at 31 December 2021.

Under the income method, the market value of the freehold property is determined based on the net annual income which is derived by deducting the annual outgoings from the gross annual income and capitalising the net income by a suitable rate of return consistent with the type and quality of the investment.

**Fair value hierarchy**

A level is assigned to each fair value measurement based on the lowest level input significant to the fair value measurement in its entirety. The three-level hierarchy is defined as follows:

Level 1 – Fair value is derived from unadjusted quoted price in active markets for identical properties that the entity can access at the measurement date.

Level 2 – Fair value is estimated using inputs that are observable for the properties, either directly or indirectly.

Level 3 – Fair value is estimated using unobservable inputs for the properties.

The fair value of the freehold property is classified within Level 3 of the fair value hierarchy. The fair value of the property is as follows:

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Fair value as stated in valuation report	26,420	27,026	16,051	16,422

The reconciliation from beginning to ending balances for the freehold property is as disclosed on page 152 to page 153.

**4. PROPERTY AND EQUIPMENT (CONTINUED)**

Description of valuation techniques used and significant unobservable inputs to valuation of freehold property are as set out below:

Valuation technique		Significant unobservable inputs	Range
2021 Freehold property	Income method	Term period's net yield	5.00% - 6.50%
		Reversionary period's net yield	6.00%
		Void factor	5.00%
		Average rental for term period	RM4.55 psf
		Average rental for reversionary period	RM4.69 psf
		Outgoings for term period	RM1.70 psf
		Outgoings for reversionary period	RM1.75 psf
2020 Freehold property	Income method	Term period's net yield	5.00% - 6.50%
		Reversionary period's net yield	6.00%
		Void factor	5.00%
		Average rental for term period	RM4.55 psf
		Average rental for reversionary period	RM4.76 psf
		Outgoings for term period	RM1.75 psf
		Outgoings for reversionary period	RM1.75 psf

A significant increase or decrease in each of the unobservable inputs used in the valuation would result in a correspondingly higher or lower fair value of the property.

**5. INVESTMENT PROPERTY**

	Note	2021 RM'000	2020 RM'000
<b>Group</b>			
At 1 January		77,974	82,593
Fair value loss	26	(4,394)	(4,619)
At 31 December		73,580	77,974
Represented by:			
Freehold property		73,580	77,974

	Note	2021 RM'000	2020 RM'000
<b>Company</b>			
At 1 January		31,172	31,303
Fair value loss	26	(3,304)	(131)
At 31 December		27,868	31,172
Represented by:			
Freehold property		27,868	31,172



**5. INVESTMENT PROPERTY (CONTINUED)**

The following are amounts arising from investment property that have been recognised in the profit or loss during the financial year:

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Rental income (note 24)	3,207	3,743	3,936	4,470
Direct operating expenses arising from investment property that generate rental income	(2,736)	(3,355)	(1,429)	(1,729)
Direct operating expenses arising from investment property that did not generate rental income	(622)	(622)	(300)	(300)

The Group and Company had carried out a valuation on the investment property based on the income method conducted by an independent qualified valuer, Justin Chee Ting Hwang, MRICS, MRISM, MPEPS, Registered Valuer (V-774) of Knight Frank Malaysia Sdn. Bhd. (200201017816 (585479-A)). The valuation of the investment property was adopted for the financial year ended 31 December 2021. The recognised revalued amount was based on the valuation exercise performed as at 31 December 2021.

The fair value of the investment property is categorised under Level 3 of the fair value hierarchy.

Description of valuation techniques used and significant unobservable inputs to valuation of investment property are as set out below:

Valuation technique		Significant unobservable inputs	Range
2021 Investment property	Income method	Term period's net yield	5.00% - 6.50%
		Reversionary period's net yield	6.00%
		Void factor	5.00%
		Average rental for term period	RM4.55 psf
		Average rental for reversionary period	RM4.69 psf
		Outgoings for term period	RM1.70 psf
		Outgoings for reversionary period	RM1.75 psf
2020 Investment property	Income method	Term period's net yield	5.00% - 6.50%
		Reversionary period's net yield	6.00%
		Void factor	5.00%
		Average rental for term period	RM4.55 psf
		Average rental for reversionary period	RM4.76 psf
		Outgoings for term period	RM1.75 psf
		Outgoings for reversionary period	RM1.75 psf

A significant increase or decrease in each of the unobservable inputs used in the valuation would result in a correspondingly higher or lower fair value of the investment property.

The reconciliation from beginning to ending balances for investment property is as disclosed on page 155.

## 6. INTANGIBLE ASSETS

Group	Note	Management rights RM'000	Exclusive right RM'000	Computer software RM'000	Computer software in progress RM'000	Distribution agreement RM'000	Total RM'000
<b>Cost</b>							
At 1 January 2020		86,815	40,000	29,742	3,210	28,739	188,506
Additions		-	3,000	150	8,048	-	11,198
Transfer to computer software		-	-	7,800	(7,800)	-	-
Effect of exchange rate		-	-	(14)	(14)	-	(28)
At 31 December 2020/ 1 January 2021		86,815	43,000	37,678	3,444	28,739	199,676
Additions		-	-	154	877	-	1,031
Write off	28	-	-	-	(51)	-	(51)
Effect of exchange rate		-	-	23	27	-	50
At 31 December 2021		86,815	43,000	37,855	4,297	28,739	200,706
<b>Accumulated amortisation</b>							
At 1 January 2020		-	30,050	25,227	-	20	55,297
Amortisation during the financial year	28	-	5,659	2,253	-	65	7,977
Effect of exchange rate		-	-	(12)	-	-	(12)
At 31 December 2020/ 1 January 2021		-	35,709	27,468	-	85	63,262
Amortisation during the financial year	28	-	5,966	2,465	-	(16)	8,415
Effect of exchange rate		-	-	11	-	-	11
At 31 December 2021		-	41,675	29,944	-	69	71,688
<b>Accumulated impairment</b>							
At 31 December 2020/ 31 December 2021		-	-	1,025	-	-	1,025
<b>Net carrying amount</b>							
At 31 December 2021		86,815	1,325	6,886	4,297	28,670	127,993
At 31 December 2020		86,815	7,291	9,185	3,444	28,654	135,389

## 6. INTANGIBLE ASSETS (CONTINUED)

Company	Note	Computer software RM'000	Total RM'000
<b>Cost</b>			
At 31 December 2020/31 December 2021		139	139
<b>Accumulated amortisation</b>			
At 1 January 2020		105	105
Amortisation during the financial year	28	22	22
At 31 December 2020/1 January 2021		127	127
Amortisation during the financial year	28	6	6
At 31 December 2021		133	133
<b>Net carrying amount</b>			
At 31 December 2021		6	6
At 31 December 2020		12	12

## (i) Management rights

The Management rights relate to the investment management agreements arising from the acquisition of a subsidiary. The Group believes that the investment management agreements have an indefinite useful life. In performing the impairment assessment on this intangible asset, the Group compared the recoverable amount against the carrying amount of the intangible asset as of 31 December 2021. The Group is of the opinion that the recoverable amount, based on its value-in-use is higher than the carrying amount, and accordingly there is no allowance for impairment loss to be considered on this intangible asset.

The fair value of the identifiable intangible assets (using value-in-use) is calculated based on the net cash inflow expected to be generated from managing the total funds acquired, using the following assumptions:

**2021**

Discount rate	: 7%
Sales growth rate	: Average 13.18% throughout the 10 years projection
Expense growth rate	: Average 8% throughout the 10 years projection
Terminal value	: 1.65% of average Assets Under Management at the 10 <sup>th</sup> year (based on comparable current market transactions)

**2020**

Discount rate	: 7%
Sales growth rate	: Average 15% throughout the 10 years projection
Expense growth rate	: Average 8% throughout the 10 years projection
Terminal value	: 1.65% of average Assets Under Management at the 10 <sup>th</sup> year (based on comparable current market transactions)

**6. INTANGIBLE ASSETS (CONTINUED)****(ii) Exclusive right**

The Exclusive right is a definite life intangible asset and relates to a 10-year exclusive bancassurance agreement entered into between the subsidiary, Manulife Insurance Berhad and Alliance Bank Malaysia Berhad ("ABMB") on 13 June 2013. The Exclusive right is amortised in accordance with note 2(f)(ii).

**(iii) Distribution agreement**

The distribution agreement relates to a 20-year distribution right entered into between the subsidiary, Manulife Insurance Berhad and an agency leadership corporation, on 23 September 2019 and is amortised in accordance with note 2(f)(iv). The distribution right is partially paid at the end of financial year. The remaining amount payable under the distribution agreement over the contract term is as disclosed in note 22(ii).

**7. SUBSIDIARIES**

	<b>Company</b>	
	<b>2021</b>	<b>2020</b>
	<b>RM'000</b>	<b>RM'000</b>
Unquoted shares at cost	412,666	412,666
Accumulated impairment losses	(6,793)	(6,793)
	<b>405,873</b>	<b>405,873</b>

Details of the subsidiaries are as follows:

<b>Name of company</b>	<b>Country of incorporation</b>	<b>Effective interest</b>		<b>Principal activities</b>
		<b>2021</b>	<b>2020</b>	
		<b>%</b>	<b>%</b>	
<b>Held by the Company:</b>				
Manulife Insurance Berhad	Malaysia	100	100	Life insurance business
Manulife Investment Management (M) Berhad	Malaysia	100	100	Management of unit trust funds, private retirement schemes, investment and fund management
Manulife Insurance Labuan Limited	Malaysia	100	100	Labuan life insurance business and life insurance broking business
Britama Properties Sdn. Bhd.	Malaysia	100	100	Property rental and management
The e-Software House Sdn. Bhd. *	Malaysia	100	100	Dormant (dissolved on 28 February 2022)
<b>Held through subsidiary and the Company:</b>				
Manulife Cash Management Fund **	Malaysia	100	99	Investment in money market fund
Manulife Wholesale Corporate Bond Fund	Malaysia	100	100	Investment in corporate bonds
Manulife Wholesale Government Bond Fund	Malaysia	100	100	Investment in sovereign bonds

**7. SUBSIDIARIES (CONTINUED)**

\* The e-Software House Sdn. Bhd., a wholly-owned subsidiary of the Group, was liquidated on 28 February 2022. The dissolution of the subsidiary did not have an impact to the financial results of the Company for the financial year ended 31 December 2021.

\*\* Audited by a firm of Chartered Accountants other than Ernst & Young PLT.

**8. FINANCIAL ASSETS****(a) Available-for-sale**

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Equity securities				
- Quoted in Malaysia	633,750	943,507	-	-
- Quoted outside Malaysia	131,774	169,407	-	-
- Unquoted	2,516	2,516	-	-
Real estate investment trusts	18,773	14,863	-	-
Unit trust funds*	1,206	80,379	-	-
Malaysian Government Securities	314,771	368,505	-	-
Government Investment Issues	283,634	247,705	-	-
Corporate debt securities				
- Unquoted	1,748,511	1,634,516	-	-
Accrued interest	26,103	23,873	-	-
	3,161,038	3,485,271	-	-
Current	983,122	1,293,434	-	-
Non-current	2,177,916	2,191,837	-	-
	3,161,038	3,485,271	-	-

\* Being investment in a unit trust funds managed by a subsidiary of the company.



**8. FINANCIAL ASSETS (CONTINUED)****(b) Fair value through profit or loss**

	<b>Group</b>		<b>Company</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Equity securities				
- Quoted in Malaysia	786,964	712,512	4,560	10,294
- Quoted outside Malaysia	67,419	28,875	-	-
- Unquoted	-	-	572	572
Private equity funds				
- Unquoted outside Malaysia	19,122	-	-	-
Real estate investment trusts	8,478	5,747	129	159
Unit trust funds*	180,784	161,892	56,878	70,060
Malaysian Government Securities	78,047	66,372	-	-
Government Investment Issues	117,396	62,831	-	-
Corporate debt securities				
- Unquoted	634,838	492,617	-	-
- Quoted	193,621	164,344	-	-
Mutual funds				
- Quoted outside Malaysia	217,928	304,436	-	-
Forward foreign exchange contract (note 17)	933	1,149	-	-
Accrued interest	10,455	7,836	-	-
	2,315,985	2,008,611	62,139	81,085
Current	1,340,719	1,229,446	62,139	81,085
Non-current	975,266	779,165	-	-
	2,315,985	2,008,611	62,139	81,085

\* Being investment in unit trust funds managed by a subsidiary company.

**8. FINANCIAL ASSETS (CONTINUED)****(c) Carrying value of financial assets**

The financial assets and its movement are further analysed as follows:

Group	Note	Available- for-sale RM'000	Fair value through profit or loss RM'000	Total RM'000
At 1 January 2020		3,340,632	1,742,001	5,082,633
Purchases		1,322,781	1,564,799	2,887,580
Maturities		(50,050)	(4,950)	(55,000)
Disposals		(1,248,399)	(1,422,493)	(2,670,892)
Fair value gains recorded in:				
Profit or loss	26	-	139,358	139,358
Other comprehensive income		207,125	-	207,125
Allowance for impairment losses	26	(79,727)	-	(79,727)
Net amortisation of premiums	24	(6,381)	(1,550)	(7,931)
Unrealised exchange loss		-	(10,508)	(10,508)
Movement in accrued interest		(710)	1,954	1,244
At 31 December 2020/1 January 2021		3,485,271	2,008,611	5,493,882
Purchases		990,072	1,439,047	2,429,119
Maturities		(58,100)	(6,900)	(65,000)
Disposals		(1,025,915)	(1,070,189)	(2,096,104)
Fair value losses recorded in:				
Profit or loss	26	-	(65,022)	(65,022)
Other comprehensive income		(203,261)	-	(203,261)
Allowance for impairment losses	26	(21,469)	-	(21,469)
Net amortisation of premiums	24	(7,790)	(4,623)	(12,413)
Unrealised exchange gains		-	12,442	12,442
Movement in accrued interest		2,230	2,619	4,849
At 31 December 2021		3,161,038	2,315,985	5,477,023

Company	Note	Fair value through profit or loss RM'000	Total RM'000
At 1 January 2020		75,942	75,942
Purchases		26,932	26,932
Disposals		(24,944)	(24,944)
Fair value gain recorded in:			
Profit or loss	26	3,155	3,155
At 31 December 2020/1 January 2021		81,085	81,085
Purchases		19,074	19,074
Disposals		(34,030)	(34,030)
Fair value loss recorded in:			
Profit or loss	26	(3,990)	(3,990)
At 31 December 2021		62,139	62,139

**9. LOANS AND RECEIVABLES**

		Group		Company	
		2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Loans receivable:					
Policy loans		131,789	141,064	-	-
Mortgage loans		18,932	7,128	-	-
Staff loans		672	556	1	1
Other unsecured loans		3,946	2,972	-	-
		155,339	151,720	1	1
Allowance for impairment loss		(292)	(289)	-	-
	(i)	155,047	151,431	1	1
Fixed and call deposits with licensed banks in Malaysia		405,785	273,128	-	1,175
Accrued interest		286	61	-	-
	(ii)	406,071	273,189	-	1,175
Other receivables:					
Amount due from subsidiaries (note 35)	(iii)	-	-	9,977	5,323
Amount due from related companies (note 35)	(iii)	4,076	2,655	-	-
Accrued dividend income		1,294	3,122	4	23
Accrued rental income		95	33	32	-
Deposits		1,490	1,488	365	359
Other debtors		55,469	68,052	2,714	3,536
		62,424	75,350	13,092	9,241
Allowance for impairment loss		(1,365)	(1,365)	(1,075)	(1,075)
	(iv)	61,059	73,985	12,017	8,166
Prepayments	(v)	10,034	8,144	67	15
Total		632,211	506,749	12,085	9,357

**9. LOANS AND RECEIVABLES (CONTINUED)**

		Group		Company	
		2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
(i)	Loans receivable:				
	Receivable within 12 months	1,339	907	-	-
	Receivable after 12 months	153,708	150,524	1	1
		155,047	151,431	1	1
(ii)	Fixed and call deposits with licensed banks in Malaysia:				
	Receivable within 12 months	406,071	273,189	-	1,175
		406,071	273,189	-	1,175
(iii)	The amounts due from subsidiaries and related companies are unsecured, trade related, interest free and repayable on demand.				
(iv)	Other receivables:				
	Receivable within 12 months	59,569	72,497	11,652	7,807
	Receivable after 12 months	1,490	1,488	365	359
		61,059	73,985	12,017	8,166
(v)	Prepayments:				
	Current	5,722	3,279	67	15
	Non-current	4,312	4,865	-	-
		10,034	8,144	67	15

The carrying amounts of other receivables and fixed and call deposits approximate fair values due to the relatively short-term maturity of these balances. The carrying amount of loans receivable approximates fair value due to the insignificant impact of discounting.

**10. REINSURANCE ASSETS/(LIABILITIES)**

		Group	
		2021 RM'000	2020 RM'000
Reinsurance assets on:			
-	Insurance contract liabilities	9,254	6,659
-	Insurance claims liabilities	10,966	5,813
		20,220	12,472
Reinsurance liabilities on:			
-	Insurance contract liabilities	(1,702)	(4,257)

**11. INSURANCE RECEIVABLES**

		Group	
		2021 RM'000	2020 RM'000
Due premiums including agents' balances		12,323	14,028
Due from reinsurers	(i)	3,400	3,775
		15,723	17,803
Allowance for impairment losses		(926)	(926)
		14,797	16,877
Receivable within 12 months		14,797	16,877

The carrying amounts disclosed above approximate fair values as at the end of the financial year due to their short-term maturity.

