

Manulife Holdings Berhad

ANNUAL REPORT

2020

Mission

Decisions made easier. Lives made better.

Strategic Priorities

Portfolio
Optimisation

Expense Efficiency

Accelerate Growth

Digital, Customer
Leader

High Performance
Team

Our Values



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.



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 of Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the Forty-Fifth Annual General Meeting of Manulife Holdings Berhad (“Manulife” or “the Company”) will be held on a fully 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, 4 June 2021 at 2:30 p.m. for the following purposes:

AGENDA

1. To receive the Audited Financial Statements for the financial year ended 31 December 2020 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 2020. **(Resolution 1)**
3. To re-elect Mrs. Vijayam A/P Nadarajah who retires pursuant to Clause 123 of the Company’s Constitution. **(Resolution 2)**
4. To re-elect the following Directors who retire pursuant to Clause 106 of the Company’s Constitution:
 - (a) Ms. Vibha Hamsi Coburn; and **(Resolution 3)**
 - (b) Mr. Renzo Christopher Viegas. **(Resolution 4)**
5. To approve the payment of Directors’ fees of RM551,363.75 from 5 June 2021 until the next Annual General Meeting of the Company to be held in year 2022 payable quarterly in arrears after each quarter of completed service of the Directors of the Company. **(Resolution 5)**
6. To approve the payment of Directors’ benefits of up to an amount of RM100,000.00 from 5 June 2021 until the next Annual General Meeting of the Company to be held in year 2022. **(Resolution 6)**
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 7)**

AS SPECIAL BUSINESS

8. To consider and if thought fit, with or without modifications, to pass the following resolutions:
 - (a) **ORDINARY RESOLUTION 1** **(Resolution 8)**
 - **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 2021 (pursuant to the interim relief measures introduced by Bursa Malaysia Securities on 16 April 2020) 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 Annual General Meeting (“**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;

Notice of Annual General Meeting

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 9)

- 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 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 28 April 2021 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.”

Notice of Annual General Meeting

(c) ORDINARY RESOLUTION 3

(Resolution 10)

- 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 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 28 April 2021 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."

Notice of Annual General Meeting

(d) ORDINARY RESOLUTION 4

(Resolution 11)

- **PROPOSED RENEWAL OF AUTHORITY TO ALLOT AND ISSUE NEW ORDINARY SHARES IN MANULIFE HOLDINGS BERHAD ("MANULIFE" OR "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 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 conclusion of the first Annual General Meeting of the Company following the general meeting, at which such mandate was passed, 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: 28 April 2021

Notice of Annual General Meeting

NOTES:-

1. In respect of deposited securities, only members whose names appear in the Record of Depositors on 28 May 2021 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'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 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 via email.

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/>. 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.

7. The Board wishes to highlight that the Meeting may be re-scheduled and/or postponed in view of the current COVID-19 pandemic and the Malaysia Government's announcements or guidelines made from time to time. Please rest assured that all members/proxies including attendees shall be kept informed in the event of any unexpected changes.

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.

Notice of Annual General Meeting

EXPLANATORY NOTE ON SPECIAL BUSINESS

(1) 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	: RM30,687.50 per quarter
Independent Non-Executive Directors	: RM61,210.25 per quarter
Non-Independent Non-Executive Directors	: RM18,375.00 per quarter

(2) 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-Fifth Annual General Meeting of the Company. The Company had been granted a general mandate by its shareholders at the Forty-Fourth Annual General Meeting of the Company held on 26 June 2020 (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 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.

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 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).

(3) 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 9 and 10 is to renew the shareholders' mandate for Recurrent Related Party Transactions granted by the shareholders of the Company at the Forty-Fourth Annual General Meeting of the Company held on 26 June 2020 (**"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.

(4) PROPOSED RENEWAL OF DRP AUTHORITY

The proposed Resolution 11, 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.



Corporate Information

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

Mr. Lim Hun Soon @ David Lim

Bachelor of Arts (Honours) in Economics, University of Leeds, UK
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, 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 practice as a Chartered Accountant in England & Wales
Non-Independent Non-Executive Director

Ms. Vibha Hamsi Coburn

Bachelor of Commerce (Honours), Dehli University, India
Post Graduate Applied Finance Diploma, Securities Institute of Australia
Master of Business Administration, University of Western Australia, 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
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. Lim Hun Soon @ David Lim
(Chairman)

Mrs. Vijayam A/P Nadarajah
Mr. Matthew Edward Lawrence
Mr. Renzo Christopher Viegas

• Group Risk Management Committee

Mrs. Vijayam A/P Nadarajah
(Chairman)

Mr. Lim Hun Soon @ David Lim
Mr. Matthew Edward Lawrence
Mr. Renzo Christopher Viegas

• Group Nominating/Remuneration Committee

Dato' Dr. Zaha Rina Binti Zahari
(Chairman)

Mr. Lim Hun Soon @ David Lim
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 2092 2960
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

AGM HELPDESK

Tel : 03 2719 9260
Email : MY_CG@manulife.com

STOCK EXCHANGE LISTING

Bursa Malaysia Securities Berhad –
Main Market

Corporate Structure



Five-Year Group Financial Highlights

	2016	2017	2018	2019	2020
OPERATING RESULTS					
For the financial year ended 31 December (RM'million)					
Group Premiums	877.8	896.4	913.4	988.0	1,014.0
Fee Income	60.4	96.1	106.7	109.7	109.5
Net Investment Gains/Losses ¹	120.9	392.3	18.8	329.8	340.4
Policyowners Benefit Paid and Payable	550.9	634.2	657.3	711.6	805.6
Group Profit Before Taxation	62.3	41.6	38.2	38.4	45.8
Group Net Profit Attributable To Shareholders	46.5	28.0	26.3	26.1	38.8
KEY BALANCE SHEET DATA					
As at 31 December (RM'million)					
Life Fund Assets	4,368.3	4,765.8	4,705.4	5,073.4	5,599.5
General/Shareholder Fund Assets	744.1	868.2	829.5	881.7	904.3
Total Assets	5,112.4	5,634.0	5,534.9	5,955.1	6,503.8
Total Liabilities	4,313.2	4,818.7	4,713.0	5,117.5	5,596.4
Shareholders' Equity	799.1	815.3	821.9	837.6	907.4
SHARE INFORMATION					
Group Basic Earnings Per Share (sen)	23.0	13.8	13.0	12.9	19.0
Net Dividend Per Share (sen)	10.5	8.0	7.0	7.0	7.0
Group Net Asset Per Share (RM)	3.95	4.02	4.05	4.14	4.38
Share Price – High (RM)	3.20	3.32	3.31	2.85	2.46
Share Price – Low (RM)	2.75	3.00	2.30	2.31	1.65
Share Price As At 31 December (RM)	3.02	3.30	2.50	2.48	2.01
Market Capitalisation (RM'million)	611.2	667.8	505.9	501.9	416.0
FINANCIAL RATIO (%)					
Return on Equity ²	5.9	3.5	3.2	3.2	4.4
Return on Assets ³	0.9	0.5	0.5	0.5	0.6

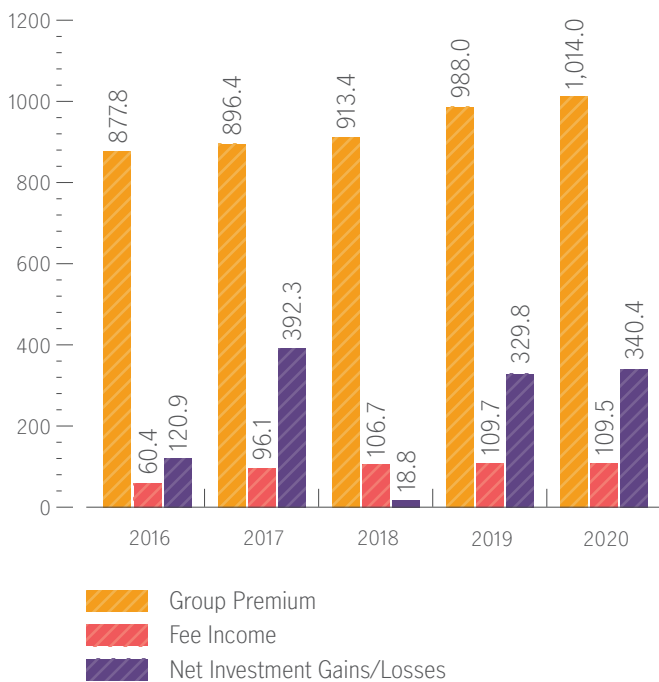
¹ Comprises Investment income and Net realised/fair value losses, net off Investment expenses

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

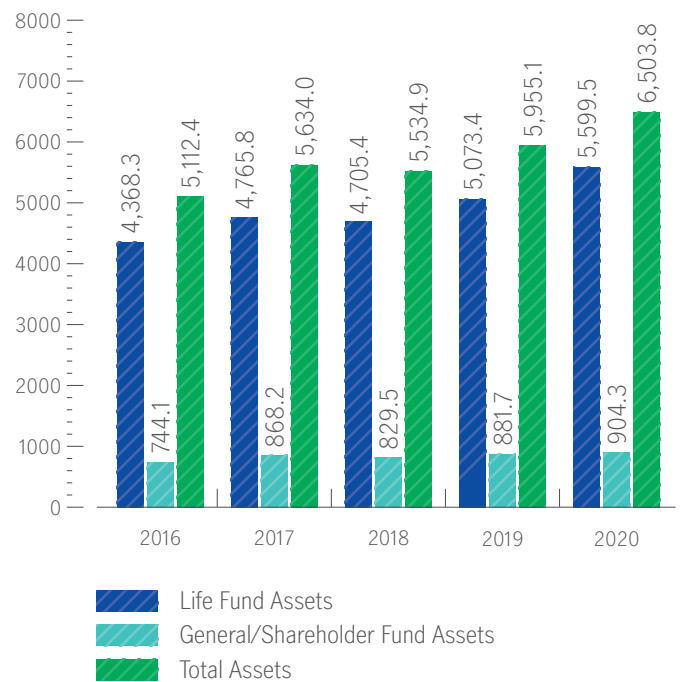
³ Return on Assets = Group Net Profit Attributable To Shareholders / Average Total Assets