(i) Amount due from reinsurers that have been offset against amount due to reinsurers are as follows:

Group	Gross carrying amount RM'000	Gross amount offset RM'000	Net amount reported RM'000
<b>31 December 2021</b>			
Commissions receivables	980	-	980
Claims recoveries	8,009	-	8,009
Premiums ceded	-	(5,589)	(5,589)
	8,989	(5,589)	3,400
<b>31 December 2020</b>			
Commissions receivables	16,927	-	16,927
Claims recoveries	12,077	-	12,077
Premiums ceded	-	(25,229)	(25,229)
	29,004	(25,229)	3,775

**12. SHARE CAPITAL**

	Group and Company			
	2021		2020	
	Number of shares '000	Amount RM'000	Number of shares '000	Amount RM'000
<b>Share Capital</b>				
<u>Issued and fully paid up:</u>				
Ordinary shares:				
At 1 January	206,984	111,974	202,370	103,069
Issuance pursuant to Dividend Reinvestment Plan (note 33)	4,575	9,379	4,614	8,905
At 31 December	211,559	121,353	206,984	111,974



**13. RETAINED EARNINGS**

The retained earnings are classified as distributable and non-distributable as follows:

Group	Note	2021 RM'000	2020 RM'000
Distributable	(i)	676,285	651,688
Non-distributable	(ii)	137,611	89,831
		813,896	741,519

- (i) Under the single tier system, the Group is able to frank the payment of dividends out of its entire distributable retained earnings as at the date of the statement of financial position, except for its subsidiary, Manulife Insurance Berhad which also requires the approval by Bank Negara Malaysia under section 51 of the Financial Services Act, 2013.
- (ii) Non-distributable retained earnings are surplus arising from the Non-participating life fund, net of deferred tax. These amounts are only distributable upon actual recommended transfer from the Non-participating (including Investment-linked Operating fund) life fund to the Shareholders' fund by the Appointed Actuary.

**Company**

There are no restrictions on the Company to frank the payment of dividends out of its entire earnings as at the date of the statement of financial position under the single tier system.

**14. NON-CONTROLLING INTERESTS**

Group	2021 RM'000	2020 RM'000
Non-controlling interests	-	78

Non-controlling interests represents the share of minority interest in a unit trust fund managed by the asset management subsidiary which is consolidated by Group. The financial position and the results of the unit trust fund has been consolidated as the Group has the ability to direct the investment strategy of the unit trust fund in a manner that most significantly affects its return.

**15. INSURANCE CONTRACT LIABILITIES**

Group	Gross		Net	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Actuarial liabilities	3,025,200	2,898,929	3,017,648	2,896,527
Unallocated surplus/(deficit)	26,535	(10,286)	26,535	(10,286)
Fair value reserve	123,463	277,252	123,463	277,252
Asset revaluation reserve	2,069	2,361	2,069	2,361
Investment-linked policyholders' account	1,397,354	1,369,798	1,397,354	1,369,798
	4,574,621	4,538,054	4,567,069	4,535,652
Current	1,605,459	1,582,953	1,606,052	1,583,928
Non-current	2,969,162	2,955,101	2,961,017	2,951,724
	4,574,621	4,538,054	4,567,069	4,535,652

**15. INSURANCE CONTRACT LIABILITIES (CONTINUED)**

The insurance contract liabilities and movements in its key components are further analysed as follows:

	Gross		Net	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
At 1 January	4,538,054	4,215,893	4,535,652	4,218,769
Inforce reserve movement	88,876	64,397	86,784	63,622
New business reserve	71,128	92,181	68,311	87,587
Discount rate and other changes	(39,567)	(70,548)	(39,567)	(70,548)
Unallocated surplus	36,821	60,999	36,821	60,999
Effect of movements in exchange rate	5,834	(6,190)	5,593	(6,099)
Fair value reserve, net of tax	(153,789)	156,790	(153,789)	156,790
Asset revaluation reserve				
- Revaluation adjustment	(523)	259	(523)	259
- Reversal on revaluation	231	215	231	215
	(292)	474	(292)	474
Investment-linked policyholders' account	27,556	24,058	27,556	24,058
At 31 December	4,574,621	4,538,054	4,567,069	4,535,652

As the Non-participating life fund's unallocated surplus and fair value reserve are classified as equity, only the associated Participating life fund's unallocated surplus and fair value reserve are included in the above presentation.

For the current financial year ended 31 December 2021, the applicable estimate changes on the above assumptions resulted in lower actuarial liabilities of RM39.6 million (31 December 2020: lower actuarial liabilities of RM70.5 million), with a corresponding decrease in unallocated surplus for the participating business of RM7.8 million (31 December 2020: increase in unallocated surplus of RM95.0 million) and increase in net profit before tax of RM47.4 million (31 December 2020: decrease in net profit before tax of RM24.5 million).

**16. INSURANCE CLAIMS LIABILITIES**

Group	Gross		Net	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Provision for outstanding claims	76,164	56,474	65,198	50,661
Current	76,164	56,474	65,198	50,661

**17. FINANCIAL ASSET/(LIABILITY) AT FAIR VALUE THROUGH PROFIT OR LOSS**Derivatives

The table below shows the fair value of derivative financial instruments of the Group, recorded as asset or liability, together with their notional amounts. The notional amount, recorded gross, is the amount of the derivative's underlying asset and is the basis upon which changes in the value of derivatives are measured. Derivative financial instruments are recognised as financial asset or financial liability in accordance with the policy described in note 2(h)(i)(1) and note 2(k).

Group	Notional amount RM'000	Fair value gain/(loss) recognised as		Net carrying amount RM'000
		Financial asset RM'000	Financial liability RM'000	
31 December 2021				
Hedging derivative:				
Forward foreign exchange contract				
- Less than 1 year (note 8(b))	119,952	933	-	933
31 December 2020				
Hedging derivative:				
Forward foreign exchange contract				
- Less than 1 year (note 8(b))	196,038	1,149	-	1,149
- Less than 1 year	4,368	-	(21)	(21)

**18. DEFERRED TAX ASSETS/(LIABILITIES)**

Analysis of deferred tax assets/(liabilities) are as follows:

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Presented after appropriate offsetting as follows:				
Deferred tax liabilities	(48,948)	(56,538)	(132)	(57)
Deferred tax assets	269	108	-	-
	(48,679)	(56,430)	(132)	(57)
Current	(21,750)	(45,052)	(132)	(57)
Non-current	(26,929)	(11,378)	-	-
	(48,679)	(56,430)	(132)	(57)

**18. DEFERRED TAX ASSETS/(LIABILITIES) (CONTINUED)**

The components of deferred tax assets/(liabilities) as of the date of the statement of financial position are as follows:

	Assets		Liabilities		Net	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
<b>Group</b>						
Revaluation - investment property	267	180	-	-	267	180
Accelerated depreciation	-	-	(200)	(327)	(200)	(327)
Investments	4,626	6,610	(22,881)	(41,223)	(18,255)	(34,613)
Unallocated surplus	-	-	(30,501)	(21,680)	(30,501)	(21,680)
Others	10	10	-	-	10	10
	4,903	6,800	(53,582)	(63,230)	(48,679)	(56,430)
Offsetting	(4,634)	(6,692)	4,634	6,692	-	-
Deferred tax assets/(liabilities) (after offsetting)	269	108	(48,948)	(56,538)	(48,679)	(56,430)
<b>Company</b>						
Accelerated depreciation	-	-	(132)	(57)	(132)	(57)
	-	-	(132)	(57)	(132)	(57)
Offsetting	-	-	-	-	-	-
Deferred tax liabilities (after offsetting)	-	-	(132)	(57)	(132)	(57)

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same entity.

The components and movements of deferred tax assets/(liabilities) during the financial year are as follows:

Group	Note	Revaluation- investment property RM'000	Accelerated depreciation RM'000	Investments RM'000	Unallocated surplus RM'000	Others RM'000	Total RM'000
At 1 January 2020		(179)	(511)	(11,768)	(21,680)	10	(34,128)
<b>Recognised in:</b>							
Profit or loss							
- Other operating income/(expenses)	30	359	34	(7,453)	-	-	(7,060)
- Taxation	31	-	150	205	-	-	355
Other comprehensive income							
- Fair value reserve		-	-	(15,597)	-	-	(15,597)
At 31 December 2020/ 1 January 2021		180	(327)	(34,613)	(21,680)	10	(56,430)
<b>Recognised in:</b>							
Profit or loss							
- Other operating income	30	87	41	2,746	-	-	2,874
- Taxation	31	-	86	(149)	(8,821)	-	(8,884)
Other comprehensive income							
- Fair value reserve		-	-	13,761	-	-	13,761
At 31 December 2021		267	(200)	(18,255)	(30,501)	10	(48,679)

**18. DEFERRED TAX (LIABILITIES)/ASSETS (CONTINUED)**

The components and movements of deferred tax (liabilities)/assets during the financial year are as follows (continued):

Company	Note	Accelerated depreciation RM'000	Total RM'000
At 1 January 2020		(108)	(108)
<b>Recognised in:</b>			
Profit or loss			
- Taxation	31	51	51
At 31 December 2020/1 January 2021		(57)	(57)
<b>Recognised in:</b>			
Profit or loss			
- Taxation	31	(75)	(75)
At 31 December 2021		(132)	(132)

**Unrecognised deferred tax assets**

The amount of unutilised tax losses and other deductible temporary differences for which no deferred tax assets is recognised in the statement of financial position are as follows:

	Group	
	2021 RM'000	2020 RM'000
Unutilised tax losses	2,214	1,693
Other deductible temporary differences	225	214
	2,439	1,907
Deferred tax assets not recognised	585	458

Deferred tax assets have not been recognised in respect of the above items as it is not probable that sufficient taxable profits will be available in the foreseeable future in the respective subsidiaries to utilise the said benefits.

The unutilised tax losses above are available for offsetting against future taxable profits of the respective subsidiaries up to a maximum of 10 consecutive year of assessments subject to no substantial change in the shareholdings, as per Section 44(5F) and special provision relating to Sections 43 and 44 of the Income Tax Act, 1967.



**19. CURRENT TAX ASSETS/(LIABILITIES)**

	<b>Group</b>		<b>Company</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Current tax assets	22,841	24,278	596	760
Current tax liabilities	(4,980)	(22,360)	-	-
	17,861	1,918	596	760

Included in the current tax assets are a pending appeal case arising from two notices of additional assessment ("Forms JA") of RM22.2 million for Year of Assessment 2017 and 2018, and tax paid in excess to the Inland Revenue Board in relation to the Company's subsidiary, Manulife Insurance Berhad ("MIB"). The High Court rejected MIB's application for leave to apply for judicial review in a decision delivered on 14th July 2021. MIB will not be appealing against the decision of the High Court. A hearing date for MIB's application to the Special Commissioner of Income Tax on the assessments has yet to be fixed.

MIB has made the above tax payment in 2021. In line with the opinion by the external advisor and the letter from Ministry of Finance to Life Insurance Association of Malaysia and Malaysia Takaful Association dated 25th February 2022, the Company strongly believes that there are good grounds to contest the additional assessment and hence has treated the above tax payment as tax recoverable.

**20. INSURANCE PAYABLES**

	<b>Group</b>	
	<b>2021</b>	<b>2020</b>
	<b>RM'000</b>	<b>RM'000</b>
Due to reinsurers (i)	23,873	4,034
Due to agents	4,153	3,630
Due to insureds	731,797	665,057
	759,823	672,721
Current	759,823	672,721

The carrying amounts disclosed above approximate fair values as at the end of the financial year due to their short-term maturity.

(i) Amount due to reinsurers that have been offset against amount due from reinsurers are as follows:

<b>Group</b>	<b>Gross carrying amount</b>	<b>Gross amount offset</b>	<b>Net amount reported</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>31 December 2021</b>			
Premiums ceded	44,608	-	44,608
Commissions receivables	-	(569)	(569)
Claims recoveries	-	(20,166)	(20,166)
	44,608	(20,735)	23,873
<b>31 December 2020</b>			
Premiums ceded	6,547	-	6,547
Commissions receivables	-	(122)	(122)
Claims recoveries	-	(2,391)	(2,391)
	6,547	(2,513)	4,034

**21. LEASES**

## (a) Right-of-use assets

	Office Rental RM'000	Total RM'000
<b>Cost</b>		
At 1 January 2020	3,975	3,975
Additions	1,913	1,913
At 31 December 2020/1 January 2021	5,888	5,888
Additions	392	392
Terminations	(798)	(798)
At 31 December 2021	5,482	5,482
<b>Accumulated depreciation</b>		
At 1 January 2020	1,268	1,268
Charge for the year (note 28)	1,593	1,593
At 31 December 2020/1 January 2021	2,861	2,861
Charge for the year (note 28)	1,599	1,599
Terminations	(798)	(798)
At 31 December 2021	3,662	3,662
<b>Net book value</b>		
At 31 December 2021	1,820	1,820
At 31 December 2020	3,027	3,027

This note provides information for leases where the Group is a lessee.

The Group has entered into operating lease agreements for office rental. These non-cancellable leases have remaining non-cancellable lease terms of between 1 and 3 years.

The Group also has certain leases of office equipment with lease terms of 12 months or less and leases with low value. The Group applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases.

The following are the amounts recognised in profit or loss:

	2021 RM'000	2020 RM'000
<b>Group</b>		
Depreciation of right-of-use assets (note 28)	1,599	1,593
Interest expense on lease liabilities (note 28)	81	106
Expense related to short-term leases (note 28)	59	252
Expense related to leases of low-value assets (note 28)	220	187
Total amount recognised in profit or loss	1,959	2,138
Total cash outflow for leases	1,974	2,159
<b>Company</b>		
Expense related to short-term leases (note 28)	90	90
Expense related to leases of low-value assets (note 28)	3	3
Total amount recognised in profit or loss	93	93
Total cash outflow for leases	93	93

**21. LEASES (CONTINUED)**

## (b) Lease liabilities

	Note	Office Rental RM'000	Total RM'000
<b>Lease liabilities</b>			
At 1 January 2020		2,864	2,864
Increase		1,886	1,886
Payment of lease liabilities		(1,720)	(1,720)
Interest expense	28	106	106
At 31 December 2020/1 January 2021		3,136	3,136
Increase		391	391
Payment of lease liabilities		(1,695)	(1,695)
Interest expense	28	81	81
At 31 December 2021		1,913	1,913

	2021 RM'000	2020 RM'000
Of which are:		
Current lease liabilities	856	173
Non-current lease liabilities	1,057	2,963
	1,913	3,136

**22. OTHER PAYABLES**

		Group		Company	
		2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Other creditors		75,406	95,509	2,658	2,419
Accrued liabilities		111,298	100,023	2,593	2,319
Amount due to related companies (note 35)	(i)	23,272	24,843	13,807	15,689
Amount due to subsidiaries (note 35)	(i)	-	-	1,808	4,137
Amount payable under Distribution Agreement	(ii)	17,370	22,505	-	-
		227,346	242,880	20,866	24,564
Current		219,565	228,051	20,866	24,564
Non-current		7,781	14,829	-	-
Total other payables		227,346	242,880	20,866	24,564

- (i) The amounts due to related companies and subsidiaries are unsecured, trade related, interest free and repayable on demand. The carrying amounts disclosed above approximate their fair values as at the end of the financial year due to their relative short-term maturity of these balances. All amounts are payable within one year.
- (ii) The amount payable under the Distribution Agreement relates to the remaining unpaid distribution right as disclosed in note 6(iii) and is the expected present value of estimated future cash flows of amount payable under the agreement, discounted using the discount rate that reflects the current market assessment of the time value of money.

**23. NET PREMIUMS**

	<b>Group</b>	
	<b>2021</b>	<b>2020</b>
	<b>RM'000</b>	<b>RM'000</b>
First year premium	178,962	163,176
Renewal year premium	723,862	629,683
Single premium	100,318	127,949
	<b>1,003,142</b>	<b>920,808</b>

**24. INVESTMENT INCOME**

	<b>Group</b>		<b>Company</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Financial assets at FVTPL</b>				
Interest/profit sharing income	37,489	27,509	-	-
Dividend/distribution income				
- equity securities				
- quoted in Malaysia	18,111	16,390	302	260
- quoted outside Malaysia	729	156	-	-
- unquoted in Malaysia	-	-	140	220
- real estate investment trusts				
- quoted in Malaysia	28	480	6	7
- unit trust funds	16,472	3,426	2,804	2,224
- mutual funds - outside Malaysia	2,145	2,533	-	-
Net amortisation of premiums (note 8(c))	(4,623)	(1,550)	-	-
<b>AFS financial assets</b>				
Interest/profit sharing income	102,415	101,696	-	-
Dividend/distribution income				
- equity securities				
- quoted in Malaysia	26,491	23,757	-	-
- quoted outside Malaysia	2,065	1,824	-	-
- unquoted in Malaysia	432	512	-	-
- real estate investment trusts				
- quoted in Malaysia	645	615	-	-
- unit trust funds	54	3,158	-	-
Net amortisation of premiums (note 8(c))	(7,790)	(6,381)	-	-
<b>Loans and receivables</b>				
Interest/profit sharing income	15,097	13,706	1	-
<b>Investment properties</b>				
Rental income (note 5)	3,207	3,743	3,936	4,470
<b>Cash and cash equivalents</b>				
Interest/profit sharing income	272	394	15	24
	<b>213,239</b>	<b>191,968</b>	<b>7,204</b>	<b>7,205</b>

**25. NET REALISED GAINS**

	<b>Group</b>		<b>Company</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Property and equipment</b>				
Realised gains	-	5	-	-
<b>AFS financial assets</b>				
<u>Realised gains:</u>				
Equity securities - quoted in Malaysia	116,664	42,961	-	-
Equity securities - quoted outside Malaysia	20,293	811	-	-
Debt securities	2,314	12,464	-	-
<u>Realised losses:</u>				
Real estate investment trusts	(98)	(1,397)	-	-
<b>Total net realised gains for AFS financial assets</b>	<b>139,173</b>	<b>54,839</b>	<b>-</b>	<b>-</b>
<b>Total net realised gains</b>	<b>139,173</b>	<b>54,844</b>	<b>-</b>	<b>-</b>

**26. NET FAIR VALUE GAINS/(LOSSES)**

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
<b>Investment property</b>				
Unrealised fair value losses (note 5)	(4,394)	(4,619)	(3,304)	(131)
<b>Financial assets at FVTPL</b>				
<u>Fair value gains:</u>				
- Realised	93,693	43,415	608	-
- Unrealised (note 8(c))	7,896	142,031	-	3,155
<u>Fair value losses:</u>				
- Realised	(4,524)	-	-	(17)
- Unrealised (note 8(c))	(72,918)	(2,673)	(3,990)	-
Net fair value gains/(losses) on financial assets at FVTPL	24,147	182,773	(3,382)	3,138
<b>AFS financial assets</b>				
Impairment losses on quoted equities (note 8(c))	(21,469)	(79,727)	-	-
Total net fair value (losses)/gains	(1,716)	98,427	(6,686)	3,007

**27. FEE INCOME**

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Fund management fee income	88,783	78,532	-	-
Charges and fee income	61,491	30,988	-	-
Outsourcing fee income (note 35)	-	-	1,552	1,262
	150,274	109,520	1,552	1,262



**28. MANAGEMENT EXPENSES**

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Staff costs (note 28(a))	103,821	102,072	4,264	3,161
Directors' remuneration (note 35):				
- Fees*	1,126	1,145	405	414
- Other emoluments	6,844	8,360	883	1,041
Auditors' remuneration:				
- Statutory audit	648	625	90	87
- Audit related services	102	97	57	52
Depreciation of property and equipment (note 4)	3,510	3,336	859	838
Intangible asset written off (note 6)	51	-	-	-
Amortisation of intangible assets (note 6)	8,415	7,977	6	22
Allowance for impairment loss on loans receivable	3	6	-	-
Allowance for impairment loss on insurance receivables	-	19	-	-
Depreciation of right-of-use asset (note 21(a))	1,599	1,593	-	-
Interest expense on lease liabilities (note 21(b))	81	106	-	-
Expenses relating to short-term leases:				
- Subsidiary company (note 35)	-	-	90	90
- Others (note 21(a))	59	252	-	-
Expenses relating to low-value assets (note 21(a))	220	187	3	3
Bancassurance service fee	3,000	3,000	-	-
Bancassurance incentives and allowances	11,529	13,140	-	-
Credit card charges	3,306	2,934	-	-
Fund management expenses	10,844	12,737	-	-
Information technology outsourcing expenses	15,915	13,629	248	281
Interest on distribution agreement	1,675	2,133	-	-
Marketing and advertising expenses	4,222	4,004	7	2
Printing and postage expenses	2,793	3,756	43	39
Professional charges	7,467	6,407	399	330
Outsourcing fees expense	2,805	2,720	1,063	1,010
Software maintenance expenses	10,561	9,932	284	168
Training expenses	1,999	1,914	63	20
Travelling and entertainment expenses	1,850	2,330	36	85
Utilities and office maintenance expenses	3,236	3,075	490	285
Other expenses	4,455	3,272	93	34
	212,136	210,758	9,383	7,962

\* Included in total Group directors' fees of RM1,126,000 (2020: RM1,145,000) are Investment Committee members' fees of RM110,804 (2020: RM146,850) which are borne by the unit trust funds managed by the asset management subsidiary. The amounts recharged to the unit trust funds are included in the unit trust funds' other expenses.

**28. MANAGEMENT EXPENSES (CONTINUED)**

## (a) Staff costs

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Staff costs	83,394	82,127	3,689	2,289
Retirement benefits contributions (i)	12,459	11,563	305	281
RSU expenses (ii)	719	1,492	-	428
Other staff related expenses	7,249	6,890	270	163
Total staff costs	103,821	102,072	4,264	3,161

(i) The retirement benefits contributions of the Group and the Company were made to the defined contribution plan as mentioned in note 2(o)(ii) to the financial statements.

(ii) Share-based payments incurred during the financial year relates to the share-based compensation granted to employees as mentioned in note 2(o)(iii) to the financial statements.

**29. SHARE-BASED COMPENSATION**

Expenses arising from the share-based payment transactions recognised during the financial year as part of the employee benefit expense were as follows:

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
RSU expenses (note 35)	860	1,999	36	428
	860	1,999	36	428

Restricted share units ("RSU") are granted to certain employees of Manulife Financial Corporation Group as part of the annual performance reward cycle and has a vesting period of over 35 months from grant date. Each RSU entitles the recipient to receive payment equal to the market value of one common share, plus credited dividends, at the time of vesting, subject to any performance conditions. These RSU expenses are paid out in cash at the end of the vesting period.

**30. OTHER OPERATING EXPENSES/(INCOME)**

	<b>Group</b>		<b>Company</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Foreign exchange:				
- Realised losses/(gains)	488	(7,438)	33	122
- Unrealised (gains)/losses	(8,483)	9,806	208	(133)
Interest expense on agent's bond withheld	16	16	-	-
Others	9,015	7,245	-	-
Tax on investment income of Life fund and Investment-linked funds:				
- Current tax	20,358	16,574	-	-
- Deferred tax (note 18)	(2,874)	7,060	-	-
	17,484	23,634	-	-
	18,520	33,263	241	(11)

The income tax for the Life fund and Investment-linked funds is calculated based on the tax rate of 8% (2020: 8%) of the assessable investment income, net of allowable deductions for the financial year.

**31. TAXATION**

	<b>Group</b>		<b>Company</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
In respect of the profit of the Group and Company:				
<b>Current tax</b>				
Current financial year	9,200	8,888	-	141
Under/(over) provision in prior financial year	466	(1,572)	-	(471)
	9,666	7,316	-	(330)
<b>Deferred tax (note 18)</b>				
Origination/(reversal) of temporary differences	8,884	(355)	75	(51)
	18,550	6,961	75	(381)

The current income tax for the Group and the Company is calculated based on the tax rate of 24% (2020: 24%) of the estimated assessable profit for the financial year.

**31. TAXATION (CONTINUED)**

A reconciliation of income tax expense applicable to profit before taxation at the statutory income tax rate to income tax expense at the effective income tax rate of the Group and of the Company is as below:

	<b>Group</b>		<b>Company</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Profit/(Loss) before taxation	105,510	45,776	(9,355)	1,398
Taxation at Malaysia statutory tax rate of 24% (2020: 24%)	25,322	10,986	(2,245)	336
Effect of different tax rate in respect of Labuan subsidiary	(4,110)	(771)	-	-
Section 110B tax credit set off	(3,336)	(2,828)	-	-
Income not subject to tax	(7,464)	(5,553)	(324)	(1,466)
Expenses not deductible for tax purposes	7,545	6,577	2,644	1,220
Changes in unrecognised deferred tax assets	127	122	-	-
	18,084	8,533	75	90
Under/(over) provision in prior financial year				
- Current tax	466	(1,572)	-	(471)
Tax expense	18,550	6,961	75	(381)

**32. BASIC AND DILUTED EARNINGS PER SHARE**

Basic earnings per share of the Group are calculated by dividing the net profit attributable to owners of the Company for the financial year by the weighted average number of ordinary shares.

		<b>Group</b>	
		<b>2021</b>	<b>2020</b>
		<b>RM'000</b>	<b>RM'000</b>
Net profit attributable to owners of the Company	(RM'000)	86,960	38,811
Weighted average number of shares	('000)	209,040	204,148
Basic earnings per share	(sen)	41.60	19.01

The Company has no potential dilutive ordinary shares in issue as at the date of the statement of financial position and therefore, diluted earnings per share has not been presented.

**33. DIVIDEND PAID**

Company	2021		2020	
	Net dividend per share Sen	Amount of dividend RM'000	Net dividend per share Sen	Amount of dividend RM'000
<b>Single tier dividend for 2020</b>				
- First and final dividend	7.0	14,489	-	-
<b>Single tier dividend for 2019</b>				
- First and final dividend	-	-	7.0	14,166
	7.0	14,489	7.0	14,166

Out of the total distribution of 2020 First and Final Single Tier Dividend, a total of RM9,379,281 was converted into 4,575,259 new ordinary shares of the Company at the conversion price of RM2.05 per ordinary share under the Dividend Reinvestment Plan on 21 July 2021. The remaining RM5,109,597 was distributed as cash dividend.

Out of the total distribution of 2019 First and Final Single Tier Dividend, a total of RM8,904,952 was converted into 4,613,965 new ordinary shares of the Company at the conversion price of RM1.93 per ordinary share under the Dividend Reinvestment Plan on 12 August 2020. The remaining RM5,260,948 was distributed as cash dividend.

The directors recommend the payment of a first and final dividend of 7.0 sen per share, amounting to approximately RM14,809,000 for the financial year ended 31 December 2021, which is subjected to the approval of the shareholders of the Company at the forthcoming Annual General Meeting.

These financial statements do not reflect this final dividend which will be accounted for in the shareholders' equity as an appropriation of retained earnings in the financial year ending 31 December 2022 when approved by the shareholders.

**34. ADJUSTMENTS FOR NON-CASH ITEMS**

Non-cash items in the statements of cash flows comprise of:

	<b>Group</b>		<b>Company</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Interest income	(155,273)	(143,305)	(16)	(24)
Dividend income	(67,172)	(52,851)	(3,252)	(2,711)
Rental income	(3,207)	(3,743)	(3,936)	(4,470)
Net amortisation of premiums	12,413	7,931	-	-
Gains on disposal of property and equipment	-	(5)	-	-
Gains on disposal of AFS financial assets	(139,173)	(54,839)	-	-
Losses on revaluation of investment property	4,394	4,619	3,304	131
Fair value (gains)/loss on FVTPL financial assets	(24,147)	(182,773)	3,382	(3,138)
Impairment losses on AFS financial assets	21,469	79,727	-	-
Depreciation of property and equipment	3,510	3,336	859	838
Intangible assets written off	51	-	-	-
Amortisation of intangible assets	8,415	7,977	6	22
Depreciation of right-of-use assets	1,599	1,593	-	-
Allowance for impairment loss on insurance receivables	-	19	-	-
Allowance for impairment loss on loans receivables	3	6	-	-
Taxation	18,550	6,961	75	(381)
Tax on investment income of Life fund and Investment-linked funds	17,484	23,634	-	-
Realised exchange losses/(gains)	488	(7,438)	33	122
Unrealised exchange (gains)/losses	(8,483)	9,806	208	(133)
	(309,079)	(299,345)	663	(9,744)



**35. SIGNIFICANT RELATED PARTY DISCLOSURES****Identity of related parties**

For the purposes of these financial statements, parties are considered to be related to the Group or the Company if the Group or the Company has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group or the Company and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

The Group and the Company have related party relationships with its holding companies and subsidiaries of holding companies (as disclosed in note 7). Other related parties of, and their relationship with the Company are as follows:

Name of company	Country of incorporation	Relationship
Manulife Financial Corporation ("MFC")	Canada	Ultimate holding company
The Manufacturers Life Insurance Company	Canada	Penultimate holding company
Manulife Financial Asia Limited ("MFAL")	Hong Kong	Intermediate holding company
Manulife Century Holdings (Netherlands) BV ("MCHN")	Netherlands	Immediate holding company
Manulife IT Delivery Center, Asia Inc. ("MITDC")	Philippines	Subsidiary of ultimate holding company
Manulife (International) Limited (Bermuda)	Bermuda	Subsidiary of ultimate holding company
Manulife Information & Technologies Services (Chengdu) Co. Ltd. ("MITS")	China	Subsidiary of ultimate holding company
John Hancock Life Insurance Company (USA)	United States of America	Subsidiary of ultimate holding company
Manulife Investment Management Private Markets (US) LLC ("MIMPM")	United States of America	Subsidiary of ultimate holding company
Manulife Investment Management (US) LLC	United States of America	Subsidiary of ultimate holding company
Manulife Investment Management Limited	Canada	Subsidiary of ultimate holding company
Manulife Investment Management (Hong Kong) Limited	Hong Kong	Subsidiary of ultimate holding company
Manulife Investment Management (Singapore) Limited	Singapore	Subsidiary of ultimate holding company
Manulife Investment Management International Holdings Limited	Barbados	Subsidiary of ultimate holding company
Manulife Data Services Inc. ("MDSI")	Barbados	Subsidiary of ultimate holding company
Manulife General Account Investments (HK) Limited ("MANGA")	Hong Kong	Subsidiary of ultimate holding company

In the normal course of business, the Group and the Company undertake various transactions with other companies deemed related parties by virtue of being subsidiaries and associated companies of MFC, collectively known as the MFC Group.

Related parties also include key management personnel. Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly. Key management personnel of the Group and the Company include the directors and certain members of senior management of the Group and the Company. Total compensation paid to the Group's and the Company's directors are disclosed on page 185.

The Directors of the Group in office during the financial year were as follows:

**Non-executive directors:**

Dato' Dr. Zaha Rina binti Zahari  
Matthew Edward Lawrence  
Vijayam A/P Nadarajah  
Renzo Christopher Viegas  
Lim Hun Soon @ David Lim (retired on 16 July 2021)

**Executive director:**

Vibha Hamsi Coburn

**35. SIGNIFICANT RELATED PARTY DISCLOSURES (CONTINUED)****Significant related party transactions**

Related party transactions have been entered into in the normal course of business under negotiated terms with the respective parties. The significant related party transactions during the financial year between the Group and the Company and their related parties are set out below:

	<b>Group</b>		<b>Company</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Expenses/(income):</b>				
<b>Penultimate holding company</b>				
Information technology outsourcing expenses	1,436	1,158	-	-
<b>Intermediate holding company</b>				
Reimbursement of personnel expenses	4,792	4,646	1,101	536
Reimbursement of software maintenance expenses	3,497	3,380	112	115
Provision of IT development services	126	7,204	-	-
Provision of IT infrastructure support and maintenance services				
- Paid and payable	19,104	12,133	431	267
- Waiver of prior years' expenses	(3,228)	-	(89)	-
<b>Subsidiaries of ultimate holding company</b>				
Rebate income	(14,825)	(8,371)	-	-
Outsourcing fee income	(3,319)	(1,596)	-	-
Management fee expense	4,391	2,557	-	-
Information technology outsourcing expenses	1,017	567	-	-
Provision of IT infrastructure support and maintenance services	1,044	1,034	-	-
<b>Subsidiaries of the Company</b>				
Outsourcing fee income (note 27)	-	-	(1,552)	(1,262)
Outsourcing fee expense	-	-	1,046	998
Rental income	-	-	(1,939)	(1,938)
Rental expenses (note 28)	-	-	90	90
Fund management expenses	-	-	25	27
Management fees and maintenance charges	-	-	93	93

**Key management personnel**

The total compensation paid to the Group and the Company's key management personnel are as follows:

	<b>Group</b>		<b>Company</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Salaries, other short-term employee benefits and other directors' emoluments	20,914	24,613	2,480	2,700
Retirement benefits contribution (i)	2,546	2,324	214	169
RSU expenses (note 29) (iii)	860	1,999	36	428
	24,320	28,936	2,730	3,297

**35. SIGNIFICANT RELATED PARTY DISCLOSURES (CONTINUED)****Significant related party transactions (continued)****Directors**

The aggregate amount of emoluments received and receivable by directors of the Group and the Company during the financial year as disclosed in note 28 are detailed as follows:

		<b>Group</b>		<b>Company</b>	
		<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
		<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Executive directors of the Company:</b>					
Salaries		2,901	2,735	580	547
Bonus		1,207	1,060	241	212
Retirement benefits contributions	(i)	170	9	26	2
Benefits in kind		-	24	-	5
Tax equalisation	(ii)	-	1,376	-	275
RSU expenses	(iii)	141	-	36	-
		4,419	5,204	883	1,041
<b>Executive directors of the subsidiaries:</b>					
Salaries		1,448	1,385	-	-
Bonus		660	822	-	-
Retirement benefits contributions	(i)	317	442	-	-
RSU expenses	(iii)	-	507	-	-
		2,425	3,156	-	-
<b>Total directors remuneration for Executive directors</b>		<b>6,844</b>	<b>8,360</b>	<b>883</b>	<b>1,041</b>
<b>Non-executive directors of the Company:</b>					
Fees	(iv)	691	708	405	414
<b>Non-executive directors of the subsidiaries:</b>					
Fees	(iv)	435	437	-	-
<b>Total directors remuneration for Non-executive directors</b>		<b>1,126</b>	<b>1,145</b>	<b>405</b>	<b>414</b>
		<b>7,970</b>	<b>9,505</b>	<b>1,288</b>	<b>1,455</b>

**35. SIGNIFICANT RELATED PARTY DISCLOSURES (CONTINUED)****Significant related party transactions (continued)****Directors (continued)**

- (i) The retirement benefits contributions were made to the defined contribution plan as mentioned in note 2(o)(ii) to the financial statements.
- (ii) Tax equalisation refers to the tax incurred by the Group and the Company on behalf of the previous Executive Director who was on international assignment so as to allow him a tax neutral position for working in Malaysia. Included in 2020 are payments with respect to prior year amounting to approximately RM416,000.
- (iii) The share-based payments incurred during the financial year relates to the share-based compensation granted to employees as mentioned in note 2(o)(iii) to the financial statements.
- (iv) Included in Non-executive directors' fees of RM1,126,000 (2020: RM1,145,000) are Investment Committee members' fees of RM110,804 (2020: RM146,850) which are borne by the unit trust funds managed by the asset management subsidiary.