Five-Year Group Financial Highlights

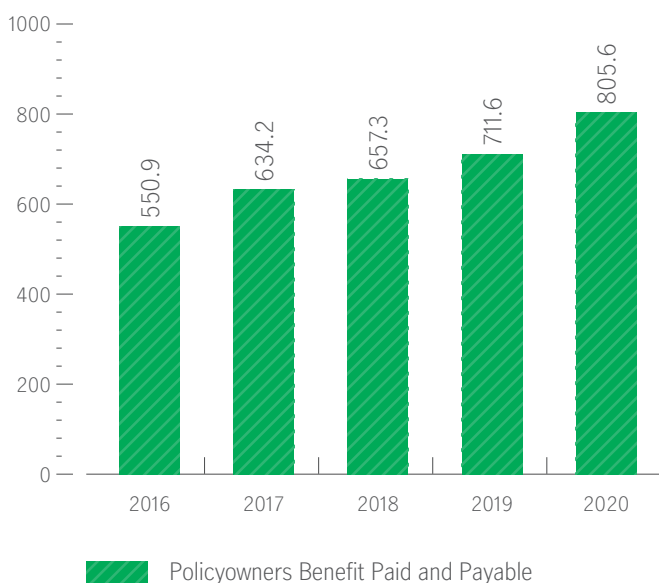
GROUP INCOME
(RM million)



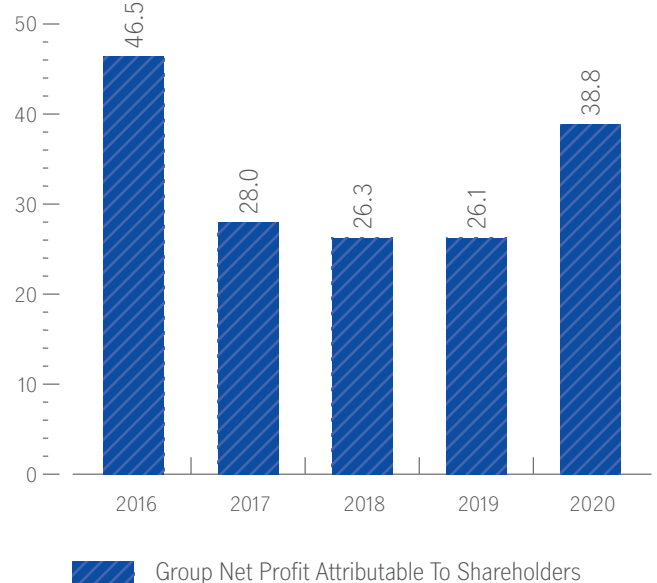
GROUP ASSETS
(RM million)



POLICYOWNERS BENEFIT PAID AND PAYABLE
(RM million)



GROUP NET PROFIT ATTRIBUTABLE TO SHAREHOLDERS
(RM million)



Directors' Profile



Dato' Dr. Zaha Rina binti Zahari

Chairman/Independent Non-Executive Director

Malaysian

| 60 years old

| Female

Appointed to the Board:
12 December 2013

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-five (25) 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 prior to being appointed Chairman of Manulife Holdings Berhad in December 2013. She sits on the Boards of Hong Leong Industries Bhd., Hibiscus Petroleum Bhd., IGB Berhad, Pacific & Orient Berhad, and Pacific & Orient Insurance Co. 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.

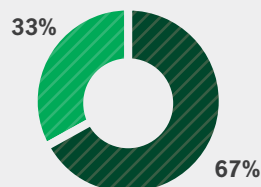
Dato' Dr. Zaha Rina is a Divemaster with National Association of Underwater Instructors (NAUI). She was a member of Global Board of Advisers for XBRL until year 2009 and was also on the Board of Trustees for Malaysia AIDS Foundation until May 2010.

Dato' Dr. Zaha Rina is Chairman of the Group Nominating/Remuneration Committee 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 2020.

Board Composition

- Independent Director
- Non-Independent Directors



Board Gender

Male	<div style="width: 50%;"></div>	3	50%
Female	<div style="width: 50%;"></div>	3	50%

Directors' Profile



Vibha Hamsi Coburn

Group Chief Executive Officer/Executive Director

Australian | 56 years old | Female

Appointed to the Board:
1 October 2020

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.

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 and Manulife Investment Management (M) Berhad.

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 2020.

Board Meeting Attendance

There were five (5) Board Meetings held during the financial year ended 31 December 2020. The details of attendance of the Directors are as follows:-

Name of Board of Directors

Attendance

Dato' Dr. Zaha Rina binti Zahari	5/5
Mr. Lim Hun Soon @ David Lim	5/5
Mrs. Vijayam A/P Nadarajah	5/5
Mr. Matthew Edward Lawrence	5/5
Ms. Vibha Hamsi Coburn (appointed w.e.f. 1 October 2020)	1/1 [@]
Mr. Renzo Christopher Viegas (appointed w.e.f. 1 November 2020)	1/1 [@]
Datuk Seri Panglima Mohd Annuar bin Zaini (ceased w.e.f. 4 July 2020)	3/3 [#]
Mr. Lee Sang Hui (resigned w.e.f. 30 September 2020)	4/4 [#]

[@] Reflects the number of meetings held during the financial year ended 31 December 2020 after his/her appointment as a Director

[#] Reflects the number of meetings held during the financial year ended 31 December 2020 prior to his cessation as a Director

Directors' Profile



Lim Hun Soon @ David Lim

Independent Non-Executive Director

Malaysian

| 66 years old

| Male

Appointed
to the Board:
17 July 2012

Mr. Lim Hun Soon @ David Lim ("Mr. David Lim") holds a Bachelor of Arts in Economics from the University of Leeds, United Kingdom ("UK"). He is a member of the Institute of Taxation, UK, the Institute of Chartered Accountants in England and Wales ("ICAEW") and the Malaysian Institute of Certified Public Accountants ("MICPA").

Mr. David Lim has had an extensive career serving as an auditor in KPMG (now known as KPMG PLT) for thirty-three (33) years where he was admitted as a Partner in year 1990 and served in the Management Committee from year 1997 to year 2001, and in KPMG's Partnership Supervisory Council from year 2002 to year 2010. He was also the Asian Anchor Practice representative for Marketing in year 2000 to year 2001. In year 2006, he was assigned by KPMG (now known as KPMG PLT) to start up the Malaysian Audit Committee Institute (ACI Malaysia), which was a virtual worldwide initiative sponsored by KPMG (now known as KPMG PLT) to assist Independent Non-Executive

Directors in enhancing their awareness and ability to implement effective board processes. He retired from KPMG (now known as KPMG PLT) in year 2011.

Mr. David Lim served as an Examiner for Company Law examinations in the MICPA for over ten (10) years. He was also the Chairman of the MICPA Code of Ethics Committee and a member of the Malaysian Institute of Accountants Code of Ethics Committee from year 2002 to year 2004.

In year 2013, Mr. David Lim was appointed as a Council Member of the ICAEW representing South East Asia (Malaysia) for a term of two (2) years, which was then renewed for a further two year term. His appointment was extended for a third term of two (2) years from year 2017 till year 2019.

Mr. David Lim sits on the Boards of Sasbadi Holdings Berhad, Kawan Food Berhad, Ranhill Holdings Berhad and Press Metal Aluminium Holdings Berhad. He also sits on the Boards of Affin Investment Berhad (in member's voluntary winding-up), Public Investment Bank Berhad, Rockwills Trustee Berhad, Fairview Schools Berhad and a few private limited companies.

Mr. David Lim 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.

Mr. David Lim 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 2020.

Directors' Profile



Vijayam A/P Nadarajah

Independent Non-Executive Director

Malaysian | 59 years old | Female

Appointed to the Board:
19 April 2019

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 2016 to 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.

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 2020.

Directors' Profile



Renzo Christopher Viegas

Independent Non-Executive Director

Indian

| 60 years old

| Male

Appointed to the Board:
1 November 2020

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 oversight of 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 of 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 also 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.

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

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 2020.

Directors' Profile



Matthew Edward Lawrence

Non-Independent Non-Executive Director

British | 45 years old | Male

Appointed
to the Board:
1 January 2020

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 2020.

Senior Key Management Profile



Vibha Hamsi Coburn

56, Female, Australian
Group Chief Executive Officer/
Executive Director

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



Jason Chong Soon Min

54, Male, Malaysian
Chief Executive Officer &
Executive Director

Mr. Jason Chong Soon Min ("Mr. Jason Chong") joined Manulife Holdings Berhad's 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 ("MIMMB"), 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 (30) 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 fourteen (14) 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 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. 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 2020.

Senior Key Management Profile

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 and Director of MILL in March 2020 and October 2020 respectively.