**Significant related party balances**

Related party balances outstanding for the Group and the Company which are included in the notes to the financial statements are as follows:

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
<b>Loans and receivables (note 9)</b>				
- Amount due from related companies	4,076	2,655	-	-
- Amount due from subsidiaries	-	-	9,977	5,323
	4,076	2,655	9,977	5,323
<b>Other payables (note 22)</b>				
- Amount due to related companies	23,272	24,843	13,807	15,689
- Amount due to subsidiaries	-	-	1,808	4,137
	23,272	24,843	15,615	19,826

### 36. SEGMENTAL REPORTING

The core businesses of the Group are that of life insurance business, management of unit trust funds, private retirement scheme funds, investment and fund management. Segment information is presented in respect of the Group's business segments which are as follows:

Investment holding : Investment holding operations and other segments

Life insurance : Underwriting of Participating life and Non-participating life insurance and unit-linked products

Asset management services : Asset management, unit trust, private retirement scheme funds

#### (a) Segment reporting

	Investment holding		Life insurance business		Asset management services		Total	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
<b>External revenue</b>								
(a) Premium income								
Gross premiums	-	-	1,071,038	1,014,017	-	-	1,071,038	1,014,017
Premiums ceded to reinsurers	-	-	(67,896)	(93,209)	-	-	(67,896)	(93,209)
Net premiums	-	-	1,003,142	920,808	-	-	1,003,142	920,808
(b) Investment income	21,574	22,474	191,219	169,125	446	369	213,239	191,968
(c) Net realised gains/(losses)	956	3,103	138,123	51,805	94	(64)	139,173	54,844
(d) Net fair value (losses)/gains	(3,535)	(956)	1,819	99,383	-	-	(1,716)	98,427
(e) Fee income	-	-	-	-	150,274	109,520	150,274	109,520
(f) Other operating income	1	2	3,575	2,924	356	1,886	3,932	4,812
Total external revenue	18,996	24,623	1,337,878	1,244,045	151,170	111,711	1,508,044	1,380,379
<b>Inter-segment revenue</b>								
(a) Rental income	1,938	1,938	786	786	-	-	2,724	2,724
(b) Fee income	1,552	1,262	3,884	3,773	13,429	12,260	18,865	17,295
(c) Dividend income from unit trust funds	-	-	19,573	15,339	-	-	19,573	15,339
(d) Net realised (losses)/gains	-	-	(620)	2,879	-	-	(620)	2,879
Total inter-segment revenue	3,490	3,200	23,623	22,777	13,429	12,260	40,542	38,237
Total revenue by segment	22,486	27,823	1,361,501	1,266,822	164,599	123,971	1,548,586	1,418,616
Profit before taxation	9,104	15,775	78,243	21,000	18,163	9,001	105,510	45,776

**36. SEGMENTAL REPORTING (CONTINUED)****(a) Segment reporting (continued)**

	Investment holding		Life insurance business		Asset management services		Total	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Segment assets	1,263,069	1,107,806	6,288,673	6,125,867	153,568	144,939	7,705,310	7,378,612
Segment liabilities	19,624	23,516	5,607,867	5,495,323	79,012	86,273	5,706,503	5,605,112

**(b) Reconciliation of reportable segments**

	Group	
	2021 RM'000	2020 RM'000
<b>Total revenue</b>		
Total revenue for reportable segments	1,548,586	1,418,616
Elimination of inter-segment revenue	(40,542)	(38,237)
Total revenue as per statement of profit or loss	1,508,044	1,380,379
<b>Segment assets</b>		
Total assets for reportable segments	7,705,310	7,378,612
Elimination of inter-segment assets	(1,056,247)	(874,816)
Total assets as per statement of financial position	6,649,063	6,503,796
<b>Segment liabilities</b>		
Total liabilities for reportable segments	5,706,503	5,605,112
Elimination of inter-segment liabilities	(11,006)	(8,671)
Total liabilities as per statement of financial position	5,695,497	5,596,441



**37. FINANCIAL INSTRUMENTS****(a) Categories of financial instruments**

The table below provides an analysis of financial instruments categorised as follows:

- (i) Available-for-sale ("AFS");
- (ii) Fair value through profit or loss ("FVTPL");
- (iii) Loans and receivables excluding prepayments ("LAR"); and
- (iv) Other financial liabilities measured at amortised cost ("OL").

Group	AFS RM'000	FVTPL RM'000	LAR RM'000	OL RM'000	Total RM'000
<b>31 December 2021</b>					
<b>Financial assets</b>					
AFS financial assets	3,161,038	-	-	-	3,161,038
Financial assets at FVTPL	-	2,315,985	-	-	2,315,985
Loans and receivables	-	-	622,177	-	622,177
Insurance receivables	-	-	14,797	-	14,797
Cash and cash equivalents	-	-	237,905	-	237,905
	3,161,038	2,315,985	874,879	-	6,351,902
<b>Financial liabilities</b>					
Insurance payables	-	-	-	759,823	759,823
Other payables	-	-	-	227,346	227,346
	-	-	-	987,169	987,169

**31 December 2020**

<b>Financial assets</b>					
AFS financial assets	3,485,271	-	-	-	3,485,271
Financial assets at FVTPL	-	2,008,611	-	-	2,008,611
Loans and receivables	-	-	498,605	-	498,605
Insurance receivables	-	-	16,877	-	16,877
Cash and cash equivalents	-	-	189,492	-	189,492
	3,485,271	2,008,611	704,974	-	6,198,856
<b>Financial liabilities</b>					
Financial liability at FVTPL	-	21	-	-	21
Insurance payables	-	-	-	672,721	672,721
Other payables	-	-	-	242,880	242,880
	-	21	-	915,601	915,622

**37. FINANCIAL INSTRUMENTS (CONTINUED)****(a) Categories of financial instruments (continued)**

Company	FVTPL RM'000	LAR* RM'000	OL RM'000	Total RM'000
<b>31 December 2021</b>				
<b>Financial assets</b>				
Financial assets at FVTPL	62,139	-	-	62,139
Loans and receivables	-	12,018	-	12,018
Cash and cash equivalents	-	8,122	-	8,122
	62,139	20,140	-	82,279
<b>Financial liabilities</b>				
Other payables	-	-	20,866	20,866
<b>31 December 2020</b>				
<b>Financial assets</b>				
Financial assets at FVTPL	81,085	-	-	81,085
Loans and receivables	-	9,342	-	9,342
Cash and cash equivalents	-	6,047	-	6,047
	81,085	15,389	-	96,474
<b>Financial liabilities</b>				
Other payables	-	-	24,564	24,564

\* LAR are measured under amortised costs under MFRS 9.

**37. FINANCIAL INSTRUMENTS (CONTINUED)****(b) Determination of fair values**

The fair values of the Group's and the Company's financial assets and financial liabilities are determined as follows:

- (i) The carrying amounts of financial assets and financial liabilities, such as loans and receivables, insurance receivables, cash and cash equivalents, insurance payables and other payables (other than amount payable under Distribution Agreement) are reasonable approximations of their fair values due to the relatively short term maturity of these balances and the immaterial impact of discounting;
- (ii) The carrying amount of amount payable under Distribution Agreement which is the remaining present value of the expected future cash flow discounted using the discount rate that reflects the current market assessment of the time value of money, are reasonable approximations of their fair values;
- (iii) The fair values of quoted equities and investments in real estate investment trusts are based on quoted market prices as at the reporting date;
- (iv) The fair values of Malaysian Government Securities, Government Investment Issues and both quoted and unquoted corporate debt securities are based on indicative market prices;
- (v) The fair values of negotiable instruments of deposit are calculated using the discounted cash flow method based on the maturity of the instruments at discount rates representing the average market rates quoted by at least two licensed banks;
- (vi) The fair values of investments in mutual funds and unit trust funds are valued based on the net asset values of the underlying funds as at the reporting date;
- (vii) The fair values of forward foreign exchange contracts are based on valuations provided by the financial institutions making reference to quoted market prices; and
- (viii) The fair values of private equity funds are measured based on private equity funds' net asset value or fair values reported in investees' financial statements as a measure of fair value.

**(c) Fair value hierarchy**

The Group and the Company categorises its fair value measurements according to a three-level hierarchy. The hierarchy prioritises the inputs used by the Group's and the Company's valuation techniques for determining the fair value of the financial instruments.

A level is assigned to each fair value measurement based on the lowest level input significant to the fair value measurement in its entirety. The three-level hierarchy is defined as follows:

- Level 1 – Fair value measurements that reflect unadjusted, quoted prices in active markets for identical assets and liabilities that the Group and the Company has the ability to access at the measurement date. Valuations are based on quoted prices reflecting market transactions involving assets or liabilities identical to those being measured.
- Level 2 – Fair value measurements using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. These include quoted prices for similar assets and liabilities in active markets, quoted prices for identical or similar assets and liabilities in inactive markets, inputs that are observable that are not prices (such as interest rates, credit risks, etc) and inputs that are derived from or corroborated by observable market data.
- Level 3 – Fair value measurements using significant non-market observable inputs. These include valuations for assets and liabilities that are derived using data, some or all of which is not market observable, including assumptions about risk.

**37. FINANCIAL INSTRUMENTS (CONTINUED)****(c) Fair value hierarchy (continued)**

In determining the fair value of its financial instruments, the Group and the Company uses observable market data, when available, and minimises the use of unobservable inputs to the extent possible when determining fair value.

The following table presents the Group's financial assets that are carried at fair value as at 31 December 2021.

<b>Group</b>	<b>Carrying amount RM'000</b>	<b>Level 1 RM'000</b>	<b>Level 2 RM'000</b>	<b>Level 3 RM'000</b>
<b>31 December 2021</b>				
<b>AFS financial assets</b>				
Equity securities				
- Quoted in Malaysia	633,750	633,750	-	-
- Quoted outside Malaysia	131,774	131,774	-	-
Real estate investment trusts	18,773	18,773	-	-
Unit trust funds	1,206	1,206	-	-
Malaysian Government Securities	314,771	-	314,771	-
Government Investment Issues	283,634	-	283,634	-
Corporate debt securities				
- Unquoted	1,748,511	-	1,748,511	-
Accrued interest	26,103	-	26,103	-
	3,158,522	785,503	2,373,019	-
<b>Financial assets at FVTPL</b>				
Equity securities				
- Quoted in Malaysia	786,964	786,964	-	-
- Quoted outside Malaysia	67,419	67,419	-	-
Private equity funds				
- Unquoted outside Malaysia	19,122	-	-	19,122
Real estate investment trusts	8,478	8,478	-	-
Unit trust funds	180,784	180,784	-	-
Malaysian Government Securities	78,047	-	78,047	-
Government Investment Issues	117,396	-	117,396	-
Corporate debt securities				
- Unquoted	634,838	-	634,838	-
- Quoted outside Malaysia	193,621	-	193,621	-
Mutual funds	217,928	217,928	-	-
Forward foreign exchange contract	933	-	933	-
Accrued interest	10,455	-	10,455	-
	2,315,985	1,261,573	1,035,290	19,122
	5,474,507	2,047,076	3,408,309	19,122

**37. FINANCIAL INSTRUMENTS (CONTINUED)****(c) Fair value hierarchy (continued)**

The following table presents the Group's financial assets that are carried at fair value as at 31 December 2020.

Group	Carrying amount RM'000	Level 1 RM'000	Level 2 RM'000
<b>31 December 2020</b>			
<b>AFS financial assets</b>			
Equity securities			
- Quoted in Malaysia	943,507	943,507	-
- Quoted outside Malaysia	169,407	169,407	-
Real estate investment trusts	14,863	14,863	-
Unit trust funds	80,379	80,379	-
Malaysian Government Securities	368,505	-	368,505
Government Investment Issues	247,705	-	247,705
Corporate debt securities			
- Unquoted	1,634,516	-	1,634,516
Accrued interest	23,873	-	23,873
	3,482,755	1,208,156	2,274,599
<b>Financial assets at FVTPL</b>			
Equity securities			
- Quoted in Malaysia	712,512	712,512	-
- Quoted outside Malaysia	28,875	28,875	-
Real estate investment trusts	5,747	5,747	-
Unit trust funds	161,892	161,892	-
Malaysian Government Securities	66,372	-	66,372
Government Investment Issues	62,831	-	62,831
Corporate debt securities			
- Unquoted	492,617	-	492,617
- Quoted outside Malaysia	164,344	-	164,344
Mutual funds	304,436	304,436	-
Forward foreign exchange contract	1,149	-	1,149
Accrued interest	7,836	-	7,836
	2,008,611	1,213,462	795,149
	5,491,366	2,421,618	3,069,748

Unquoted equity securities of RM2,516,340 (2020: RM2,516,340) of the Group as disclosed in note 8(a) are not disclosed in the fair value hierarchy above as they are measured at cost as fair value is not readily available.

There were no transfers between Level 1, Level 2 and Level 3 of the fair value hierarchy during the current and previous financial years.

**37. FINANCIAL INSTRUMENTS (CONTINUED)****(c) Fair value hierarchy (continued)**

The following table presents the Company's financial assets that are carried at fair value as at 31 December 2021 and 31 December 2020.

Company	Carrying amount RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000
<b>31 December 2021</b>				
<b>Financial assets at FVTPL</b>				
Equity securities				
- Quoted in Malaysia	4,560	4,560	-	-
- Unquoted*	572	-	-	572
Real estate investment trusts				
- Quoted in Malaysia	129	129	-	-
Unit trust funds	56,878	56,878	-	-
	62,139	61,567	-	572

**31 December 2020****Financial assets at FVTPL**

Equity securities				
- Quoted in Malaysia	10,294	10,294	-	-
- Unquoted*	572	-	-	572
Real estate investment trusts				
- Quoted in Malaysia	159	159	-	-
Unit trust funds	70,060	70,060	-	-
	81,085	80,513	-	572

\* The Company has determined that cost is the best proxy of the fair value of the unquoted equities which are classified as financial assets at FVTPL, as there is no latest market value for these strategic investments and there has been no significant change in the economic environment in which the investee operates in. The reconciliation from beginning to ending balance for unquoted equities will be at cost, as mentioned above.

There were no transfers between Level 1, Level 2 and Level 3 of the fair value hierarchy during the current and previous financial years.

**(d) Financial assets which are measured at fair value using significant unobservable inputs (Level 3)**

	Private Equity Funds RM'000	Total RM'000
At 1 January 2021	-	-
Total loss recognised in profit or loss	(125)	(125)
Capital contributions	19,246	19,246
Currency movement	1	1
At 31 December 2021 (note 37 (c))	19,122	19,122



**37. FINANCIAL INSTRUMENTS (CONTINUED)****(d) Financial assets which are measured at fair value using significant unobservable inputs (Level 3) (continued)**

Description of valuation methodology and significant unobservable inputs to valuation of private equity funds:

2021	Fair Value RM'000	Valuation Methodology	Unobservable Input	Input Values
Private equity funds	19,122	Net asset value ("NAV")	NAV	NAV

**38. RISK MANAGEMENT****(a) Risk management framework**

The Board of Directors (the "Board") of the Company has oversight responsibility for risk management. Industry best practices and governance standards for financial institutions require the Board to establish risk management policies and practices and, in delegating this responsibility to management, to ensure that these policies and practices remain adequate, comprehensive and prudent in light of changing circumstances.

The Board, through its Group Risk Management Committee ("GRMC"), is responsible for overseeing the Group's management of its principal risks. The Board and GRMC delegate accountability for risk taking and risk management to the Group Chief Executive Officer ("GCEO"). The GCEO, supported by the Risk Officer and Enterprise Risk Management Committee, established risk policies, guide risk-taking activity, monitor material risk exposures, and develop strategic risk management priorities, thereby continuously shaping and promoting our risk culture throughout the Group and the Company.

Risk management policies and practices form an integral part of the Board and Senior Management's oversight of risks and the Group's financial position. Accordingly, along with capital management and financial management, risk management is one of the three pillars of the Group's prudential framework. As such, the Group's risk policies and practices must be directly aligned with the Group's capital management and financial management frameworks. The amount of risk the Group assumes, and plans to assume, defines its required consolidated risk-based capital. Conversely, the amount of available capital defines the amount of risk it is prudent to assume. This relationship dictates the need for alignment between capital and risk management.

The Group's risk taking activities are undertaken with the understanding that risk taking and effective risk management are necessary and integral to achieving strategic objectives and managing business operations.

The Group seeks to strategically optimise risk taking and risk management to support long term revenue and earnings growth, with the ultimate objective of increasing shareholder value. This is done by:

- Capitalising on business opportunities that are aligned with the Group's overall risk appetite and return expectations;
- Identifying, measuring and assessing, and monitoring and reporting on principal risks taken;
- Proactively executing effective risk controls and mitigation programs.

**38. RISK MANAGEMENT (CONTINUED)****(b) Regulatory framework**

Manulife Insurance Berhad is required to comply with the Financial Services Act, 2013 (Act 758) as well as guidelines and circulars issued by Bank Negara Malaysia ("BNM").

Manulife Insurance Labuan Limited is required to comply with Labuan Financial Services and Securities Act, 2010.

Manulife Investment Management (M) Berhad is governed by the Capital Markets and Services Act, 2007 and relevant guidelines issued by the Securities Commission Malaysia.

**(c) Capital management**

The Capital Management Plan is developed and endorsed by the Board. The plan lays out the management actions in response to various Capital Adequacy Ratio ("CAR") scenarios. The Group and the Company manages its capital with the following objectives:

- To maintain the required level of stability of the Group, thereby providing a degree of security to policyholders of the insurance subsidiaries;
- To maintain financial strength to support new business growth and to satisfy the requirements of the policyholders of the insurance subsidiaries, regulators and stakeholders;
- To retain financial flexibility by maintaining strong liquidity and access to a range of capital markets; and
- To maintain strong and healthy capital ratios in order to support the Group's and the Company's business objectives and maximise shareholders' value.

Manulife Insurance Berhad's internal target solvency range is above the minimum regulatory capital requirement outlined under Risk-Based Capital Framework ("the Framework") prescribed by BNM at 130%.

Manulife Insurance Berhad has fully complied with its internal target solvency range during the reported financial years.

The capital structure of the Manulife Insurance Berhad as at 31 December 2021 and 31 December 2020, as prescribed under the Framework are as follows:

	2021 RM'000	2020 RM'000
<b>Eligible Tier 1 Capital</b>		
Share capital (paid-up)	200,000	200,000
Retained earnings of Manulife Insurance Berhad*	322,527	288,481
Eligible contract liabilities	519,677	401,284
	1,042,204	889,765
<b>Eligible Tier 2 Capital</b>		
Eligible reserves	135,792	321,019
Amounts deducted from capital	(45,242)	(43,827)
<b>Total Capital Available</b>	<b>1,132,754</b>	<b>1,166,957</b>

\* Only the distributable retained earnings of Manulife Insurance Berhad are included in the determination of Total Capital Available.

**38. RISK MANAGEMENT (CONTINUED)****(c) Capital management (continued)**

Manulife Insurance Labuan Limited is regulated by the Labuan Financial Services Authority (LFSA) for both Licensed Life Insurer and Licensed Insurance Broker.

**(i) Licensed Life Insurer**

A solvency requirement is imposed by LFSA as part of its supervisory activities where solvency margin is calculated at 3% of the latest actuarial valuation of life insurance or RM7.5 million, whichever is greater.

As of the reporting date, the solvency over the required margin is as shown below:

	2021 USD'000	2020 USD'000
Required Margin of Solvency	1,801	1,867
Total assets	64,060	51,868
Total liabilities	(52,081)	(49,454)
Excess of assets over liabilities	11,979	2,414
Surplus over the required margin	10,178	547

**(ii) Licensed Insurance Broker**

Manulife Insurance Labuan Limited has met the minimum capital requirement of RM0.3 million, with a net working fund of RM0.8 million as at 31 December 2021 (2020: RM1.0 million).