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 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. 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 2020.



Tan Chue Chau

45, Male, Malaysian
Chief Financial Officer

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 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. 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 2020.



Alex Tan Cheng Leong

45, Male, Malaysian
Chief Agency Officer

Senior Key Management Profile

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Jason Lim Yeong Tah

43, Male, Malaysian
Chief Marketing Officer

Mr. Jason Lim Yeong Tah ("Mr. Jason Lim") was appointed as the Chief Marketing Officer of Manulife Insurance Berhad ("MIB") in year 2018 and is responsible for the Brand and Communications, Product Development, Customer Centricity, Digital Marketing and Alternative Distribution functions. In addition to his role, he is also currently the interim Chief Partnership Officer of MIB and Manulife Insurance Labuan Limited, a role which he has held since November 2020.

Mr. Jason Lim joined MIB in year 2013, and has helmed various senior positions in the organisation, heading the Product Development, Product & Project Implementation and Alternative Distribution units. During this period, he was involved in a wide range of projects across the business covering product management, digitisation and process improvement including the launch of the MIB's online insurance distribution platform.

Mr. Jason Lim has over nineteen (19) years of experience in the insurance industry and prior to joining Manulife, he held managerial positions in Allianz Life Malaysia and Great Eastern Life Malaysia, covering the area of business development and channel support for Alternative Distribution and Bancassurance distribution channel.

Mr. Jason Lim holds a Bachelor's Degree in Computer Science and the Fellow, Life Management Institute (FLMI) designation from the Life Office Management Association.

Mr. Jason Lim 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. 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 2020.

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Jasbender Kaur

50, Female, Malaysian
Chief Counsel &
Corporate Services Officer

Ms. Jasbender Kaur is the Chief Counsel & Corporate Services Officer of Manulife Holdings Berhad ("MHB") and is responsible for Group Legal and Corporate Governance. She was appointed as the Principal Officer of Manulife Insurance Labuan Limited in April 2019. She is an LL.B (Hons) graduate from the University of London, United Kingdom 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 (20) 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 have any family relationship with any Director and/or major shareholder of MHB, nor any conflict of interest in any business arrangement involving MHB. 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 2020.

Senior Key Management Profile

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 Manulife, Ms. Aiza Kasim served as Head of HR, Business Banking, Wholesale Banking & AmInvestment Bank at AmBank Berhad (“AmBank”). She has more than nineteen (19) 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 Bachelor of Science (BSc) in Business Management from University of Bradford.

Ms. Aiza Kasim 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. 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 2020.



Aiza Aryati Binti Kasim

44, Female, Malaysian
Chief Human Resources Officer

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 Manulife, he was the Chief Underwriter of AIA Malaysia, and has more than twenty (20) years of experience in the life insurance industry in Malaysia managing the new business underwriting in multi-national 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 degree in Political Science and the Fellow, Life Management Institute (FLMI) designation from the Life Office Management Association.

Mr. Lee 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. 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 2020.



Lee Tat Fatt

50, Male, Malaysian
Chief Operations Officer

Senior Key Management Profile



Tan Yong Nien

45, Male, Malaysian
Head of Information Technology

Mr. Tan Yong Nien ("Mr. Tan") joined Manulife Insurance Berhad ("MIB") as Head of Information Technology ("IT") in January 2017. Since August 2020, he has also taken on an expanded role to lead transformation initiatives, heading the Project Management Office.

Mr. Tan's primary responsibilities include providing operational and strategic leadership over the areas of IT, Information Risk Management and Business Continuity Management.

Mr. Tan served as Deputy Head of Operation for Manulife Technology and Services Sdn. Bhd. between April 2016 and December 2016. He has over twenty-two (22) years of experience in the IT working in various industries, including serving as IT Director for Sherwin Williams for the Asia Pacific region and was instrumental in the setup of its IT shared services center in Malaysia.

Prior to joining Manulife, Mr. Tan was the Deputy Director for NCS, a member of Singtel, in its IT outsourcing center in Malaysia. He also worked for Northrop Grumman, based in United States of America ("USA"), in the field of software engineering in the earlier part of his career.

Mr. Tan holds a Master of Science in Information Systems and Technology from John Hopkins University, USA, and a Bachelor of Science in Computer Science from Iowa State University, USA.

Mr. Tan 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. 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 2020.



Ng Chze How

49, Male, Malaysian
Head of Retail Wealth Distribution

Mr. Ng Chze How ("Mr. Ng") joined Manulife Investment Management (M) Berhad in January 2019 as the Head of Retail Wealth Distribution. Mr. Ng 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 (20) years of experience in asset management, banking and life insurance industry in Malaysia. Prior to joining Manulife, he was the General Manager and Director of AIA Pension and Asset Management Sdn. Bhd. He was subsequently appointed as Chief Agency Officer of AIA Bhd. and has also held several senior leadership roles with 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 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. 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 2020.

Senior Key Management Profile

Ms. Tock Chin Hui (“Ms. Tock”) is the Head of Total Solutions & Equity Investments of Manulife Investment Management (M) Berhad (“MIMMB”) who is responsible for asset allocation and equity strategies of the Company.

Ms. Tock joined Manulife in year 2010 as the Head of Equities and was appointed to the current role in year 2017. During her tenure with Manulife, the equity funds under management won several accolades, more recently the Refinitiv Lipper Fund Awards 2019. In support of gender diversity and inclusivity, Ms. Tock also served as the Chairperson of Manulife Malaysia’s Global Women’s Alliance (“GWA”) in 2020.

Ms. Tock has more than twenty (20) years of experience in the investment industry. Prior to joining MIMMB, she was Deputy Head of Equities of a regional asset management company, managing a range of equity and mixed asset funds.

Ms. Tock holds a Bachelor of Business (Accounting) degree from Monash University and is a Chartered Financial Analyst charter holder. She is also a holder of the Capital Markets and Services Representative’s License in fund management.

Ms. Tock 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. 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 2020.



Tock Chin Hui

49, Female, Malaysian
Head of Total Solutions &
Equity Investment

CEO's Report & Management Discussion and Analysis

Dear Shareholders,

I am pleased to report that the Group recorded a 1.1% growth in operating revenue to RM1,315.5 million mainly due to growth from life insurance gross premium. Despite the challenges faced by the business due to COVID-19 pandemic, we also reported Profit Before Tax of RM45.8 million, which is 19.2% higher compared to RM38.4 million in the prior year.

The Group's Net Profit After Tax for financial year ended 2020 stood at RM 38.8 million, an increase of RM 12.7 million from prior year. The key drivers that contributed to this increase are the improvement in our mortality and persistency experiences and higher gains from equity investments, both from the insurance segment. The Net Profit was also adversely impacted as a result of the higher reserving required due to drop in Malaysian Government Securities (MGS) and US Treasury rates.

The Group's total assets stood at RM6,503.8 million while total equity stood at RM907.4 million, delivering a net asset per share of RM4.38 as at 31 December 2020.

There was no capital expenditure commitment and no significant changes to the Group's capital structure and capital resources in 2020, 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

We improved our new business market share position by one position to number 8 in the industry, reaffirming our improving position amongst life insurance companies in Malaysia. Furthermore, our earnings rose by close to 49% from the previous year despite the challenging external environment that resulted in lower sales compared to 2019. Non face-to-face sales process was launched for all channels of business to mitigate the impact from the restricted movement control order.

Our agency channel recorded new business sales of RM 116 million and a strong 23% year-on-year growth in the number of MDRTs at 58 MDRTs with 3 Court of Tables (COT). MDRT and COT are internationally recognized awards for outstanding performance. Agency headcount recorded 14% year-on-year growth with 1,273 new recruits, closing the year with an overall agency headcount of 2,715. We proudly launched Manulife Asia's first Manulife Business Academy and achieved over 97% training hours for the entire agency force. Manulife's electronic point of sales tool (ePOS) which was launched in mid-2020 achieved an outstanding adoption rate of 64% by December 2020.

Our Bancassurance channel recorded new business sales of RM39.1 million for year 2020, an 11% dip in comparison to the achievement in 2019. This decline was mainly attributable to the lower sales in Credit Life insurance, as a direct impact of the loan moratorium programme and more stringent lending activities from financial institutions.

Manulife Insurance Labuan Limited ("MILL") recorded new business of RM8.7million in 2020 through its product solution for the high net worth customer segment. Despite a lower and challenging interest rate environment, MILL successfully launched the Signature Heirloom (V) product in July 2020 to its distribution partners.

• Unit Trust and Asset Management Business

In 2020, gross sales grew marginally by 1.4%, Asset under Management (AUM) was 8% higher while net profit grew 27% compared to prior year despite the uncertain economic outlook brought upon by COVID-19. Our priority to intensify our customer engagements remained at the forefront of all our efforts.

This was also a year in which we stepped up our focus on digitalisation initiatives to drive business growth. Process improvements for existing systems and developing new services to cater to the evolving needs of customers in this digital age proved timely.

CEO's Report & Management Discussion and Analysis



Manulife Holdings Berhad and its subsidiaries (“the Group”) is a leading financial services group that helps people make their decisions easier and lives better. The Group provides financial advice, insurance and wealth and asset management solutions for individuals, groups and institutions.

Vibha Hamsi Coburn

Group Chief Executive Officer
& Executive Director

CEO's Report & Management Discussion and Analysis

As a leading investment management company, Manulife Investment Management (M) Berhad ("Manulife IM (Malaysia)") is committed to bringing innovative fund investment services to our customers. Our digitalisation journey continued with the launch of Manulife iFUNDS in September 2020. Manulife iFUNDS is an online easy-to-use, human-centered design funds platform for new and existing customers to better manage their portfolios amid a constantly evolving investment environment. Our customers are now able to open an online account, top up their investments, switch between funds and have an overall view of their portfolios, in a simple, secure, and seamless way.

CUSTOMER CENTRICITY

Manulife Malaysia focuses on relationship Net Promoter Score (rNPS) as a continuous metrics to measure and improve customer experience 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.

Notwithstanding the pandemic, Manulife remains committed to caring for the health and well-being of our customers, from ramping up our digital presence to offering non-face-to-face sales; staying connected with customers throughout to ensure that their needs were met.

The Group put in enormous effort in improving and understanding customers' needs keeping in mind the core principles of NPS which are Listen, Learn and Act. As a result, over the years, Manulife Malaysia's relationship net promoter score ("NPS") rating has been on a positive upward trend, further closing the gap with other leading insurers.

Despite the many challenges in 2020, Manulife customers' rating showed an increase from +12 in 2019 to +17. Additionally, we saw a significant improvement and satisfaction displayed by our customers towards our corporate correspondence. Besides this, customers have also displayed their satisfaction towards Manulife's products and services attained in comparison with 2019.

Our 2021 priority is to strengthen our customer experience, with new inner loops being launched to gain deeper insights of customers pain points and continuous improvements to enhance customer journey.

CORPORATE BRANDING

The global implementation of 'Every Day Better' in 2020, as the mission activator for 'Decisions Made Easier, Lives Made Better' presented the Manulife brand an opportunity to unify the way we present ourselves to stakeholders, particularly our customers, potential customers, distributors including agents and employees. Manulife Malaysia has reaped its positive impacts especially in the areas of corporate branding & digital marketing efforts, namely our Manulife's Mass Rapid Transit (MRT) campaign, media relations activities, product promotion, digital marketing activations and agency related engagements.

The Manulife brand has shown a strong sense of agility as Manulife Malaysia tapped into the power of digitalisation – by investing our efforts not only in on-ground activations but also within the digital sphere. This was conducted via owned social media channels (Facebook & Instagram) and Manulife Malaysia's official website as well as the adoption of programmatic marketing solutions through leads generating campaigns and social media posts – all with the primary focus of driving new business and recruitment of Manulife Advisors.

As of December 2020, we observed a spike in engagement rate (158%) and organic reach (155%) on our social media channels compared to 2019 – signifying that regardless of limitations posed by the pandemic, Manulife Malaysia was not only able to reach its stakeholders effectively but also conduct its business as usual. Subsequently, with solid Search Engine initiatives, Manulife Malaysia resides on the 1st page of Google search result (when measured by average), when 'life insurance' is searched. On our official website front, we are now mobile optimised with an improved loading speed of 3.6 seconds against 24 seconds in 2019, and we have since seen a traffic growth of 61% at 472,274 (293,005 in 2019).

Our brand is at a point of breakthrough, and with that spirit, we are optimistic about 2021. With the primary aim of diversifying efforts within the digital community, we are looking to invest in more partnerships with established e-commerce brands & digital platform aggregators. We will also grow our social media initiatives by adopting LinkedIn to reach a more B2B audience and professionals as well as engage with our employees and potential recruits. This will steer the brand's mileage not only as an industry thought-leader but also a preferred employer in the financial services sector. That is the very essence of **Every Day Better** for the Manulife Malaysia brand.

CEO's Report & Management Discussion and Analysis

AWARDS AND RECOGNITION

The Group was bestowed several accolades in recognition of its performance in 2020:

Recognition/Award	Achievement
HR Asia Best Companies to Work for in Malaysia 2020	The award recognises Manulife Malaysia as an employer of workplace excellence that promotes greater employee engagement.
Sustainability & CSR Malaysia Award 2020	Company of the Year Award, Orang Asli Children Education Support
Manulife Malaysia listed as a family-friendly company by online parenting site makchic.com	Recognition was based on "What Working Parents Want 2020" survey that was done on working parents.
Refinitiv Lipper Fund Awards 2020 (Individual Fund Award)*	Mixed Asset MYR Flexible – Malaysia Islamic, 3 years
FSMOne Recommended Unit Trusts Awards 2020/2021	Single Country Equity – India
The Asset Benchmark Research Awards 2020**	<ul style="list-style-type: none"> • Top Investment Houses in Asian Local Currency Bonds for 2020 – Malaysia Manulife Investment Management Highly commended
	<ul style="list-style-type: none"> • The Most Astute Investors in Asian Local Currency Bonds for 2020 – Malaysia Andy Luk Highly commended

* An independent fund award that covers over 17 countries worldwide as well as FSMOne, a leading global investment platform.

** The Asset Benchmark Research has been producing peer-generated rankings of best individuals and most Astute Investors in Asian local currency and Asian G3 bonds for more than a decade.

CEO's Report & Management Discussion and Analysis

CURRENT ECONOMIC SITUATION AND OUTLOOK

Malaysia commenced its vaccination programme on 24 February 2021 and it is expected that 70% of the populace would be vaccinated by Q4 2021. Malaysia's Manufacturing PMI recorded 48.9 in January 2021, nominally below December 2020's 49.1 driven by declining employment levels and moderating export orders which were weighed down by supply chain disruptions. This is not unique to Malaysia as Global demand is exceeding supply for many key inputs as suppliers struggle to boost capacity, with delays exacerbated by a lack of global shipping capacity.

Amidst the continuing uncertainty in the local political scene, Malaysia's Q4 GDP growth came in at -3.4% with full year 2020 recording a GDP contraction of -5.6% which was in line with Bank Negara Malaysia ("BNM")'s forecast of between -3.5% and -5.5%.

BNM had maintained the overnight policy rate (OPR) at 1.75% for the 4th consecutive time following its just concluded March 2021 MPC meeting noting that there was steady improvement in manufacturing and trade activity with many countries rolling out vaccination programmes which would further facilitate improvement in private demand and labour market conditions. BNM stated that future monetary policy stance would be data dependent taking cognizance of implications on inflation and economic growth.

In Manulife Malaysia, since the COVID-19 outbreak became a cause for concern, we ensured our business remains unaffected. The Business Continuity Plan (BCP) was well executed and Manulife employees are kept abreast of the situation daily. The Company took precautionary measures by educating them on staying safe, conducting temperature checks and providing hand sanitisers at all entry and exit points of our building, and providing a supply of face masks to all our staff. Work from Home was also activated as part of the BCP.

Our life insurance entity took additional steps to ensure our stakeholders, policyholders and the general public were protected. The Company introduced special financial assistance for our customers who were diagnosed with COVID-19, waived the 30-day waiting period for medical policies and extended the grace period to 90 days for policyholders who were diagnosed with COVID-19.

INSURANCE AND ASSET MANAGEMENT BUSINESS OUTLOOK

Insurance

Given the COVID-19 pandemic, the insurance business is expected to grow as the public starts to be aware of the importance of insurance for protection and long-term savings, to be better prepared for future uncertainties. Moreover, digital transformation has become more pressing in the face of the COVID-19 pandemic for all businesses. These are in line with the Group's insurance business strategy to promote protection and saving plans, and our ambition to be a digital, customer-centric market leader. The Group's life insurance business will continue to focus on executing the strategies under the 6 pillars of Manulife's strategic initiatives: -

- Transform our Agency channel
- Optimize business opportunities of our exclusive Bancassurance partnership
- Enhance customer experience via implementing holistic solutions
- Increase our digital capabilities and improve operational efficiency
- Expand value creation for shareholders by actively managing expenditure and optimizing resource utilization
- Build a high performing team and culture

Asset Management

Over the past year, Manulife IM (Malaysia) has increasingly made sustainability central to the way we invest and manage risks. This commitment is based on our conviction that sustainability-integrated portfolios are core to value creation for our customers and such portfolios can produce better long-term, risk-adjusted returns.

In collaboration with Manulife's global Environmental, Social and Governance (ESG) professionals, Manulife IM (Malaysia) has incorporated analysis and consideration of ESG factors across the investment processes. We strive to consider ESG research at every stage of the investment, asset ownership, and operation processes—from ideation and due diligence to portfolio construction and ongoing monitoring and optimization.

CEO's Report & Management Discussion and Analysis

At the same time, we actively engaged with companies we invest in to understand their approach to governance and sustainable business practices while communicating our views and exercising our influence as active shareholders by voting thoughtfully and responsibly.

TECHNOLOGY

The Group continues to pursue its digital transformation journey in our aspiration to delight our customers in their everyday actions and experiences which will ultimately create a superior customer experience, engage our employees, and provide new and enhanced revenue opportunities.

The following 3 core strategic areas remained in focus for technology in 2020-2021:



In 2020, the Group completed a number of important technologies deployment including a workflow management system to increase operational efficiency, an electronic point of sales system and an electronic recruitment system to drive digitization of the distribution channels to realize productivity and efficiency gains, and an electronic policy delivery system and an electronic claims submission system of claims to increase digital customer touchpoints for superior customer engagement and experience.

The Group's investment in digital transformation since 2018 has enabled business operation to continue during the COVID-19 pandemic lockdown period in 2020 where non face-to-face working environment and customer engagement was a norm.

Technology continues to mature its Lean, Agile and Dev Ops practices to enable rapid, secure releases of new products and services to respond to customer needs.