Manulife Investment Management (M) Berhad has also met the minimum capital requirement of RM20 million stipulated by the Securities Commission Malaysia with a shareholder's fund of RM74,555,791 (2020: RM58,723,552).

**(d) Insurance risk**

Insurance risk is the risk of loss due to actual experience emerging differently than assumed when a product was designed and priced with respect to mortality and morbidity claims, policyholders' behaviour and expenses.

The insurance subsidiaries of the Group have implemented product design and pricing policies and underwriting and claims management policies to manage its insurance risks.

Manulife Insurance Berhad limits its exposure to loss within the insurance operations through participation in reinsurance arrangements. For insurance contracts issued in 2021, MIB generally retains a maximum of RM150,000 for each mortality, accelerated critical illness and additional critical illness risk per life, with the excess being reinsured through surplus treaties, coinsurance treaties and facultative reinsurance treaties. Manulife Insurance Berhad is neither dependent on a single reinsurer at this moment nor are the operations of Manulife Insurance Berhad substantially dependent upon any reinsurance contract.

Manulife Insurance Labuan Limited also limits exposure to loss within the insurance operations through participation in reinsurance arrangements. MILL retains 20% of Net Amount At Risk ("NAAR") up to USD 75,000, with the excess being reinsured through surplus treaties.

**38. RISK MANAGEMENT (CONTINUED)****(d) Insurance risk (continued)**

The table below sets out the concentration of the actuarial liabilities of the Group as at the date of the statement of financial position, gross and net of reinsurance, by class of business.

Group	Gross		Net	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Whole life	1,196,941	1,159,586	1,187,689	1,152,927
Endowment	1,021,277	898,688	1,021,277	898,688
Term	77,711	69,530	79,412	73,787
Annuity	230,679	254,962	230,679	254,962
Others	498,592	516,163	498,591	516,163
	3,025,200	2,898,929	3,017,648	2,896,527

**Sensitivities**

The analysis below is performed on plausible movements in key assumptions (with all other assumptions held constant) with resulting impact on gross and net actuarial liabilities and profit before tax and equity. The correlation of assumptions may have a significant effect in determining the ultimate actuarial liabilities, but to demonstrate the impact due to changes in assumptions, assumptions are changed on an individual basis. It should be noted that movements in these assumptions are non-linear. Sensitivity information will also vary according to the current level of economic assumptions.

Group	Change in assumptions %	Impact on gross actuarial liabilities RM'000	Impact on net actuarial liabilities RM'000	Impact on profit before tax RM'000	Impact on equity* RM'000
	Increase/(decrease)				
31 December 2021					
Mortality/morbidity	+10	26,254	17,133	(17,133)	(13,230)
Discount rate	-1	69,607	66,950	(66,950)	(58,334)
Expenses	+10	10,257	10,162	(10,162)	(7,801)
Lapse and surrender rates	+10	1,385	2,079	(2,079)	(1,443)
31 December 2020					
Mortality/morbidity	+10	26,901	16,389	(16,389)	(12,758)
Discount rate	-1	74,160	72,627	(72,627)	(62,258)
Expenses	+10	8,840	8,840	(8,840)	(6,748)
Lapse and surrender rates	+10	1,150	1,493	(1,493)	(976)

\* Impact on equity is stated after considering tax effects.

**38. RISK MANAGEMENT (CONTINUED)****(d) Insurance risk (continued)****Sensitivities (continued)**

In the sensitivity analysis above, the impact from the changes in assumptions in the table above to the insurance subsidiaries of the Group's profit before tax and equity arise from Non-participating life fund policies. There is no material impact to the Participating life funds within the range of changes in assumptions as the participating nature of the Participating life funds give Manulife Insurance Berhad the flexibility to adjust the policyholders' bonus or dividends.

The method used and significant assumptions made to derive the sensitivity information did not change from the previous financial year.

**(e) Credit risk**

Credit risk is the risk of loss due to inability or unwillingness of an issuer or borrower to service its debt obligations. The risk arising from lending and investment activities is monitored regularly with respect to single customer limit, exposure to sector type, credit rating and remaining term to maturity, according to the guidelines and limits approved by the Board and for the insurance subsidiaries of the Group, within the guidelines issued by the regulators.

As at the date of the statement of financial position, the credit exposure of the Group and the Company is within the guidelines and limits approved by the Board. The maximum exposure to credit risk is the carrying amount as stated in the financial statements.

The Group and the Company has minimal exposure to credit risk on unrated Malaysian Government Securities, Government Investment Issues and unquoted corporate debt securities as these are either issued or guaranteed by the Federal Government of Malaysia. All the remaining unquoted corporate debt securities are issued by companies with minimum rating of BBB, whereas rating of quoted corporate debt securities are rated by international rating agencies.

Policy loans arising from Manulife Insurance Berhad are secured against the surrender value of the policies and carry substantially no credit risk. Mortgage loans are secured against the properties charged to the Group. Staff loans consists of vehicle loans and mortgage loans which are secured against the properties. Loan to agency leadership corporation is unsecured in nature.

Credit risk in respect of customer balances incurred on non-payment of premiums arising from the insurance subsidiaries of the Group will only persist during the grace period specified in the policy documents on the expiry of which either the premium is paid or the policy will be terminated.

Fixed and call deposits are placed with financial institutions approved by the Investment Committee of the Group with ratings of 'A' or better.

Reinsurance arrangements for the insurance subsidiaries of the Group are maintained with reinsurers with international ratings of 'A' or better.

There has been no significant change in the credit risk objectives, policies and processes in the current financial year as compared to the previous financial year.

The table below shows the Group's and the Company's maximum exposure to credit risk for the components in the statements of financial position by classifying financial and insurance assets according to the Group's and the Company's credit rating of counterparties, except for the Investment-linked funds' assets of Manulife Insurance Berhad, as the Group does not have any direct exposure to credit risk in those assets as the credit risk is borne by the Investment-linked policyholders.

The Investment-linked funds are the assets of the Investment-linked contracts backing the Investment-linked policyholders' account in the insurance contract liabilities of Manulife Insurance Berhad.

## 38. RISK MANAGEMENT (CONTINUED)

## (e) Credit risk (continued)

Group	Neither past-due nor impaired		Not subject to credit risk RM'000	Past due but not impaired RM'000	Past due and impaired RM'000	Investment-linked funds RM'000	Total RM'000
	Rating (BBB to AAA) RM'000	Not rated RM'000					
31 December 2021							
AFS financial assets							
Equity securities	-	-	768,040	-	-	-	768,040
Real estate investment trusts	-	-	18,773	-	-	-	18,773
Unit trust funds	-	-	1,206	-	-	-	1,206
Malaysian Government Securities	-	314,771	-	-	-	-	314,771
Government Investment Issues	-	283,634	-	-	-	-	283,634
Corporate debt securities	1,387,280	361,231	-	-	-	-	1,748,511
Accrued interest	16,584	9,519	-	-	-	-	26,103
Financial assets at FVTPL - designated upon initial recognition							
Equity securities	-	-	47,930	-	-	806,453	854,383
Private equity funds	-	-	19,122	-	-	-	19,122
Real estate investment trusts	-	-	-	-	-	8,478	8,478
Unit trust funds	-	-	-	-	-	180,784	180,784
Malaysian Government Securities	-	75,877	-	-	-	2,170	78,047
Government Investment Issues	-	96,794	-	-	-	20,602	117,396
Corporate debt securities	655,188	88,912	-	-	-	84,359	828,459
Mutual funds	-	-	-	-	-	217,928	217,928
Forward foreign exchange contract	-	-	-	-	-	933	933
Accrued interest	6,614	2,371	-	-	-	1,470	10,455
Loans and receivables							
Loans receivable	-	154,704	-	150	485	-	155,339
Fixed and call deposits	335,018	-	-	-	-	71,053	406,071
Other receivables	-	51,327	-	-	1,365	9,732	62,424
Reinsurance assets	17,208	3,012	-	-	-	-	20,220
Insurance receivables	-	14,797	-	-	926	-	15,723
Cash and cash equivalents	219,321	-	-	-	-	18,584	237,905
Allowance for impairment losses	-	-	-	-	(2,583)	-	(2,583)
	2,637,213	1,456,949	855,071	150	193	1,422,546	6,372,122



**38. RISK MANAGEMENT (CONTINUED)****(e) Credit risk (continued)**

Group	Neither past-due nor impaired		Not subject to credit risk RM'000	Past due but not impaired RM'000	Past due and impaired RM'000	Investment- linked funds RM'000	Total RM'000
	Rating (BBB to AAA) RM'000	Not rated RM'000					
31 December 2020							
<u>AFS financial assets</u>							
Equity securities	-	-	1,115,430	-	-	-	1,115,430
Real estate investment trusts	-	-	14,863	-	-	-	14,863
Unit trust funds	-	-	80,379	-	-	-	80,379
Malaysian Government Securities	-	368,505	-	-	-	-	368,505
Government Investment Issues	-	247,705	-	-	-	-	247,705
Corporate debt securities	1,247,385	387,131	-	-	-	-	1,634,516
Accrued interest	14,088	9,785	-	-	-	-	23,873
<u>Financial assets at FVTPL - designated upon initial recognition</u>							
Equity securities	-	-	15,644	-	-	725,743	741,387
Real estate investment trusts	-	-	-	-	-	5,747	5,747
Unit trust funds	-	-	-	-	-	161,892	161,892
Malaysian Government Securities	-	64,041	-	-	-	2,331	66,372
Government Investment Issues	-	41,941	-	-	-	20,890	62,831
Corporate debt securities	490,861	94,908	-	-	-	71,192	656,961
Mutual funds	-	-	-	-	-	304,436	304,436
Forward foreign exchange contract	-	-	-	-	-	1,149	1,149
Accrued interest	4,599	1,988	-	-	-	1,249	7,836
<u>Loans and receivables</u>							
Loans receivable	-	151,127	-	130	463	-	151,720
Fixed and call deposits	192,877	-	-	-	-	80,312	273,189
Other receivables	-	60,305	-	-	1,365	13,680	75,350
Reinsurance assets	7,969	4,503	-	-	-	-	12,472
Insurance receivables	-	16,877	-	-	926	-	17,803
Cash and cash equivalents	180,454	160	-	-	-	8,878	189,492
Allowance for impairment losses	-	-	-	-	(2,580)	-	(2,580)
	2,138,233	1,448,976	1,226,316	130	174	1,397,499	6,211,328

**38. RISK MANAGEMENT (CONTINUED)****(e) Credit risk (continued)****Company**

The following table sets out the credit quality of financial assets measured at amortised cost and FVTPL:

	Rating (BBB to AAA) RM'000	Not rated RM'000	Not subject to credit risk RM'000	Total RM'000
<b>31 December 2021</b>				
<u>Financial assets at FVTPL</u>				
Equity securities	-	-	5,132	5,132
Real estate investment trusts	-	-	129	129
Unit trust funds	-	-	56,878	56,878
<u>Loans and receivables</u>				
Loans receivable	-	1	-	1
Other receivables	-	12,017	-	12,017
Cash and cash equivalents	8,122	-	-	8,122
	8,122	12,018	62,139	82,279

	Rating (BBB to AAA) RM'000	Not rated RM'000	Not subject to credit risk RM'000	Total RM'000
<b>31 December 2020</b>				
<u>Financial assets at FVTPL</u>				
Equity securities	-	-	10,866	10,866
Real estate investment trusts	-	-	159	159
Unit trust funds	-	-	70,060	70,060
<u>Loans and receivables</u>				
Loans receivable	-	1	-	1
Fixed and call deposits	1,175	-	-	1,175
Other receivables	-	8,166	-	8,166
Cash and cash equivalents	6,047	-	-	6,047
	7,222	8,167	81,085	96,474

	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
<b>31 December 2020</b>				
Loans and receivables at amortised cost:				
- Fixed and call deposits (BBB to AAA)	1,175	-	-	1,175

There are no Fixed and call deposits for the financial year ended 31 December 2021. The details of the “three-staging model” are described in note 2(i)(iii).

**38. RISK MANAGEMENT (CONTINUED)****(e) Credit risk (continued)**

Age analysis of financial assets past-due but not impaired (requirements under MFRS 139)

Group	< 30 days RM'000	31 to 60 days RM'000	61 to 90 days RM'000	91 to 180 days RM'000	Over 180 days RM'000	Total RM'000
<b>31 December 2021</b>						
Loans receivable	-	-	-	-	150	150
<b>31 December 2020</b>						
Loans receivable	-	-	-	-	130	130

**Impaired financial assets**

For assets to be classified as “past due and impaired”, contractual payments must be in arrears for more than three months based on objective evidence that an impairment loss has been incurred. The Group records impairment allowance for loans receivable, insurance receivables and other receivables in separate allowance for impairment loss accounts. A reconciliation of the allowance for impairment losses for loans receivable, insurance receivables and other receivables is as follows:

Group	Loans receivable RM'000	Insurance receivables RM'000	Other receivables RM'000	Total RM'000
At 1 January 2021	289	926	1,365	2,580
Allowance of impairment losses during the financial year*	3	-	-	3
At 31 December 2021	292	926	1,365	2,583
At 1 January 2020	283	907	1,365	2,555
Allowance of impairment losses during the financial year*	6	19	-	25
At 31 December 2020	289	926	1,365	2,580

\* Allowance for impairment loss arose from individual impairment assessments during the financial year. There was no allowance for impairment loss arising from collective assessments.

**Company**

The Company assesses at each reporting date to determine loss allowances for expected credit loss on financial assets measured at amortised cost and debt securities at FVOCI as mentioned in note 2(i)(iii).

There are no financial assets at FVOCI during the financial year ended 31 December 2021 and 31 December 2020.

The following table shows the reconciliations from opening to the closing balance of the loss allowance by class of financial instrument and using simplified approach:

Lifetime ECL	Other receivables	
	2021 RM'000	2020 RM'000
At 1 January/31 December	1,075	1,075

**38. RISK MANAGEMENT (CONTINUED)****(f) Market risk**

Market risk is the risk of changes in fair value of financial instruments from fluctuation in foreign exchange rates (currency risk), market interest rates (interest rate risk) and market prices (price risk), whether such change in price is caused by factors specific to the individual instrument or its issuer or factors affecting all instruments traded in the market.

Market risk is managed through the segmentation of product liabilities with similar characteristics and the establishment of investment policies and goals for each segment. The Group's and the Company's investment policies and goals reflect the asset mix, asset quality, sector mix, currency mix, interest rate risk exposure and liquidity targets.

There has been no significant change in the market risk objectives, policies and processes in the current financial year as compared to the previous financial year.

**(i) Currency risk**

Currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group manages the risk through matching the currency of the assets with the currency of the liabilities which these assets support. The Group has foreign currency denominated related party transactions which are denominated mainly in USD and CAD. The Group has direct exposure to foreign currency risk in certain foreign currency denominated investments except for those in participating life fund and investment linked-business, of which the foreign currency risk is borne by the policyholders.

**Exposure to foreign currency risk**

The Group and the Company's exposure to the foreign currency (a currency which is other than the functional currency of the Company) risk which are more significant, based on carrying amounts as at the end of the reporting period were:

	2021 Denominated			2020 Denominated		
	USD RM'000	CAD RM'000	AUD RM'000	USD RM'000	CAD RM'000	AUD RM'000
<b>Group</b>						
Trade receivables	5,807	563	889	2,471	-	-
Trade payables	(817)	-	(2,718)	-	-	-
Equity securities						
- quoted outside Malaysia	23,805	-	-	31,849	-	-
Amount due from related parties	4,021	-	-	1,086	-	-
Amount due to related parties	(13,956)	(3,966)	-	(15,581)	(915)	-
Cash and cash equivalents	47,676	-	16	38,250	-	-
	66,536	(3,403)	(1,813)	58,075	(915)	-
<b>Company</b>						
Amount due to related parties	(5,978)	-	-	(5,050)	-	-

**38. RISK MANAGEMENT (CONTINUED)****(f) Market risk (continued)****(i) Currency risk (continued)**

The following table demonstrates the sensitivity to a reasonably possible change in currency, with all other variables held constant:

	Impact on profit before tax		Impact on equity	
	Increase/(decrease)		Increase/(decrease)	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
<b>Group</b>				
<b>Changes in foreign currency rates</b>				
USD + 5%	2,137	1,311	3,327	2,903
CAD + 5%	(170)	(46)	(170)	(46)
AUD + 5%	(91)	-	(91)	-
USD - 5%	(2,137)	(1,311)	(3,327)	(2,903)
CAD - 5%	170	46	170	46
AUD - 5%	91	-	91	-

	Impact on profit before tax/equity	
	(Decrease)/increase	
	2021 RM'000	2020 RM'000
<b>Company</b>		
<b>Changes in foreign currency rates</b>		
USD + 5%	(299)	(252)
USD - 5%	299	252

**(ii) Interest rate risk**

Interest rate risk is the risk that value or future cash flows of a financial instrument will fluctuate because of changes in market interest rate. Investment activities and insurance business are inherently exposed to interest rate risk. This risk arises due to differences in pricing or tenure of investments and liabilities. For the Group's insurance business, interest rate risk is managed by the liability side, by limiting the interest rate guarantees that are embedded in the insurance plans that are marketed. The interest rate risk is also managed through setting the appropriate asset benchmark reflecting the liability profile and the availability of suitable instruments in the investment market. The participating nature of the Participating life fund gives Manulife Insurance Berhad the flexibility to adjust the policyholders' bonus or dividends in the event of persistently high or low interest rate.

**38. RISK MANAGEMENT (CONTINUED)****(f) Market risk (continued)****(ii) Interest rate risk (continued)**

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, showing the impact on the Group's and the Company's profit before tax and equity. The correlation of variables will have a significant effect in determining the ultimate impact on interest rate risk, but to demonstrate the impact due to changes in variables, variables had to be changed on an individual basis. It should be noted that movements in these variables are non-linear.

	Impact on profit before tax		Impact on equity*	
	(Decrease)/increase		(Decrease)/increase	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
<b>Group</b>				
<b>Change in variable:</b>				
<u>Interest rate</u>				
+100 basis points	(11,996)	(5,357)	(11,755)	(3,875)
- 100 basis points	(14,197)	(9,109)	(13,419)	(9,511)
<b>Company</b>				
<b>Change in variable:</b>				
<u>Interest rate</u>				
+100 basis points	-	-	-	-
- 100 basis points	-	-	-	-

\* Impact on equity is stated after considering tax effects.