RISK MANAGEMENT

Effective risk management is fundamental to the business activities of the group. While we remain committed to increasing shareholder value by developing and growing our business within our board-determined risk appetite, we are mindful of achieving this objective in line with the interests of all stakeholders. 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 a tough COVID-19 pandemic environment, our risk management processes have continued to prove effective throughout 2020. 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 area 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 and risk specialist within its businesses.

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



CEO's Report & Management Discussion and Analysis

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 amounting to RM14,488,878 for the financial year ended 31 December 2020. 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 2020.

SUSTAINABILITY

Our commitment to doing business the right way continued in 2020 as we endeavoured to realise a truly sustainable world. At Manulife, we recognise that sustainability is more than just strategically managing our environmental, economic and social (EES) risks and opportunities; it also means embracing our strategy of adhering to policy, strong governance and ethical business practices to create shared value for our stakeholders. As we strive for enduring sustainability, I am proud to report that we have aligned our sustainability initiatives with seven of the seventeen United Nations Sustainable Development Goals (UNSDGs) in 2020.

An extension of our sustainability initiatives centers on our contribution to the community at large, anchored by our three focus areas; Community Development, Health & Wellness and Environment. As part of our effort to positively impact the community, we are delighted to have been able to support 100 Orang Asli students from SK Bukit Tampoi by providing them with meals, books and school supplies via the 'Love My School' programme. Our monetary contribution also enabled the school to set up an aquaponics system for the school community to plant and maintain, and where teachers also incorporated science lessons. As we look to continue empowering underprivileged children through education, we hope that these young people and many others like them will be inspired to excel in their studies and make a better future for themselves.

Manulife Malaysia's Sustainability Committee, established in 2019, has been tasked to drive the Company's sustainability agenda. I'm excited by the journey we're on and I know that with everyone heading in the same direction, we can make a positive difference.

I look forward to Team Manulife Malaysia breaking through in 2021 with enthusiasm, to increase our reach and impact.

APPRECIATION

Transforming the way we work has been the rallying cry of the workforce in 2020. Despite the plethora of headwinds we were faced with in 2020, it was a year to be proud of our incredibly resilient and agile workforce.

We rose to the challenge together, with much passion, hard work and empathy. Various forms of solutions and work processes swiftly came about to ensure our goals were met, and our winning results speak of it.

Although we continue to be impacted by the pandemic in 2021, Manulife is in a great position to drive our business forward by focusing on our values that we hold true to: we care for each other, maintain our focus on our customers, get it done together, manage our expenses, accelerate our growth and drive our digital transformation to the next level. I would also like to highlight that the health and safety of all our employees, customers and agency members will remain our top priority, as our achievements can only happen with all of you.

In these continuously challenging times, let our innovation and creativity be our guiding light.

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

Sustainability Statement

At Manulife, we are guided by the belief that long-term sustainability is paramount in navigating the ever-evolving corporate landscape. We strive to operate as a responsible business whilst delivering shareholder value, care for the well-being of our employees, empower local communities, and minimise our environmental footprint for the sake of future generations.



Over the past few years, we have focused on developing a comprehensive sustainability strategy to realise our mission of making decisions easier and lives better. Our strategy incorporates input from external and internal stakeholders as well as learnings from engaging sustainability professionals with the intention of elevating the Manulife brand.

In a year that has been challenged by the COVID-19 pandemic, this report provides us with an opportunity to share Manulife Malaysia's economic, environmental and social (EES) performance during these unprecedented times. Furthermore, we have aligned the key focus areas within our sustainability framework to our brand values to progressively improve our sustainability performance.

As we move into 2021, we look forward to ensuring that sustainability remains ingrained to the core of our business, whilst delivering shared value to our stakeholders. In reading this year's Sustainability Statement, we hope that it will provide you with clarity of our sustainability agenda, and you will be encouraged by how we are contributing to the development of tangible, sustainable value for our stakeholders.

Reporting period

This annual report covers Manulife Malaysia's sustainability-related performance for the calendar year i.e. 1 January to 31 December 2020, unless otherwise specified.

Reference & guidelines

As per the previous year, our sustainability-related disclosures are in accordance with the Bursa Malaysia Securities Berhad ("Bursa Securities Malaysia") Main Market Listing Requirements relating to the Sustainability Statement in Annual Reports, as well as the Sustainability Reporting Guide issued by Bursa Securities Malaysia. We have also reviewed how our sustainability framework aligns to 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 preparation for this report is Manulife Financial Corporation's 2019 Sustainability Report & Public Accountability Statement.

Coverage

The scope of our sustainability disclosures covers Manulife Holdings Berhad; a public listed entity on Bursa Securities Malaysia, and its subsidiaries; Manulife Insurance

Berhad ("MIB"), Manulife Investment Management (M) Berhad ("Manulife IM (Malaysia)") and Manulife Insurance Labuan Limited ("MILL"). References to 'Manulife', 'Manulife Malaysia', 'the Organisation', 'the Company', and 'we' 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 order to proactively manage our 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 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

Sustainability Statement

Our Key Sustainability Highlights of 2020



Net Promoter Score increased
+5 points
from 2019



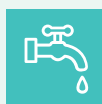
97%
of our talents participated in the 2020 Global Employee Engagement Survey



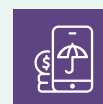
50%
of management positions currently held by women



Won the
'Company of the Year Award'
at the Sustainability & CSR Malaysia Awards 2020



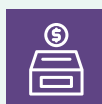
27%
decrease in water consumption from 2019



Total issued APE increased by
44.5%
from 2019 under our Digital Leads initiative



781 hours
spent on employees' Training & Development



COVID-19 Special Financial Assistance Programme worth
RM1mil



Launch of eClaims in support of
100%
paperless initiative

Sustainability Governance

Manulife Holdings Berhad is dedicated to setting the highest standards of corporate governance in all our business dealings. We established our maiden sustainability governance structure in 2019, which sets out a strategic approach in delivering our sustainability agenda across the Organisation.

Our robust sustainability governance hierarchy centres on a three-tier structure comprising the Board of Directors ("the Board") at the summit, with a reporting line directly from the Group CEO who is placed at the core of our corporate governance

practices. Supporting the Group CEO is the recently formed Manulife Sustainability Committee (MSC), whose members are representative of Manulife's finance, legal, compliance, operations, real estate and brand and communications functions.

The governance structure that has been implemented ensures that all our sustainability initiatives are tabled and discussed at the highest level. As a result, our sustainability agenda is clearly transpired throughout all levels of the hierarchy, and direction is clearly cascaded down from the Board, throughout the Organisation.

Manulife Sustainability Governance Structure

Board of Directors



Group CEO



Manulife Sustainability Committee ("MSC")

Sustainability Statement

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 approve internal sustainability-related guidelines
- Figure-head for driving the Organisation's sustainability agenda
- Link between MSC 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

Sustainability Framework

We believe that as a life insurer with a global presence, there is an added responsibility to contribute constructively towards the nation's sustainability agenda. To achieve holistic growth, we strive to embed sustainability throughout all facets of our business as we focus on delivering our mission of *Decisions made easier. Lives made better.* The sustainability framework below underlines our approach where our four pillars of sustainability are driven by our values at the top. Our sustainability pillars in turn align with various SDGs which form the foundation of Manulife Malaysia's sustainability strategy. Although we are aware that there is still more to do in embedding sustainability across our business, we look ahead with industry and purpose.

Brand Values

Obsess About Customers

Think Big

Own It

Get It Done Together

Share Your Humanity



Manulife Malaysia's Sustainability Pillars



Elevating our Business



Preserving the Environment



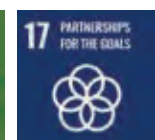
Nurturing a Winning Team



Touching Lives in the Community



Aligned to the following SDGs



Sustainability Statement

Our Commitment to Sustainability

In 2016, Malaysia with 192 other UN member states adopted Agenda 2030 and its 17 SDGs to end poverty, protect the planet and ensure prosperity for all. As a responsible corporate citizen, we are proud to support the SDGs and consider ways in which we can contribute to their achievement as we incorporate sustainability into our day-to-day operations.



As highlighted in the table below, we are aligned with seven of the 17 SDGs that are most relevant to our business.

SDG	SDG Objective	How do we support the SDGs?
	Ensure healthy lives and promote well-being for all at all ages	We raise awareness on the importance of wellness to our talents and organise wellness-related activities throughout the year.
	Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all	We empower Orang Asli children by providing access to a holistic education. These programmes involve providing financial support via a student bursary scheme, and installation of an aquaponics system for lessons.
	Achieve gender equality and empower all women and girls	We promote gender equality across the organisation and take matters pertaining to gender discrimination seriously. 50% of our management roles are currently filled by women.
	Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all	We provide fair compensation to our talents and create an environment that nurture their career development and personal growth.
	Ensure sustainable consumption and production patterns	We encourage responsible consumption of precious resources and disposal of waste in an ethical manner to minimise our environmental footprint.
	Take urgent action to combat climate change and its impacts	We are mindful of our operations and its impact on anthropogenic climate change. We attempt to carefully manage our emissions through conscious utilisation of resources.
	Strengthen the means of implementation and revitalise the global partnership for sustainable development	We seek to collaborate within internal and external means to maximise our reach and impact to achieve our desired outcomes.