The above impact to the Group's equity arose from the investments in fixed income securities which are classified as AFS and FVTPL financial assets and the actuarial liabilities of the Non-participating funds of the insurance subsidiaries; the impact to the Group's profit before tax arose from fixed income securities which are classified as FVTPL financial assets and the actuarial liabilities of the Non-participating funds. Any adverse impact on the Participating life fund results of Manulife Insurance Berhad arising from changes in interest rate risk will be negated by an equivalent decrease in unallocated surplus in the insurance contract liabilities and vice versa. Hence, the impact arising from changes in interest rate risk to fixed income securities and actuarial liabilities of the Participating life fund of the Group's insurance subsidiaries is retained in the insurance contract liabilities.

The impact to the Company's equity is attributable to the investments in fixed income securities which are classified as FVOCI financial assets. There are no financial assets at FVOCI as at the financial year ended 31 December 2021 and 31 December 2020.



**38. RISK MANAGEMENT (CONTINUED)****(f) Market risk (continued)****(iii) Price risk**

The Group's and the Company's price risk exposure relates to financial assets and liabilities, whose values will fluctuate as a result of change in market prices. Such investment securities are subject to price risk due to changes in market values of instruments arising either from factors specific to the individual instruments or their issuers or factors affecting all instruments traded in the market.

The Group and the Company acknowledged the inherent risk of investing in equities. The Board has set internal limits for maximum equity exposure, industry type exposure and individual stock exposure, which for the insurance subsidiaries of the Group, are consistent with BNM's guidelines, and has also imposed daily trading limits. In addition, the Investment Committee at its monthly meeting discussed the economic and market outlook, reviews transactions and deliberates on further equity allocation. The participating nature of the Participating life fund of Manulife Insurance Berhad gives the flexibility to adjust the policyholders' bonus or dividends in the event of persistently high or low equity returns.

The following table demonstrates the sensitivity to a reasonably possible change in the fair values of the equity investments, with all other variables held constant showing the impact on the Group's and Company's profit before tax and equity. The correlation of variables will have a significant effect in determining the ultimate impact on price risk, but to demonstrate the impact due to changes in variables, variables had to be changed on an individual basis. It should be noted that movements in these variables are non-linear.

	Impact on profit before tax		Impact on equity*	
	Increase/(decrease)		Increase/(decrease)	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
<b>Group</b>				
<b>Change in variable</b>				
<u>Market price</u>				
+15%	7,370	2,595	66,846	97,722
- 15%	(7,370)	(2,595)	(66,846)	(97,722)
<b>Company</b>				
<b>Change in variable</b>				
<u>Market price</u>				
+15%	9,235	12,077	9,235	12,077
- 15%	(9,235)	(12,077)	(9,235)	(12,077)

\* Impact on equity is stated after considering tax effects.

**38. RISK MANAGEMENT (CONTINUED)****(f) Market risk (continued)****(iii) Price risk (continued)**

The above impact to the Group's and the Company's equity arose from the investments in equity securities, unit trust funds and real estate investment trusts which are classified as AFS financial assets and FVTPL, respectively. Any adverse impact on the Participating life fund result of Manulife Insurance Berhad arising from changes in price risk will be negated by the equivalent decrease in unallocated surplus in the insurance contract liabilities and vice versa. Hence, the impact arising from changes in price risk to equity securities, unit trust funds and real estate investment trusts of the Participating life fund of Manulife Insurance Berhad is retained in the insurance contract liabilities.

**(g) Liquidity risk**

Liquidity risk is the risk that an entity will encounter difficulty in raising funds to meet cash commitments associated with financial instruments. This risk is managed via a three-year planning process to ascertain operational cash flow requirements and maintaining a reasonable level of liquid assets to meet unexpected cash flow. In addition, the Group and the Company has large holdings of government bonds that can be liquidated at short notice to meet unexpected liquidity needs.

It is unusual for the Group primarily transacting insurance business to predict the requirements of funding with absolute certainty as theory of probability is applied on insurance contracts to ascertain the likely provision and the time period when such liabilities will require settlement. The amount and maturities in respect of insurance contract liabilities are thus based on management's estimate based on statistical techniques and past experiences.

There has been no significant change in the liquidity risk objectives, policies and processes in the current financial year as compared to the previous financial year.

The table below analyses the Group's and the Company's financial and insurance assets and financial and insurance liabilities into their relevant maturity groups based on the remaining undiscounted contractual obligations.

All liabilities are presented on a contractual cash flow basis except for the insurance contract liabilities and amount payable under distribution agreement which are presented with their expected cash flows.

The Investment-linked funds are the assets of the Investment-linked contracts backing the Investment-linked policyholders' account in the insurance contract liabilities. Investment-linked fund liabilities are repayable or transferable upon notice by policyholders and are disclosed separately under the "Investment-linked funds" column.

**38. RISK MANAGEMENT (CONTINUED)****(g) Liquidity risk (continued)**

Group	Carrying value RM'000	Up to a year RM'000	1-3 years RM'000	3-5 years RM'000	Over 5 years RM'000	No maturity date RM'000	Investment- linked funds RM'000	Total RM'000
<b>31 December 2021</b>								
Equity securities	1,622,423	-	-	-	-	815,970	806,453	1,622,423
Private equity funds	19,122	-	-	-	-	19,122	-	19,122
Real estate investment trusts	27,251	-	-	-	-	18,773	8,478	27,251
Unit trust funds	181,990	-	-	-	-	1,206	180,784	181,990
Malaysian Government Securities	392,818	16,393	32,785	53,568	537,838	-	2,170	642,754
Government Investment Issues	401,030	15,829	46,902	60,090	504,653	-	20,602	648,076
Corporate debt securities	2,576,970	322,346	636,395	574,208	1,629,063	-	84,359	3,246,371
Mutual funds	217,928	-	-	-	-	-	217,928	217,928
Forward foreign exchange contract	933	-	-	-	-	-	933	933
Accrued interest:								
- AFS financial assets	26,103	26,103	-	-	-	-	-	26,103
- FVTPL financial assets	10,455	8,985	-	-	-	-	1,470	10,455
Loans receivable	155,047	1,340	2,047	2,511	17,562	131,587	-	155,047
Fixed and call deposits	406,071	335,018	-	-	-	-	71,053	406,071
Other receivables	61,059	51,327	-	-	-	-	9,732	61,059
Reinsurance assets	20,220	20,220	-	-	-	-	-	20,220
Insurance receivables	14,797	14,797	-	-	-	-	-	14,797
Cash and cash equivalents	237,905	219,321	-	-	-	-	18,584	237,905
<b>Total financial and insurance assets</b>	<b>6,372,122</b>	<b>1,031,679</b>	<b>718,129</b>	<b>690,377</b>	<b>2,689,116</b>	<b>986,658</b>	<b>1,422,546</b>	<b>7,538,505</b>
Insurance contract liabilities	4,574,621	240,979	247,366	392,323	5,276,259	-	1,397,354	7,554,281
Insurance claims liabilities	76,164	76,164	-	-	-	-	-	76,164
Reinsurance liabilities	1,702	1,702	-	-	-	-	-	1,702
Insurance payables	759,823	759,823	-	-	-	-	-	759,823
Other payables	227,346	211,081	8,183	157	-	-	8,051	227,472
<b>Total financial and insurance liabilities</b>	<b>5,639,656</b>	<b>1,289,749</b>	<b>255,549</b>	<b>392,480</b>	<b>5,276,259</b>	<b>-</b>	<b>1,405,405</b>	<b>8,619,442</b>

**38. RISK MANAGEMENT (CONTINUED)****(g) Liquidity risk (continued)**

Group	Carrying value RM'000	Up to a year RM'000	1-3 years RM'000	3-5 years RM'000	Over 5 years RM'000	No maturity date RM'000	Investment- linked funds RM'000	Total RM'000
<b>31 December 2020</b>								
Equity securities	1,856,817	-	-	-	-	1,131,074	725,743	1,856,817
Real estate investment trusts	20,610	-	-	-	-	14,863	5,747	20,610
Unit trust funds	242,271	-	-	-	-	80,379	161,892	242,271
Malaysian Government Securities	434,877	17,335	34,671	34,671	657,483	-	2,331	746,491
Government Investment Issues	310,536	11,886	23,771	23,771	450,986	-	20,890	531,304
Corporate debt securities	2,291,477	159,821	500,760	566,028	1,568,101	-	71,192	2,865,902
Mutual funds	304,436	-	-	-	-	-	304,436	304,436
Forward foreign exchange contract	1,149	-	-	-	-	-	1,149	1,149
Accrued interest:								
- AFS financial assets	23,873	23,873	-	-	-	-	-	23,873
- FVTPL financial assets	7,836	6,587	-	-	-	-	1,249	7,836
Loans receivable	151,431	907	2,199	1,957	5,502	140,866	-	151,431
Fixed and call deposits	273,189	192,877	-	-	-	-	80,312	273,189
Other receivables	73,985	60,305	-	-	-	-	13,680	73,985
Reinsurance assets	12,472	12,472	-	-	-	-	-	12,472
Insurance receivables	16,877	16,877	-	-	-	-	-	16,877
Cash and cash equivalents	189,492	180,614	-	-	-	-	8,878	189,492
Total financial and insurance assets	6,211,328	683,554	561,401	626,427	2,682,072	1,367,182	1,397,499	7,318,135
Insurance contract liabilities	4,538,054	339,176	223,960	374,845	5,029,308	-	1,369,798	7,337,087
Insurance claims liabilities	56,474	56,474	-	-	-	-	-	56,474
Reinsurance liabilities	4,257	4,257	-	-	-	-	-	4,257
Insurance payables	672,721	672,721	-	-	-	-	-	672,721
Forward foreign exchange contract	21	-	-	-	-	-	21	21
Other payables	242,880	218,139	14,028	2,341	-	-	11,390	245,898
Total financial and insurance liabilities	5,514,407	1,290,767	237,988	377,186	5,029,308	-	1,381,209	8,316,458

**38. RISK MANAGEMENT (CONTINUED)****(g) Liquidity risk (continued)**

Company	Carrying value RM'000	Up to a year RM'000	1-3 years RM'000	3-5 years RM'000	Over 5 years RM'000	No maturity RM'000	Total RM'000
<b>31 December 2021</b>							
Equity securities	5,132	-	-	-	-	5,132	5,132
Real estate investment trusts	129	-	-	-	-	129	129
Unit trust funds	56,878	-	-	-	-	56,878	56,878
Loans receivable	1	1	-	-	-	-	1
Other receivables	12,017	12,017	-	-	-	-	12,017
Cash and cash equivalents	8,122	8,122	-	-	-	-	8,122
Total financial assets	82,279	20,140	-	-	-	62,139	82,279
Other payables	20,866	20,866	-	-	-	-	20,866
Total financial liabilities	20,866	20,866	-	-	-	-	20,866

Company	Carrying value RM'000	Up to a year RM'000	1-3 years RM'000	3-5 years RM'000	Over 5 years RM'000	No maturity RM'000	Total RM'000
<b>31 December 2020</b>							
Equity securities	10,866	-	-	-	-	10,866	10,866
Real estate investment trusts	159	-	-	-	-	159	159
Unit trust funds	70,060	-	-	-	-	70,060	70,060
Loans receivable	1	1	-	-	-	-	1
Fixed and call deposits	1,175	1,175	-	-	-	-	1,175
Other receivables	8,166	8,166	-	-	-	-	8,166
Cash and cash equivalents	6,047	6,047	-	-	-	-	6,047
Total financial assets	96,474	15,389	-	-	-	81,085	96,474
Other payables	24,564	24,564	-	-	-	-	24,564
Total financial liabilities	24,564	24,564	-	-	-	-	24,564

**(h) Operational risk**

Operational risk is the risk of loss resulting from inadequate or failed internal processes, risk management policies and procedures, systems' failures, human performance failures or from external events. The Group and the Company seeks to minimise exposure by ensuring appropriate internal controls and systems, together with trained and competent people are in place throughout the Group and the Company. The Group uses an established programme of comprehensive risk self-assessments in conjunction with independent internal audits to monitor and assess inherent operational risks and the effectiveness of internal controls.

**39. CAPITAL AND OTHER COMMITMENTS**

		<b>Group</b>		<b>Company</b>	
		<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
		<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Other commitments</b>					
<b>Exclusive bancassurance agreement</b>					
- Authorised but not provided for	(i)	4,500	7,500	-	-
<b>Distribution agreement</b>					
- Authorised but not provided for	(ii)	5,363	5,363	-	-
<b>Investment in Private Equity Funds</b>					
At 1 January		-	-	-	-
Capital committed during the financial year		58,042	-	-	-
Capital called during the financial year		(19,246)	-	-	-
At 31 December	(iii)	38,796	-	-	-

- (i) The Group is committed to pay annual fees under the terms of the bancassurance agreement. The annual fees will be expensed off to the profit or loss in the year of settlement.
- (ii) The Company is committed to pay annual consultancy fee under the terms of the Distribution Agreement. The annual consultancy fee will be amortised to profit or loss over 20 years.
- (iii) The Company is committed to deliver the capital contributions pursuant to the terms of the Limited Partnership Agreements.



**40. ADDITIONAL DISCLOSURES UNDER AMENDMENTS TO MFRS 4 INSURANCE CONTRACT LIABILITIES**

As discussed in note 2(b)(ii), the Group will be deferring the adoption of MFRS 9 as allowed under Amendments to MFRS 4. In order to compare with entities applying MFRS 9, the amendments require deferring entities to disclose additional information including contractual cash flows characteristics and credit exposure of the financial assets. The following table presents the Group's financial assets by their contractual cash flows characteristics, which indicate if they are solely payments of principal and interest on the principal outstanding ("SPPI"):

For the financial year ended 31 December 2021	Fair value as at 1 January 2021 RM'000	Change in fair value* RM'000	Fair value as at 31 December 2021 RM'000	Result of the cash flows characteristics test	Classification and measurement under MFRS 9
<b>Financial assets</b>					
Equity securities					
- Quoted in Malaysia	1,656,019	(235,305)	1,420,714	Non-SPPI	FVTPL
- Quoted outside Malaysia	198,282	911	199,193	Non-SPPI	FVTPL
- Unquoted	2,516	-	2,516	Non-SPPI	FVTPL
Private equity funds	-	19,122	19,122	Non-SPPI	FVTPL
Real estate investment trusts	20,610	6,641	27,251	Non-SPPI	FVTPL
Unit trust funds	242,271	(60,281)	181,990	Non-SPPI	FVTPL
Malaysian Government Securities	434,877	(42,059)	392,818	SPPI	FVOCI
Government Investment Issues	310,536	90,494	401,030	SPPI	FVOCI
Corporate debt securities					
- Unquoted	2,127,133	256,216	2,383,349	SPPI	FVOCI
- Quoted outside Malaysia	164,344	29,277	193,621	SPPI	FVOCI
Mutual funds	304,436	(86,508)	217,928	Non-SPPI	FVTPL
Forward foreign exchange contract	1,149	(216)	933	Non-SPPI	FVTPL
Accrued interest	31,709	4,849	36,558	SPPI	FVOCI
Loans and receivables	498,605	123,572	622,177	SPPI	Amortised cost
Insurance receivables	16,877	(2,080)	14,797	SPPI	Amortised cost
Cash and cash equivalents	189,492	48,413	237,905	SPPI	Amortised cost
	6,198,856	153,046	6,351,902		

\* Includes purchases, disposals, maturities and realised/unrealised (losses)/gains.

**40. ADDITIONAL DISCLOSURES UNDER AMENDMENTS TO MFRS 4 INSURANCE CONTRACT LIABILITIES (CONTINUED)**

For the financial year ended 31 December 2020	Fair value as at 1 January 2020 RM'000	Change in fair value* RM'000	Fair value as at 31 December 2020 RM'000	Result of the cash flows characteristics test	Classification and measurement under MFRS 9
<b>Financial assets</b>					
Equity securities					
- Quoted in Malaysia	1,408,368	247,651	1,656,019	Non-SPPI	FVTPL
- Quoted outside Malaysia	103,793	94,489	198,282	Non-SPPI	FVTPL
- Unquoted	2,516	-	2,516	Non-SPPI	FVTPL
Real estate investment trusts	23,883	(3,273)	20,610	Non-SPPI	FVTPL
Unit trust funds	245,384	(3,113)	242,271	Non-SPPI	FVTPL
Malaysian Government Securities	423,111	11,766	434,877	SPPI	FVOCI
Government Investment Issues	276,996	33,540	310,536	SPPI	FVOCI
Corporate debt securities					
- Unquoted	2,085,462	41,671	2,127,133	SPPI	FVOCI
- Quoted outside Malaysia	40,735	123,609	164,344	SPPI	FVOCI
Mutual funds	438,118	(133,682)	304,436	Non-SPPI	FVTPL
Forward foreign exchange contract	3,802	(2,653)	1,149	Non-SPPI	FVTPL
Accrued interest	30,465	1,244	31,709	SPPI	FVOCI
Loans and receivables	358,730	139,875	498,605	SPPI	Amortised cost
Insurance receivables	25,794	(8,917)	16,877	SPPI	Amortised cost
Cash and cash equivalents	207,145	(17,653)	189,492	SPPI	Amortised cost
	5,674,302	524,554	6,198,856		

\* Includes purchases, disposals, maturities and realised/unrealised gains/(losses).

**40. ADDITIONAL DISCLOSURES UNDER AMENDMENTS TO MFRS 4 INSURANCE CONTRACT LIABILITIES (CONTINUED)**

The following table shows the fair value of financial assets of the Group by credit quality:

	AAA RM'000	AA RM'000	A RM'000	BBB RM'000	Non-rated RM'000	Total RM'000
<b>As at 31 December 2021</b>						
<b>Financial assets</b>						
Malaysian Government Securities	-	-	-	-	392,818	392,818
Government Investment Issues	-	-	-	-	401,030	401,030
Corporate debt securities						
- Unquoted	1,140,694	783,958	8,554	-	450,143	2,383,349
- Quoted outside Malaysia*	18,843	44,607	69,102	61,069	-	193,621
Accrued interest	14,946	8,487	577	468	12,080	36,558
Loans and receivables	321,910	84,161	-	-	216,106	622,177
Insurance receivables	-	-	-	-	14,797	14,797
Cash and cash equivalents	196,553	8,657	13,417	-	-	218,627
Cash and cash equivalents*	-	19,278	-	-	-	19,278
	1,692,946	949,148	91,650	61,537	1,486,974	4,282,255

	AAA RM'000	AA RM'000	A RM'000	BBB RM'000	Non-rated RM'000	Total RM'000
<b>As at 31 December 2020</b>						
<b>Financial assets</b>						
Malaysian Government Securities	-	-	-	-	434,877	434,877
Government Investment Issues	-	-	-	-	310,536	310,536
Corporate debt securities						
- Unquoted	930,972	710,011	4,112	-	482,038	2,127,133
- Quoted outside Malaysia*	18,802	29,574	56,091	59,877	-	164,344
Accrued interest	11,301	7,591	465	406	11,946	31,709
Loans and receivables	252,160	21,029	-	-	225,416	498,605
Insurance receivables	-	-	-	-	16,877	16,877
Cash and cash equivalents	163,632	8,345	6,359	-	160	178,496
Cash and cash equivalents*	-	10,996	-	-	-	10,996
	1,376,867	787,546	67,027	60,283	1,481,850	3,773,573

\* Rated by international rating agencies.

**41. LIFE INSURANCE BUSINESS**

The Group's insurance subsidiary, Manulife Insurance Berhad's activities are organised by funds and segregated into Life fund, Investment-linked funds and Shareholder's fund in accordance with the Financial Services Act, 2013.

The statement of financial position and statement of profit or loss have been further analysed by funds as follows:

**Statement of Financial Position by Funds**

31 December 2021	Shareholder's fund RM'000	Insurance funds		Elimination RM'000	Total RM'000
		Life fund RM'000	Investment- linked funds RM'000		
<b>Assets</b>					
Property and equipment	-	18,907	-	-	18,907
Investment properties	-	45,712	-	-	45,712
Intangible assets	29,995	10,157	-	-	40,152
Loans and receivables	210,352	196,783	80,785	(181,474)	306,446
Available-for-sale financial assets	442,603	2,918,427	-	-	3,361,030
Financial assets at fair value through profit or loss	-	749,897	1,323,177	-	2,073,074
Reinsurance assets	-	10,829	-	-	10,829
Insurance receivables	-	14,797	-	-	14,797
Right-of-use assets	1,098	-	-	-	1,098
Current tax assets	-	22,245	-	-	22,245
Cash and cash equivalents	19,906	80,641	18,584	-	119,131
<b>Total assets</b>	703,954	4,068,395	1,422,546	(181,474)	6,013,421
Share capital	200,000	-	-	-	200,000
Retained earnings	419,112	-	-	-	419,112
Fair value reserve	10,272	-	-	-	10,272
<b>Total equity</b>	629,384	-	-	-	629,384
Insurance contract liabilities	-	2,959,445	1,397,354	-	4,356,799
Insurance claims liabilities	-	75,912	-	-	75,912
Deferred tax liabilities	29,356	8,373	9,525	-	47,254
Reinsurance liabilities	-	1,702	-	-	1,702
Insurance payables	-	759,105	-	-	759,105
Lease liabilities	1,206	-	-	-	1,206
Current tax liability	(4,861)	1,273	7,616	-	4,028
Other payables	48,869	262,585	8,051	(181,474)	138,031
<b>Total equity, policyholders' funds and liabilities</b>	703,954	4,068,395	1,422,546	(181,474)	6,013,421

**41. LIFE INSURANCE BUSINESS (CONTINUED)****Statement of Financial Position by Funds (continued)**

31 December 2020	Shareholder's fund RM'000	Insurance funds		Elimination RM'000	Total RM'000
		Life fund RM'000	Investment- linked funds RM'000		
Assets					
Property and equipment	-	20,537	-	-	20,537
Investment properties	-	46,802	-	-	46,802
Intangible assets	35,945	11,420	-	-	47,365
Loans and receivables	174,182	195,186	93,992	(148,650)	314,710
Available-for-sale financial assets	421,708	3,101,951	-	-	3,523,659
Financial assets at fair value through profit or loss	-	532,897	1,294,629	-	1,827,526
Reinsurance assets	-	5,718	-	-	5,718
Insurance receivables	-	16,877	-	-	16,877
Right-of-use assets	1,995	-	-	-	1,995
Current tax assets	7,151	20,477	(4,436)	-	23,192
Cash and cash equivalents	25,850	50,019	8,878	-	84,747
<b>Total assets</b>	666,831	4,001,884	1,393,063	(148,650)	5,913,128
Equity, Policyholders' Funds and Liabilities					
Share capital	200,000	-	-	-	200,000
Retained earnings	357,133	-	-	-	357,133
Fair value reserve	41,506	-	-	-	41,506
<b>Total equity</b>	598,639	-	-	-	598,639
Insurance contract liabilities	-	2,990,418	1,369,798	-	4,360,216
Insurance claims liabilities	-	56,304	-	-	56,304
Financial liability at fair value through profit or loss	-	-	21	-	21
Deferred tax liabilities	25,626	22,028	11,854	-	59,508
Reinsurance liabilities	-	4,257	-	-	4,257
Insurance payables	-	671,859	-	-	671,859
Lease liabilities	2,137	-	-	-	2,137
Current tax liability	-	22,245	-	-	22,245
Other payables	40,429	234,773	11,390	(148,650)	137,942
<b>Total equity, policyholders' funds and liabilities</b>	666,831	4,001,884	1,393,063	(148,650)	5,913,128

**41. LIFE INSURANCE BUSINESS (CONTINUED)****Statement of Profit or Loss by Funds**

2021	Shareholder's fund RM'000	Insurance funds		Elimination RM'000	Total RM'000
		Life fund RM'000	Investment- linked funds RM'000		
Premium income					
Gross premiums	-	674,743	340,073	(1,013)	1,013,803
Premiums ceded to reinsurers	-	(66,892)	-	-	(66,892)
Net premiums	-	607,851	340,073	(1,013)	946,911
Investment income	19,179	144,521	42,442	-	206,142
Net realised gains	3,940	133,563	-	-	137,503
Net fair value (losses)/gains	(1,033)	(49,376)	51,896	-	1,487
Fee income	-	22,198	-	(18,314)	3,884
Other operating income	-	418	3,157	-	3,575
<b>Total revenue</b>	<b>22,086</b>	<b>859,175</b>	<b>437,568</b>	<b>(19,327)</b>	<b>1,299,502</b>
Gross benefits and claims paid and payable	-	(427,846)	(389,508)	-	(817,354)
Claims ceded to reinsurers	-	41,025	-	-	41,025
Gross change in contract liabilities	-	(123,020)	(27,556)	-	(150,576)
Change in insurance contract liabilities ceded to reinsurers	-	2,555	-	-	2,555
<b>Net claims</b>	<b>-</b>	<b>(507,286)</b>	<b>(417,064)</b>	<b>-</b>	<b>(924,350)</b>
Fee and commission expenses	-	(120,483)	-	-	(120,483)
Investment expenses	(191)	(9,765)	-	-	(9,956)
Management expenses	(14,779)	(130,677)	(22,685)	19,348	(148,793)
Other operating (expenses)/income	(8,485)	(11,973)	2,181	(21)	(18,298)
<b>Other expenses</b>	<b>(23,455)</b>	<b>(272,898)</b>	<b>(20,504)</b>	<b>19,327</b>	<b>(297,530)</b>
(Loss)/profit from operations	(1,369)	78,991	-	-	77,622
Transfer from/(to) revenue account	78,991	(78,991)	-	-	-
<b>Profit before taxation</b>	<b>77,622</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>77,622</b>
Taxation	(15,643)	-	-	-	(15,643)
<b>Net profit for the financial year</b>	<b>61,979</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>61,979</b>



**41. LIFE INSURANCE BUSINESS (CONTINUED)****Statement of Profit or Loss by Funds (continued)**

2020	Shareholder's fund RM'000	Insurance funds		Elimination RM'000	Total RM'000
		Life fund RM'000	Investment- linked funds RM'000		
Premium income					
Gross premiums	-	623,879	304,654	(1,006)	927,527
Premiums ceded to reinsurers	-	(92,420)	-	-	(92,420)
Net premiums	-	531,459	304,654	(1,006)	835,107
Investment income	13,925	139,332	28,132	-	181,389
Net realised gains	5,207	49,475	-	-	54,682
Net fair value (losses)/gains	(3,037)	(69,502)	153,719	-	81,180
Fee income	-	19,232	-	(15,459)	3,773
Other operating income	-	516	2,408	-	2,924
<b>Total revenue</b>	<b>16,095</b>	<b>670,512</b>	<b>488,913</b>	<b>(16,465)</b>	<b>1,159,055</b>
Gross benefits and claims paid and payable	-	(412,306)	(428,912)	-	(841,218)
Claims ceded to reinsurers	-	35,678	-	-	35,678
Gross change in contract liabilities	-	(53,644)	(24,058)	-	(77,702)
Change in insurance contract liabilities ceded to reinsurers	-	1,155	-	-	1,155
<b>Net claims</b>	<b>-</b>	<b>(429,117)</b>	<b>(452,970)</b>	<b>-</b>	<b>(882,087)</b>
Fee and commission expenses	-	(48,219)	-	-	(48,219)
Investment expenses	(211)	(9,718)	-	-	(9,929)
Management expenses	(15,130)	(131,155)	(21,486)	16,453	(151,318)
Other operating expenses	(6,636)	(10,877)	(14,457)	12	(31,958)
<b>Other expenses</b>	<b>(21,977)</b>	<b>(199,969)</b>	<b>(35,943)</b>	<b>16,465</b>	<b>(241,424)</b>
(Loss)/profit from operations	(5,882)	41,426	-	-	35,544
Transfer from/(to) revenue account	41,426	(41,426)	-	-	-
<b>Profit before taxation</b>	<b>35,544</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>35,544</b>
Taxation	(6,267)	-	-	-	(6,267)
<b>Net profit for the financial year</b>	<b>29,277</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>29,277</b>

**41. LIFE INSURANCE BUSINESS (CONTINUED)****Information on cash flows by Funds**

	Shareholder's fund RM'000	Insurance funds		Total RM'000
		Life fund RM'000	Investment- linked funds RM'000	
<b>2021</b>				
<b>Cash flows from:</b>				
Operating activities	(5,944)	33,177	9,706	36,939
Investing activities	-	(1,459)	-	(1,459)
Financing activities	-	(1,096)	-	(1,096)
Net (decrease)/increase in cash and cash equivalents	(5,944)	30,622	9,706	34,384
At beginning of financial year	25,850	50,019	8,878	84,747
At end of financial year	19,906	80,641	18,584	119,131
<b>2020</b>				
<b>Cash flows from:</b>				
Operating activities	13,625	23,053	3,456	40,134
Investing activities	(3,000)	(13,150)	-	(16,150)
Financing activities	-	(1,164)	-	(1,164)
Net increase in cash and cash equivalents	10,625	8,739	3,456	22,820
At beginning of financial year	15,225	41,280	5,422	61,927
At end of financial year	25,850	50,019	8,878	84,747

**42. LABUAN LIFE INSURANCE AND LIFE INSURANCE BROKING BUSINESS**

The core businesses of the Group subsidiary, Manulife Insurance Labuan Limited ("MILL") are that of Life insurance business and Life insurance broking business. MILL's insurance business segment is managed by funds and segregated into Life fund and Shareholder's fund.

MILL's statement of financial position and statement of profit or loss have been further analysed by funds as follows:

**Statement of Financial Position by Business Segment**

	Life Insurance		Insurance broker RM'000	Elimination RM'000	Total RM'000
	Shareholder's fund RM'000	Life fund RM'000			
<b>31 December 2021</b>					
<b>Assets</b>					
Property and equipment	58	-	-	-	58
Intangible assets	232	772	-	-	1,004
Financial assets at fair value through profit or loss	-	242,910	-	-	242,910
Reinsurance assets	-	9,392	-	-	9,392
Loans and receivables	49,173	2,755	-	(51,575)	353
Cash and cash equivalents	1,711	16,241	3,583	-	21,535
<b>Total assets</b>	<b>51,174</b>	<b>272,070</b>	<b>3,583</b>	<b>(51,575)</b>	<b>275,252</b>
<b>Equity and Liabilities</b>					
Share capital	31,677	-	2,026	-	33,703
Accumulated profits/(losses)	18,497	-	(1,217)	-	17,280
Other reserve	(11)	-	37	-	26
<b>Total equity</b>	<b>50,163</b>	<b>-</b>	<b>846</b>	<b>-</b>	<b>51,009</b>
Insurance contract liabilities	-	217,810	-	-	217,810
Insurance claim liabilities	-	252	-	-	252
Insurance payables	-	688	30	-	718
Tax payable	(14)	601	-	-	587
Other payables	1,025	52,719	2,707	(51,575)	4,876
<b>Total equity and liabilities</b>	<b>51,174</b>	<b>272,070</b>	<b>3,583</b>	<b>(51,575)</b>	<b>275,252</b>

**42. LABUAN LIFE INSURANCE BUSINESS AND LIFE INSURANCE BROKING BUSINESS (CONTINUED)****Statement of Financial Position by Business Segment (continued)**

	Life Insurance		Insurance broker RM'000	Elimination RM'000	Total RM'000
	Shareholder's fund RM'000	Life fund RM'000			
31 December 2020					
Assets					
Property and equipment	51	1	-	-	52
Intangible assets	366	797	-	-	1,163
Financial assets at fair value through profit or loss	-	181,085	-	-	181,085
Reinsurance assets	-	6,754	-	-	6,754
Loans and receivables	29,857	341	-	(30,183)	15
Cash and cash equivalents	1,538	15,567	8,990	-	26,095
Total assets	31,812	204,545	8,990	(30,183)	215,164
Equity and Liabilities					
Share capital	31,677	-	2,026	-	33,703
Accumulated losses	(723)	-	(986)	-	(1,709)
Other reserve	(328)	-	2	-	(326)
Total equity	30,626	-	1,042	-	31,668
Insurance contract liabilities	-	177,738	-	-	177,738
Insurance claim liabilities	-	170	-	-	170
Insurance payables	-	669	193	-	862
Tax payable	4	112	-	-	116
Other payables	1,182	25,856	7,755	(30,183)	4,610
Total equity and liabilities	31,812	204,545	8,990	(30,183)	215,164

**42. LABUAN LIFE INSURANCE BUSINESS AND LIFE INSURANCE BROKING BUSINESS (CONTINUED)****Statement of Profit or Loss by Business Segment**

	Life Insurance		Insurance broker RM'000	Elimination RM'000	Total RM'000
	Shareholder's fund RM'000	Life fund RM'000			
<b>31 December 2021</b>					
Premium income					
Gross premiums	-	57,235	-	-	57,235
Premiums ceded to reinsurers	-	(1,004)	-	-	(1,004)
Net premiums	-	56,231	-	-	56,231
Fee income	-	-	1,534	(1,534)	-
Investment income	1	5,434	2	-	5,437
Net fair value gain	-	331	-	-	331
<b>Total revenue</b>	<b>1</b>	<b>61,996</b>	<b>1,536</b>	<b>(1,534)</b>	<b>61,999</b>
Gross benefits and claims paid and payable	-	(146)	-	-	(146)
Claims ceded to reinsurers	-	41	-	-	41
Gross change in insurance contract liabilities	-	(34,238)	-	-	(34,238)
Change in insurance contract liabilities ceded to reinsurers	-	2,354	-	-	2,354
<b>Net claims</b>	<b>-</b>	<b>(31,989)</b>	<b>-</b>	<b>-</b>	<b>(31,989)</b>
Fee and commission expenses	-	(5,135)	(1,316)	1,371	(5,080)
Investment expenses	-	(256)	(461)	162	(555)
Management expenses	(153)	(4,622)	-	-	(4,775)
Other operating expenses	(486)	450	10	1	(25)
<b>Other expenses</b>	<b>(639)</b>	<b>(9,563)</b>	<b>(1,767)</b>	<b>1,534</b>	<b>(10,435)</b>
(Loss)/profit from operation before taxation	(638)	20,444	(231)	-	19,575
Taxation	14	(600)	-	-	(586)
(Loss)/profit from operation after taxation	(624)	19,844	(231)	-	18,989
Unallocated surplus of Non-participating life fund	19,844	(19,844)	-	-	-
<b>Net profit/(loss) for the financial year</b>	<b>19,220</b>	<b>-</b>	<b>(231)</b>	<b>-</b>	<b>18,989</b>

**42. LABUAN LIFE INSURANCE BUSINESS AND LIFE INSURANCE BROKING BUSINESS (CONTINUED)****Statement of Profit or Loss by Business Segment (continued)**

	Life Insurance				
	Shareholder's fund RM'000	Life fund RM'000	Insurance broker RM'000	Elimination RM'000	Total RM'000
31 December 2020					
Premium income					
Gross premiums	-	86,490	-	-	86,490
Premiums ceded to reinsurers	-	(789)	-	-	(789)
Net premiums	-	85,701	-	-	85,701
Fee income	-	-	2,441	(2,441)	-
Investment income	40	3,802	18	-	3,860
Net fair value gain	-	18,204	-	-	18,204
<b>Total revenue</b>	40	107,707	2,459	(2,441)	107,765
Gross benefits and claims paid and payable	-	(177)	-	-	(177)
Claims ceded to reinsurers	-	99	-	-	99
Gross change in insurance contract liabilities	-	(93,385)	-	-	(93,385)
Change in insurance contract liabilities ceded to reinsurers	-	4,214	-	-	4,214
<b>Net claims</b>	-	(89,249)	-	-	(89,249)
Fee and commission expenses	-	(9,167)	(2,056)	2,186	(9,037)
Investment expenses	-	(190)	-	-	(190)
Management expenses	(151)	(5,131)	(477)	241	(5,518)
Other operating income/(expenses)	40	(144)	(8)	14	(98)
<b>Other expenses</b>	(111)	(14,632)	(2,541)	2,441	(14,843)
(Loss)/profit from operation before taxation	(71)	3,826	(82)	-	3,673
Taxation	(5)	(114)	-	-	(119)
(Loss)/profit from operation after taxation	(76)	3,712	(82)	-	3,554
Transfer to Life Fund	(17,284)	17,284	-	-	-
Unallocated surplus of Non-participating life fund	20,996	(20,996)	-	-	-
<b>Net profit for the financial year</b>	3,636	-	(82)	-	3,554



**42. LABUAN LIFE INSURANCE BUSINESS AND LIFE INSURANCE BROKING BUSINESS (CONTINUED)****Information on cash flows by Business Segment**

	Life Insurance		Insurance broker RM'000	Total RM'000
	Shareholder's fund RM'000	Life fund RM'000		
<b>2021</b>				
<b>Cash flows from:</b>				
Operating activities	134	154	(5,707)	(5,419)
Investing activities	(13)	-	-	(13)
Net increase/(decrease) in cash and cash equivalents	121	154	(5,707)	(5,432)
At beginning of financial year	1,538	15,567	8,990	26,095
Effects of exchange difference	52	520	300	872
At end of financial year	1,711	16,241	3,583	21,535
<b>2020</b>				
<b>Cash flows from:</b>				
Operating activities	(21,204)	(37,475)	6,139	(52,540)
Investing activities	(19)	(77)	-	(96)
Net (decrease)/increase in cash and cash equivalents	(21,223)	(37,552)	6,139	(52,636)
At beginning of financial year	23,207	54,161	2,907	80,275
Effects of exchange difference	(446)	(1,042)	(56)	(1,544)
At end of financial year	1,538	15,567	8,990	26,095

**43. SIGNIFICANT EVENT AND SUBSEQUENT EVENT****COVID-19 Impact**

The prolonged Covid-19 pandemic has continued to impact the Group, both in terms of business operations and investments. With the progress of the vaccination rollout and the gradual opening up of the economy, the Group has seen an increase in sales of insurance policies and unit trust funds. The Management and the Board have closely monitored the situation and positioned the Group to preserve and strengthen our business operations and responded to business uncertainty as well as support to our communities.