Sustainability Statement



**Elevating
our
Business**

In support of:



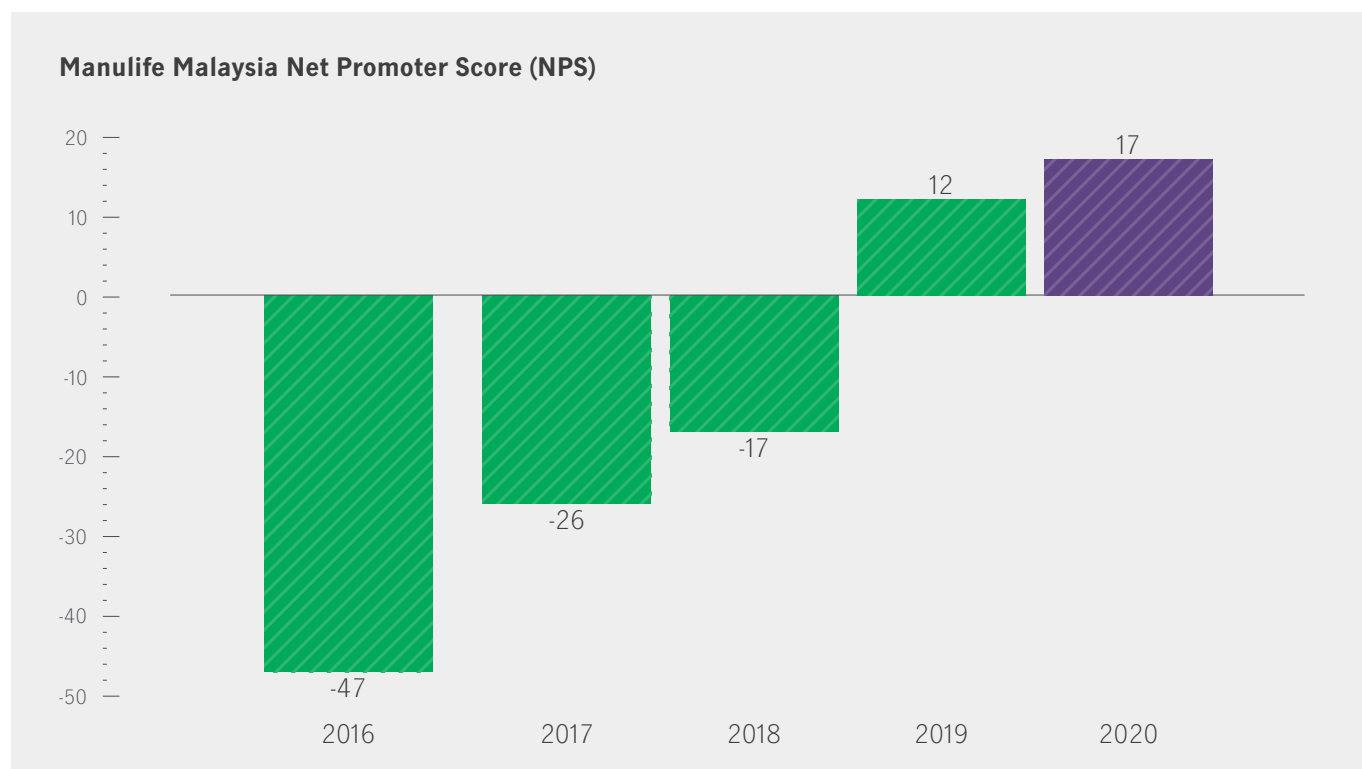
Sustainability Statement

Our operating environment was severely impacted by the COVID-19 pandemic in 2020, and our ability to quickly adapt enabled us to continue making *every day better* for our customers. At Manulife Malaysia, we pride ourselves on staying true to the values that have underpinned our growth and success over the years. We hold ourselves accountable to setting the highest standards of professional conduct whilst ensuring we continue to deliver shared value for our key stakeholders. Since embarking on Manulife's NEXT initiatives (our internal transformation agenda) in 2019 to enhance our operational, services and product capabilities, we have achieved various notable milestones. This chapter highlights how we have gone about achieving our bold ambition of becoming a digital, customer-centric, market leader in times of embracing a new normal.

PUTTING CUSTOMERS AT THE FOREFRONT OF OUR BUSINESS

Providing a positive customer experience

In line with our focus of improving customer experience and instilling a customer centric culture, we used the Net Promoter Score ("NPS") as a means to develop strategies involving cross functional teams and gathering feedbacks from customers to further enhance a customer's experience. Through NPS, Manulife Malaysia's customer rating has also been on an upward trend from -47 to +17 between 2016 and 2020 respectively. Being mindful of the three core principals of NPS – *listen, learn and act* – the team worked closely with other departments to achieve this significant milestone. With this approach in place, we engaged and listened to customers, learnt from their feedbacks and acted to resolve the issues with collective effort from cross-functional teams within a stipulated time frame.



In 2020, our priority to intensify engagements with customers remained at the forefront of all our efforts. With a strong focus on *Obsess About Customers*, Manulife IM (Malaysia) adopted the NPS to gain deeper insights into our customers' needs and expectations. Guided by a more holistic NPS, we focused on resolving their pain points through immediate and continuous improvements and thereafter, to enhance their experience through digitalisation.

Sustainability Statement

Re-engaging with customers to review their needs

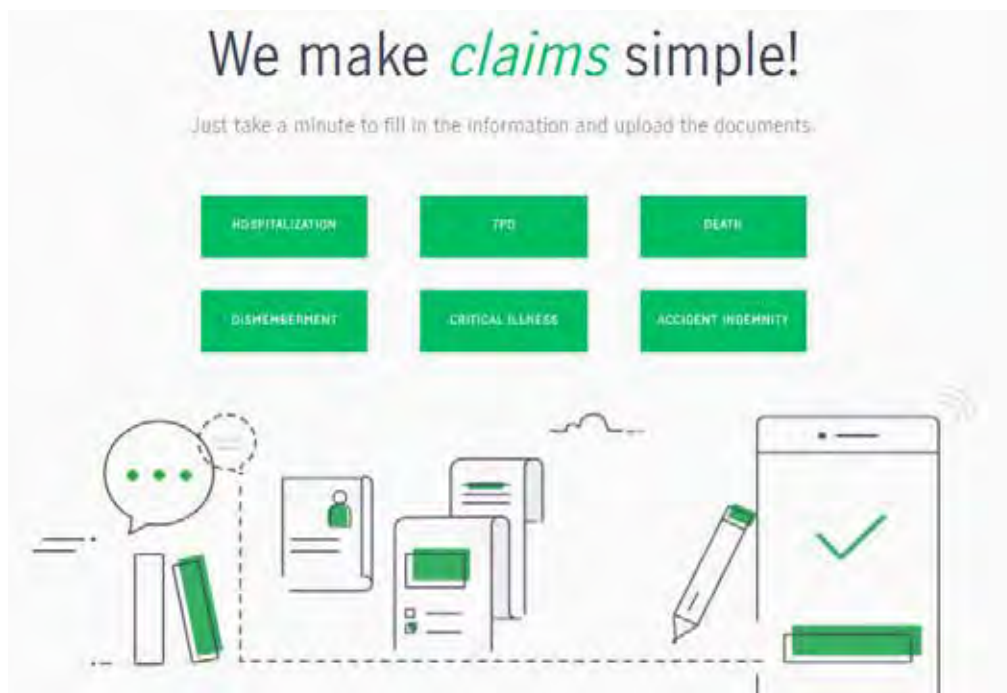
We used Customer Portfolio Management (CPM) to improve customer management and relationship through cross-selling of products with the aim of meeting more of our customers' insurance and wealth protection needs.

Ensuring our customers remain protected in their life's journey remains our top priority. As such, we adopt a pro-active approach to promote suitable products throughout a customer's entire journey with Manulife; from the moment they purchase their first policy at a younger age, to the moment they retire.

Improving customer experience through digitisation

The COVID-19 pandemic has encouraged us to find better digital solutions to continue supporting our customers. This past year, we have enhanced our system to enable Non-Face-to-Face (NFTF) solutions for our sales processes, claims applications and servicing requests during the Movement Control Order (MCO) implemented by the government. Throughout this challenging time, our top priority remained keeping our customers, employees and distribution partners safe. With strict government restrictions in place to curb the spread of COVID-19, we swiftly moved to ensure that Standard Operating Procedures (SOPs) were in place, whilst ensuring full compliance with the government guidelines which included remaining in operation for our customers and agents who needed continued access to our essential insurance services.

In April 2020, we continued driving our digitalisation agenda and introduced our ePolicy to allow customers to download their policy contract electronically. This facilitated our decision to limit face-to-face contact with our customers for safety reasons. Additionally, our new e-claims platform that was launched in September 2020 enabled our agents to submit all types of claims anytime, anywhere via the CAO Channel.



Providing easier accessibility for our agents to submit claims, our newly launched e-claims platform was a significant step towards our bold ambition of being a digital, customer-centric market leader.

Through the eLITE portal, customers are able to better manage their policy information online; viewing and downloading their e-policy at their convenience.

Sustainability Statement

Further improvements in the form of notifications via our SMS channel was implemented to provide our customers with immediate updates instead of the conventional snail-mail. Investment-linked sustainability notices are also sent electronically to customers via email and SMS.