The management has mitigated impact from Covid-19 pandemic by undertaking appropriate measures. Based on the assessment performed by management, and based on available information, there were no material financial impact to the financial results of the Group for the year ended 31 December 2021. The management also believes the Group has sufficient capital to withstand the impact of Covid-19 on the business.

**LIST OF OFFICERS****MANULIFE HOLDINGS BERHAD****Group Chief Executive Officer/  
Executive Director**

VIBHA HAMSI COBURN  
B.Com (Hons), MBA, GAICD, CFA,  
Post Graduate Applied Finance  
Diploma

**Chief Counsel & Corporate  
Services Officer**

JASBENDER KAUR  
LLB (Hons), CLP

**Chief Human Resource Officer**

AIZA ARYATI BINTI KASIM  
B.Sc (Business Management)

**MANULIFE INSURANCE BERHAD****Group Chief Executive Officer/  
Executive Director**

VIBHA HAMSI COBURN  
B.Com (Hons), MBA, GAICD, CFA,  
Post Graduate Applied Finance  
Diploma

**Chief Financial Officer**

TAN CHUE CHAU  
B. Sc (Mathematics), FSA, FASM

**Appointed Actuary**

ALSTON GO XUE JI  
B. Sc (Actuarial Science), FSA, FASM

**Chief Agency Officer**

ALEX TAN CHENG LEONG  
B.Com, FLMI, FIMM

**Chief Marketing Officer**

MOHAMED ADAM WEE ABDULLAH  
MBA

**Chief Operations Officer**

LEE TAT FATT  
B.A (Political Science), FLMI

**Chief Information Officer**

BERNARD SIA  
MBA, B.Sc (Information Technology)

**Chief Product Officer**

RICKY LIM SOON JOO  
B.Sc (Hons) Actuarial Mathematics  
and Statistics

**Chief Risk Officer**

KIRENJEET KAUR A/P FATEH SINGH  
B.A (Hons) (Accounting & Financial  
Analysis)

**Chief Compliance Officer**

SENTHIL WOON WAI KEONG  
LLB (Hons)

**MANULIFE INVESTMENT  
MANAGEMENT (M) BERHAD****Chief Executive Officer**

JASON CHONG SOON MIN  
B.Sc (Hons) (Economics & Finance)

**Head of Retail Wealth  
Distribution**

NG CHZE HOW  
B.A.

**Head of Operation**

RAHULAN VAMADEVA  
B.Sc (Finance)  
Head of Finance  
KENNETH KWONG CHOR WAH  
CA(M), FCCA

**Head of Product Development**

CHERYL LAW CHOR KUN  
B.Sc, CFA

**Head of Legal, Compliance and  
Risk Management**

YOOI FOONG HING  
LLB (Hons)

**Head of Marketing,  
Communications & Sales  
Management**

LINDA WONG  
PGDip BA

**Head of Equities, Investment**

GAN KONG YIK  
B.Bus (Economics and Finance)

**Head of Fixed Income,  
Investment**

ANDY LUK CHEE VUI  
ACIS, CFP

**Head of Information Technology**

ERIC LAW YEN HAU  
CSP-SM, CSP-PO, B. Sc in  
Electrical Engineering (Information  
Technology)

**Head of Institutional & Pension  
Sales**

WAN SHUHAIWA WAN ZAINAL  
SHUKRI  
B.Sc (Business Administration)

**MANULIFE INSURANCE  
LABUAN LIMITED****Principal Officer**

JASBENDER KAUR  
LLB (Hons), CLP

**Appointed Actuary**

ALSTON GO XUE JI  
B. Sc (Actuarial Science), FSA, FASM

## List of Properties

Property as at 31 December 2021

227

Location	Land Area (sq.ft)	Built Up Area (sq.ft)	Net Lettable Area (sq.ft)	Tenure	Approx. Age of Building (Years)	Net Book Value (RM'000)	Last Revaluation (Year)
Menara Manulife 6, Jalan Gelenggang, Damansara Heights 50490 Kuala Lumpur Malaysia (18 storey building)	46,995	236,173	169,500	Freehold	18	100,000	Dec-21

The above property is for office and commercial use.

## Analysis of Shareholdings

as at 5 April 2022

Issued Share Capital : 211,559,224 Ordinary Shares  
 Class of Shares : Ordinary Shares  
 Voting Rights : 1 vote per Ordinary Share on poll  
 No. of shareholders : 2,157

Size of Shareholdings	No. of Shareholders	% of Shareholders	No. of Shares	% of Issued Capital
1-99	272	12.61	6,354	0.00
100 to 1,000	548	25.41	380,161	0.18
1,001 to 10,000	1,004	46.55	3,872,205	1.83
10,001 to 100,000	273	12.66	7,652,503	3.62
100,001 to less than 5% of issued shares	59	2.74	70,716,435	33.43
5% of issued shares and above	1	0.05	128,931,566	60.94
<b>Total</b>	<b>2,157</b>	<b>100.00</b>	<b>211,559,224</b>	<b>100.00</b>

### SUBSTANTIAL SHAREHOLDERS' SHAREHOLDING ACCORDING TO THE REGISTER OF SUBSTANTIAL SHAREHOLDERS

Name	Direct	%	Indirect	%
Manulife Century Holdings (Netherlands) B.V.	128,931,566	60.94	-	-
Manulife Financial Corporation	-	-	*128,931,566	60.94
The Manufacturers Life Insurance Company	-	-	*128,931,566	60.94
Manulife Financial Asia Limited	-	-	*128,931,566	60.94
Manulife Holdings (Bermuda) Limited	-	-	*128,931,566	60.94

Note:

\* Deemed interested by virtue of Section 8(4) of the Companies Act 2016.

### DIRECTORS' SHAREHOLDINGS ACCORDING TO THE REGISTER OF DIRECTORS' SHAREHOLDINGS

None of the Directors have any direct and deemed interests in the Company.

## 30 LARGEST SECURITIES ACCOUNT HOLDERS

	Name	No. of Shareholding	% of Issued Capital
1	HSBC NOMINEES (ASING) SDN. BHD. HSBC (M) TRUSTEE BHD FOR MANULIFE CENTURY HOLDINGS (NETHERLANDS) B.V.	128,931,566	60.94
2	AMANAHRAYA TRUSTEES BERHAD PUBLIC SMALLCAP FUND	9,167,500	4.33
3	MAYBANK NOMINEES (TEMPATAN) SDN. BHD. MAYBANK TRUSTEES BERHAD FOR PUBLIC REGULAR SAVINGS FUND	9,078,333	4.29
4	AMANAHRAYA TRUSTEES BERHAD PUBLIC SAVINGS FUND	5,018,000	2.37
5	AMANAHRAYA TRUSTEES BERHAD PUBLIC SECTOR SELECT FUND	4,338,700	2.05
6	HSBC NOMINEES (ASING) SDN. BHD. BPSS LDN FOR ABERDEEN STANDARD ASIA FOCUS PLC	4,200,000	1.99
7	CITIGROUP NOMINEES (TEMPATAN) SDN. BHD. EMPLOYEES PROVIDENT FUND BOARD (ABERDEEN)	3,876,500	1.83
8	MAYBANK NOMINEES (TEMPATAN) SDN. BHD. MAYBANK TRUSTEES BERHAD FOR PUBLIC AGGRESSIVE GROWTH FUND	3,465,266	1.64
9	AMANAHRAYA TRUSTEES BERHAD PUBLIC DIVIDEND SELECT FUND	2,870,500	1.36
10	AMANAHRAYA TRUSTEES BERHAD PUBLIC GROWTH FUND	2,839,200	1.34
11	MAYBANK NOMINEES (TEMPATAN) SDN. BHD. MAYBANK TRUSTEES BERHAD FOR PUBLIC BALANCED FUND	2,555,000	1.21
12	AMANAHRAYA TRUSTEES BERHAD PUBLIC EQUITY FUND	2,523,500	1.19
13	AMANAHRAYA TRUSTEES BERHAD PUBLIC ENHANCED BOND FUND	2,226,500	1.05
14	AMANAHRAYA TRUSTEES BERHAD PUBLIC SOUTH-EAST ASIA SELECT FUND	2,064,200	0.98

## 30 LARGEST SECURITIES ACCOUNT HOLDERS (CONTINUED)

	Name	No. of Shareholding	% of Issued Capital
15	CHAI BENG HWA	1,256,365	0.59
16	CHENG, CHIEN-MING	1,063,600	0.50
17	FU, CHEN SHU-CHEN	1,002,000	0.47
18	OLIVE LIM SWEE LIAN	960,500	0.45
19	MAYBANK NOMINEES (TEMPATAN) SDN. BHD. ABRDN MALAYSIA SDN. BHD. FOR MALAYSIAN TIMBER COUNCIL (OPERATING FUND)	934,500	0.44
20	MAYBANK NOMINEES (TEMPATAN) SDN. BHD. CHUA ENG HO WA'A @ CHUA ENG WAH	896,927	0.42
21	YEOH PHEK LENG	764,400	0.36
22	AFFIN HWANG NOMINEES (ASING) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR HSU, CHUN-TSANG	700,000	0.33
23	CGS-CIMB NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR ARSHAD BIN AYUB	622,668	0.29
24	CIMB GROUP NOMINEES (ASING) SDN. BHD. EXEMPT AN FOR DBS BANK LTD	600,000	0.28
25	PUBLIC NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR LEE LAK CHYE @ LI CHOY HIN	531,311	0.25
26	NG POH CHENG	440,900	0.21
27	KHOR MEOW SIANG	406,120	0.19
28	CHAN SHIEK CHIN @ CHAN SHICK CHIN	390,236	0.18
29	YEO KHEE HUAT	382,634	0.18
30	WONG YU @ WONG WING YU	328,134	0.16



# PROXY FORM

I/We (full name in block letters), \_\_\_\_\_

bearing NRIC/Passport/Registration No. \_\_\_\_\_ email: \_\_\_\_\_

contact no. \_\_\_\_\_

of (full address) \_\_\_\_\_

being a member/members of the abovenamed Company, hereby appoint:-

## First Proxy "A"

Full Name (in Block)	NRIC/ Passport No.	Proportion of Shareholdings Represented	
		No. of Shares	%
Full Address	Email		
	Contact No.		

\*and/or

## \*Second Proxy "B"

Full Name (in Block)	NRIC/ Passport No.	Proportion of Shareholdings Represented	
		No. of Shares	%
Full Address	Email		
	Contact No.		

or failing \*him/her, THE CHAIRMAN OF THE MEETING as \*my/our proxy to attend and vote for \*me/us and on \*my/our behalf, at the Forty-Sixth Annual General Meeting of the Company to be held on a virtual basis at the Broadcast venue at Meeting Room of Securities Services (Holdings) Sdn. Bhd., Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Wilayah Persekutuan on Friday, 10 June 2022 at 2:30 p.m. and at any and every adjournment thereof.

\*My/Our proxy is to vote on the business before the Meeting as indicated below (if no indication is given \*my/our proxy will vote or abstain from voting at his/her discretion):

Resolution No.	Resolutions	For	Against
1.	Declaration of a First and Final Single-Tier Dividend		
2.	Re-election of Dato' Dr. Zaha Rina Binti Zahari		
3.	Re-election of Mr. Matthew Edward Lawrence		
4.	Additional Director's fee for the period from 1 January 2022 until 10 June 2022 for Dato' Dr. Zaha Rina Binti Zahari		
5.	Additional Director's fee for the period from 1 January 2022 until 10 June 2022 for Mrs. Vijayam A/P Nadarajah		
6.	Additional Director's fee for the period from 1 January 2022 until 10 June 2022 for Mr. Renzo Christopher Viegas		
7.	Director's fee from 11 June 2022 until the next Annual General Meeting for Dato' Dr. Zaha Rina Binti Zahari		
8.	Director's fee from 11 June 2022 until the next Annual General Meeting for Mrs. Vijayam A/P Nadarajah		
9.	Director's fee from 11 June 2022 until the next Annual General Meeting for Mr. Renzo Christopher Viegas		
10.	Director's fee from 11 June 2022 until the next Annual General Meeting for Mr. Matthew Edward Lawrence		
11.	Director's fee from 11 June 2022 until the next Annual General Meeting for such person(s) to be appointed as Non-Executive Director(s) of the Company		
12.	Directors' benefits from 11 June 2022 until the next Annual General Meeting		
13.	Re-appointment of Auditors		
14.	Special Business – Ordinary Resolution 1		
15.	Special Business – Ordinary Resolution 2		
16.	Special Business – Ordinary Resolution 3		
17.	Special Business – Ordinary Resolution 4		

\*strike out whichever not applicable

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2022

Number of Shares Held	CDS Account No.

Signature(s)/Seal of the Shareholder(s)

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**Notes:**

1. In respect of deposited securities, only members whose names appear in the Record of Depositors on 3 June 2022 shall be eligible to attend the Meeting.
2. Pursuant to Clauses 96(b) and (c) of the Company's Constitution, a member entitled to attend and vote at the Meeting is entitled to appoint not more than two (2) proxies to attend and vote in his stead. Where a member appoints two (2) proxies, the appointments shall be invalid unless he specifies the proportion of his holdings to be represented by each proxy.
3. A proxy may but does not need to be a member of the Company and a member entitled to attend and vote at the Meeting may appoint any person to be his proxy to attend and vote instead of the member at the Meeting. There shall be no restriction as to the qualification of the proxy. A proxy appointed to attend and vote at the Meeting shall have the same rights as the member to speak at the Meeting.  
  
As guided by the Securities Commission Malaysia's Guidance and FAQs on the Conduct of General Meetings for Listed Issuers that was issued on 18 April 2020 and its subsequent amendments, the right to speak is not limited to verbal communication only but includes other modes of expression. Therefore, all shareholders and proxies shall communicate with the main venue of the Meeting via real time submission of typed texts through a text box within Securities Services e-Portal's platform during the live streaming of the Meeting as the primary mode of communication. In the event of any technical glitch in this primary mode of communication, shareholders and proxies may email their questions to [eservices@sshsb.com.my](mailto:eservices@sshsb.com.my) during the Meeting. The questions and/or remarks submitted by the shareholders and/or proxies will be broadcasted and responded by the Chairman/Board of Directors relevant advisers during the Meeting. In the event of any unattended questions and/or remarks submitted, the Company will respond to the said unattended questions and/or remarks after the Meeting.
4. In the case of a corporate member, the instrument appointing a proxy must be either under its common seal or under the hand of an officer or attorney duly authorised.

5. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("**omnibus account**"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
6. Appointment of proxy and registration for remote participation and voting

The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority shall be deposited at Securities Services (Holdings) Sdn. Bhd. of Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Wilayah Persekutuan not less than forty-eight (48) hours before the time for holding the Meeting or any adjournment thereof. The proxy appointment may also be lodged electronically via Securities Services e-Portal at <https://sshsb.net.my/>. The lodging of the proxy form will not preclude you from attending and voting at the Meeting should you subsequently wish to do so provided a notice of termination of authority to act as proxy is given to the Company and deposited at Securities Services (Holdings) Sdn. Bhd. of Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Wilayah Persekutuan not less than twenty-four (24) hours before the time stipulated for holding the Meeting or any adjournment thereof. The notice of termination of authority to act as proxy may also be submitted via email to [eservices@sshsb.com.my](mailto:eservices@sshsb.com.my). All resolutions set out in this notice of meeting are to be voted by poll.

Should you wish to personally participate at the Meeting remotely, please register electronically via Securities Services e-Portal at <https://sshsb.net.my/> by the registration cut-off date and time. Please refer to the Administrative Guide on the Conduct of a Fully Virtual General Meeting for further details.

The Administrative Guide on the Conduct of a Fully Virtual General Meeting is available for download at [www.manulife.com.my](http://www.manulife.com.my).

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**AFFIX  
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**THE SHARE REGISTRAR  
MANULIFE HOLDINGS BERHAD 197501003360 (24851-H)**

c/o Securities Services (Holdings) Sdn. Bhd.  
Level 7, Menara Milenium,  
Jalan Damanlela,  
Pusat Bandar Damansara,  
Damansara Heights,  
50490 Kuala Lumpur,  
Wilayah Persekutuan

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**MANULIFE HOLDINGS BERHAD**

197501003360 (24851-H)

16th Floor, Menara Manulife  
6 Jalan Gelenggang, Damansara Heights  
50490 Kuala Lumpur, Malaysia.

T : 603 - 2719 9228      F : 603 - 2095 3804

**[www.manulife.com.my](http://www.manulife.com.my)**