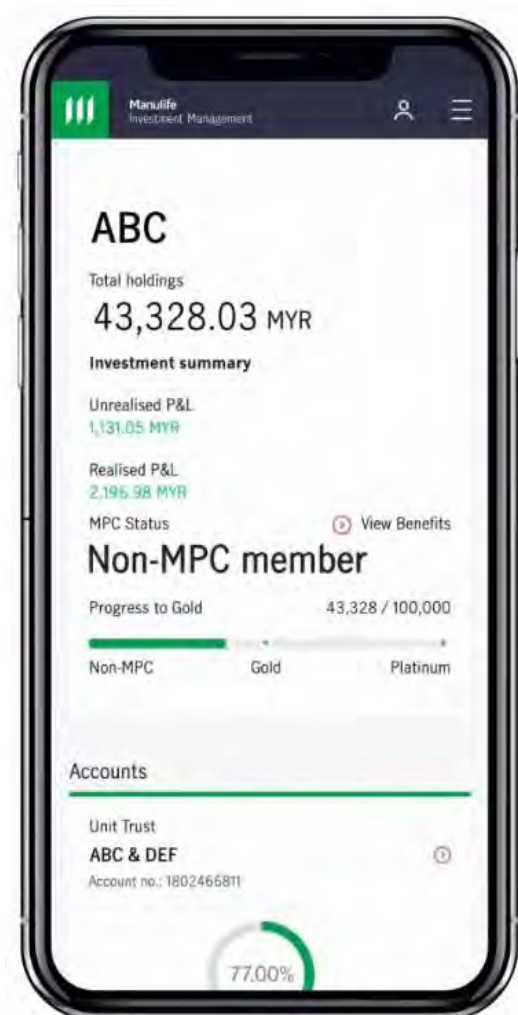
In 2021, policyholders will be able to view and download their Annual Premium Statement via eLITE as the company will no longer be issuing hardcopy statements.

As a leading investment management company, Manulife IM (Malaysia) is committed to bringing innovative fund investment services to its customers. Our digitalisation journey continued with the launch of Manulife iFUNDS; an online fund investment platform which enables investors in Malaysia to select, manage and track their Manulife unit trust funds anytime, anywhere. Launched in September 2020, Manulife iFUNDS allowed us to create more meaningful engagements with our customers and unit trust consultants digitally, especially during a time where face-to-face interactions proved challenging due to the COVID-19 pandemic.

By combining the company's understanding of customer needs and utilisation of technology, we have created an easy-to-use platform for new and existing customers to better manage their portfolios amid a constantly evolving investment environment.

With Manulife iFUNDS, our customers are now able to open an online account, top up their investments, switch between funds and have an overall view of their portfolios, in a simple, secure and seamless way.

As part of our focus to step up on digitalisation initiatives to drive business growth, we developed process improvements and new services for our existing customers. One of which is the enhancement of the password resetting process of our Manulife Home Office Investor (MHO Investor) platform. A faster and easier password reset process offers a swift log-in experience to them, further enhancing their experience with us.



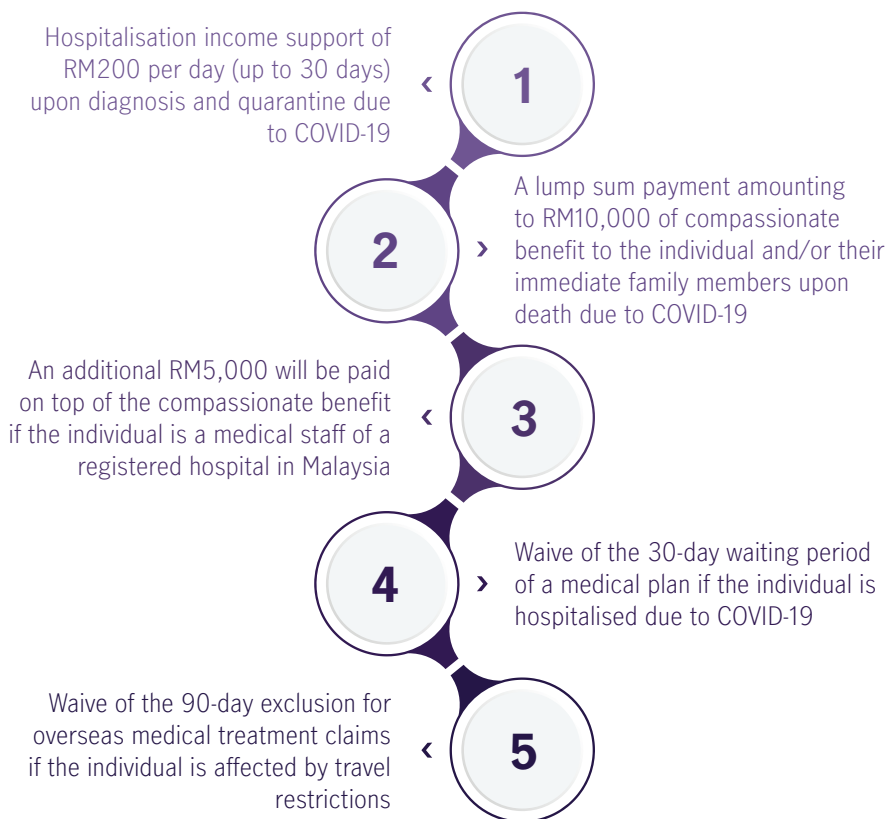
The Manulife iFUNDS platform provides our customers with a seamless experience to manage their portfolios anytime, anywhere via their mobile devices.

Sustainability Statement

Closing the protection gap via innovative products & services

The global pandemic and after-effects of COVID-19 has increased the importance of insurance coverage. Under the “new normal”, digital solutions took precedence and with the launch of ePOS, we were able to equip our agency force with the tools needed for electronic submissions, which facilitated our agents to move away from the conventional paper submissions.

During the start of the pandemic, we were quick to respond; launching the *RM1 million Special Financial Assistance Programme* to help customers affected by COVID-19. This initiative covers all Manulife customers and the company undertakes a regular review to reflect the coverage which includes:



We launched Beyond Critical Cover (BCC); our flagship Critical Illness product at the start of the pandemic. BCC is a critical illness solution that covers not only the normal list of critical illnesses but also includes a lump sum pay-out for hospital admissions and intensive care unit (ICU) stays.

To provide further coverage for our customers, two more products were launched in September 2020; namely *Manulife Easy Cover* and *Manulife Easy CI Cover* as a solution in allowing customers to sign up for an insurance plan without having to go through medical underwriting.

Another initiative was to offer an additional 20% coverage for 3 years for selected investment-linked plans and critical illness riders with no extra cost. Throughout the year, we were quick to adapt and re-strategise the product strategy, focusing on what's important for our customers and ensuring we make *every day better* for all.



Our flagship product of 2020, BCC was able to provide much needed extra coverage to our customers in light of COVID-19.



Sustainability Statement

CREATING SHARED VALUE FOR OUR STAKEHOLDERS

Leveraging on strategic partnerships

Through our bancassurance partnership with Alliance Bank, a new education savings plan was launched in August 2020 to help the bank's clients save for their children's future education fund. We also introduced various initiatives and campaigns to help our bancassurance clients obtain insurance coverage in an easier manner, as consumers' awareness and demand for insurance grew significantly throughout the pandemic.



The Bancaassurance Elite Kids Saver provided customers with an avenue to save for their children's education.

In 2020, MILL continued to expand its distribution reach via new collaborations with Financial Advisory firms to distribute our US Dollar-denominated universal life insurance product; the Signature Heirloom series. As of November 2020, MILL was providing total insurance cover of more than US\$168 million for high net worth clients in Malaysia, helping them to plan and leave behind a legacy for their next generation.

To facilitate client engagement during the various COVID-19 restrictions, MILL introduced its remote sales process and organised webinar sessions to ensure our clients continued to receive important industry insights and advice for their legacy planning solutions.

DIVERSIFYING OUR INVESTMENTS AND SAVINGS

Cost-fitting for re-investment

Managing our expenses to achieve expense efficiency and having a continuous CostFit mindset instilled at all levels throughout the Organisation continue to be the focus in ensuring sustainable growth for Manulife Malaysia. The primary intent is to sustainably enhance our cost competitiveness through improved economies of scale and effective utilisation of resources, yielding maximum value and benefits to the Organisation. The savings arising from the CostFit exercise has created opportunities and additional funds for reinvestment as we embark on our Digitalisation Transformation Journey. This has resulted in building and enhancing our digital capabilities from the point-of-sale to the back-end reporting system, whilst also freeing up funds to meeting other strategic priorities for business growth and expansion.

For this year, we have reinvested RM5 million worth of savings to enhance and develop new technological capabilities and digital assets, whilst contributing to improved productivity as well as enhancing our distribution partners', customers' and employees' experience.

Sustainability Statement

Investing sustainably

2020 was evidently a difficult year for investments globally where many nations experienced up to 3-waves of the pandemic cycle, which left their economic trajectories in disarray and introduced heightened volatility in the financial markets. We faced the onslaught head on and took a conscious decision to re-balance our public equity allocation back to neutral from underweight in Q1 noting that valuations were cheap and some sectors had the potential for a V-shaped recovery when a rebound in the equity market happens.

Taking cognisance of the world of low interest rates since the onset of the Global Financial Crisis 12 years ago and its flipside of high asset valuations, an optimum risk-return allocation should see exposure to alternative assets, especially private market assets, and accordingly the investment strategy was reviewed to accommodate this possibility. The decision was made to shift our investment allocation to private equity where investments returns (9% - 12% per annum) are expected to be less volatile.

Fixed income investments, being the core asset class for investment, were also dynamically managed, lengthening duration when it appeared that rates would fall further and opportunistically taking positions in short tenured corporate bonds when spread risk was attractive. As a result, overall, the fixed income portfolio earned us approximately 7% YTD December 2020.

Streamlining our procurement process for efficiency and savings

In our quest to drive high cost savings, our procurement team reviewed existing contracts to avoid renewal prior to conducting competitive bidding or direct negotiation with our vendors. The strong collaboration between our procurement team and various Business Units have resulted in achieving sustainable high cost savings. We kicked off 2020 with *Procurement-Go-Digital*; an initiative of going 100% paperless in all procurement processes comprising of requests, submissions and approvals. This initiative resulted in significant improvements in end-to-end turnaround time by two days, managing procurement fraud risk, cost savings, and most importantly, reduction of our environmental footprint.

Another initiative that was well received by our people was the launch of the Procurement Handbook; a one-stop reference guideline to advise employees on procurement processes. This was disseminated across the Organisation in a series of forums that was organised by our procurement team, to improve internal customer experience in carrying out procurement activities without compromising compliance and existing policies.



Sustainability Statement

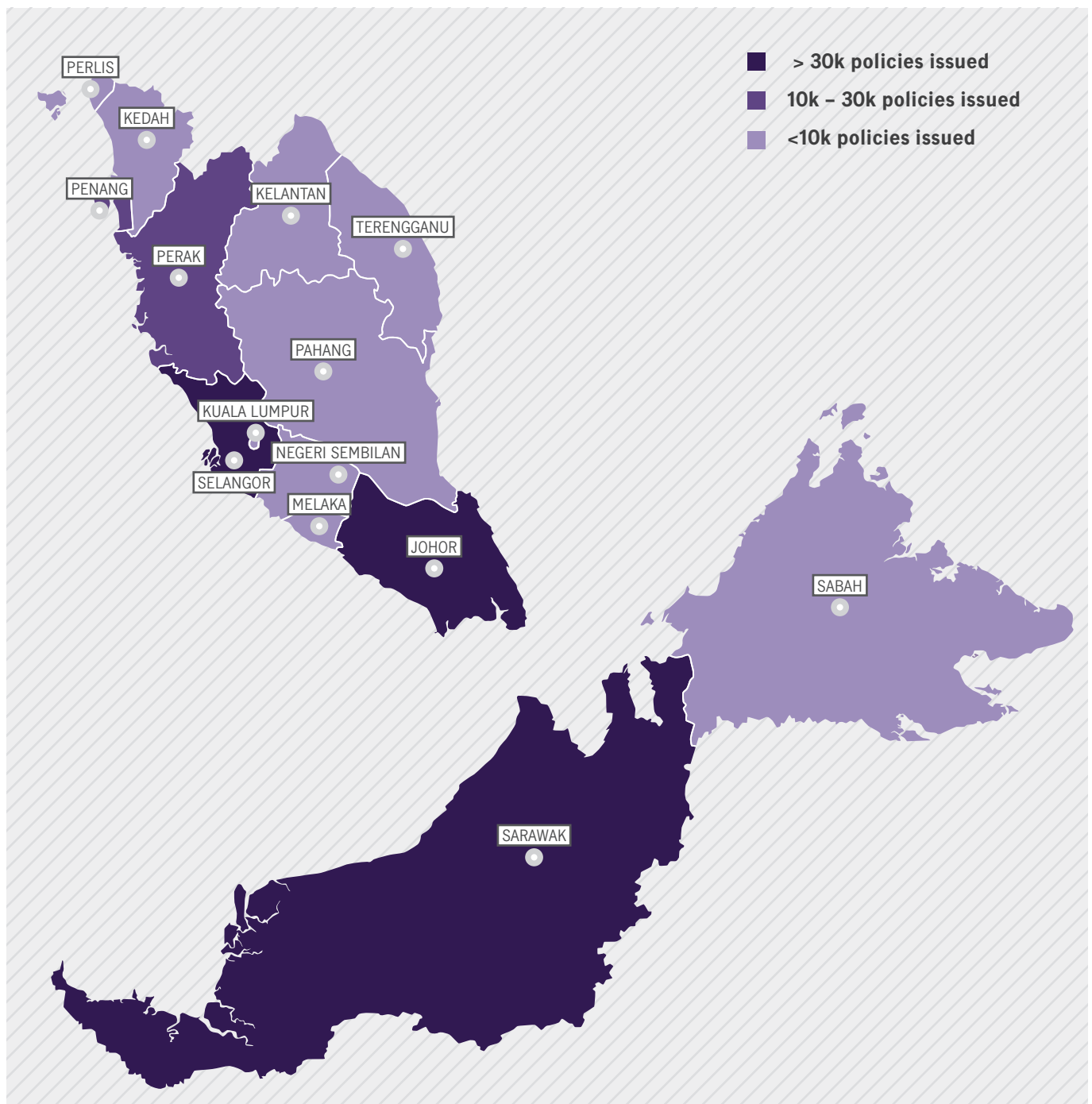
INNOVATING OUR “BUSINESS AS USUAL”

Enhancing our distribution capabilities

Providing coverage to people living in Malaysia remains a top priority for us. This includes expanding our offerings to accommodate a wider cohort of society, increasing accessibility to our products and services through the improvement of our distribution channels, and keeping abreast of societal trends to ensure our protection remains relevant.

As of December 2020, our reach covers 252,109 policies held by 182,135 customers across the nation.

Our Insurance Footprint



Sustainability Statement

Leveraging on digital leads to drive new business

Generating quality leads for our distribution team throughout the year has been paramount for our business. The 'Power Couple' programme was initiated in 2019 in collaboration with Manulife Malaysia's Marketing and Agency teams to direct new customers to a select group of agents. We have also continued to channel digital leads directly to our agents, in real time. This process has significantly reduced the end-to-end turnaround time (TAT) to less than one hour, allowing our agents to contact the prospect before they lose interest, which in turn, significantly improves the chances of converting the lead into a sale.

The programme achieved notable results over the course of 2020; in particular, gaining positive trends across major digital leads metrics (+39.9% of total number of leads generated and +78.4% of total number of qualified leads generated), as well as doubling our conversion rate at one stage from 3% to 6%.

Digital-led recruitment initiatives in the "new normal"

The COVID-19 pandemic caused some bleakness in the job market with many being retrenched and taking pay cuts. We provided an opportunity for people who were unemployed to become Manulife Insurance Advisors by organising a series of virtual business and recruitment webinars; including special events with local celebrities on social media platforms. These events highlighted how a Manulife Advisor could go above and beyond to help others face decisions about their future while embarking on meaningful journey of entrepreneurship.

Manulife

John Lau
Head of Recruitment

Lau Yishern
Insurance Advisor

Celine Chin
Wealth Manager

Alex Tan
Chief Agency Officer

Join us on
f LIVE
Manulife Malaysia
22 August 2020 8pm

Meet the Rockstars of Manulife by
Alex Tan
Chief Agency Officer

Unleash Your Potential by
John Lau
Head of Recruitment

Hear from our Successful
Entrepreneurs
Celine Chin | Lau Yishern
Wealth Manager | Insurance Advisor

Special Performance by
Pong Pong (Jei & Gaston)

Live Band Performance



The virtual recruitment event was hosted by Nadia Heng (celebrity host) with special entertainment by PongPong siblings' duo.

Sustainability Statement

Digitising agency

We saw great opportunities to connect with our customers efficiently by digitising our way of conducting business. As part of Manulife's transformation agenda to lead the digital change needed to drive business growth, we implemented paperless business with the launch of Manulife ePOS, eRecruitment platform and eClaims.

To ensure business continuity during MCO, we implemented NTF processes so that agents could perform seamless sales submissions and policy servicing for their customers. By quickly adapting to working remotely, we restored the momentum among our agents amidst the unprecedented situation. We also created *Manulife Today*, a monthly digital bulletin to enable our customers to stay connected with the updates and announcements from Manulife.

Launch of our new Regional Support Centre & Manulife Business Academy

In February 2020, we launched our new Johor Bahru Regional Support Centre (RSC) in Menara Landmark; a flagship branch measuring 11,000 square feet in size, as part of our territorial expansion plan, to attract the best and brightest financial services professionals in the southern region of Peninsular Malaysia.



(L-R): MIB Chief Agency Officer, Alex Tan, former Group Chief Executive Officer, Lee Sang Hui and former Chief Operations Officer, Bianca Ilibasic officiating the opening of MIB's new Johor Bahru Regional Support Centre.

Sustainability Statement

Subsequently, we launched Manulife Business Academy (MBA); an institution of learning to equip our agency force with holistic knowledge and skills to boost their productivity and cultivate agency professionalism.

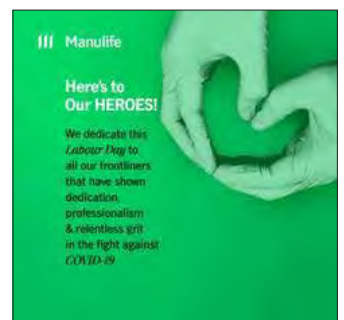
The launch solidifies our commitment in providing a structured path and specialised programmes to develop motivated individuals to become top achievers like the Million Dollar Round Table (MDRT) and CEOs of their own insurance franchise from Manulife.



The MBA aims to be a hub for MIB's agency force to advance their skills and expertise in the life insurance and financial services business. Alex Tan (left), Chief Agency Officer, and Lee Sang Hui (right), former Group Chief Executive Officer, at the officiating ceremony.

Harnessing social media to elevate our brand

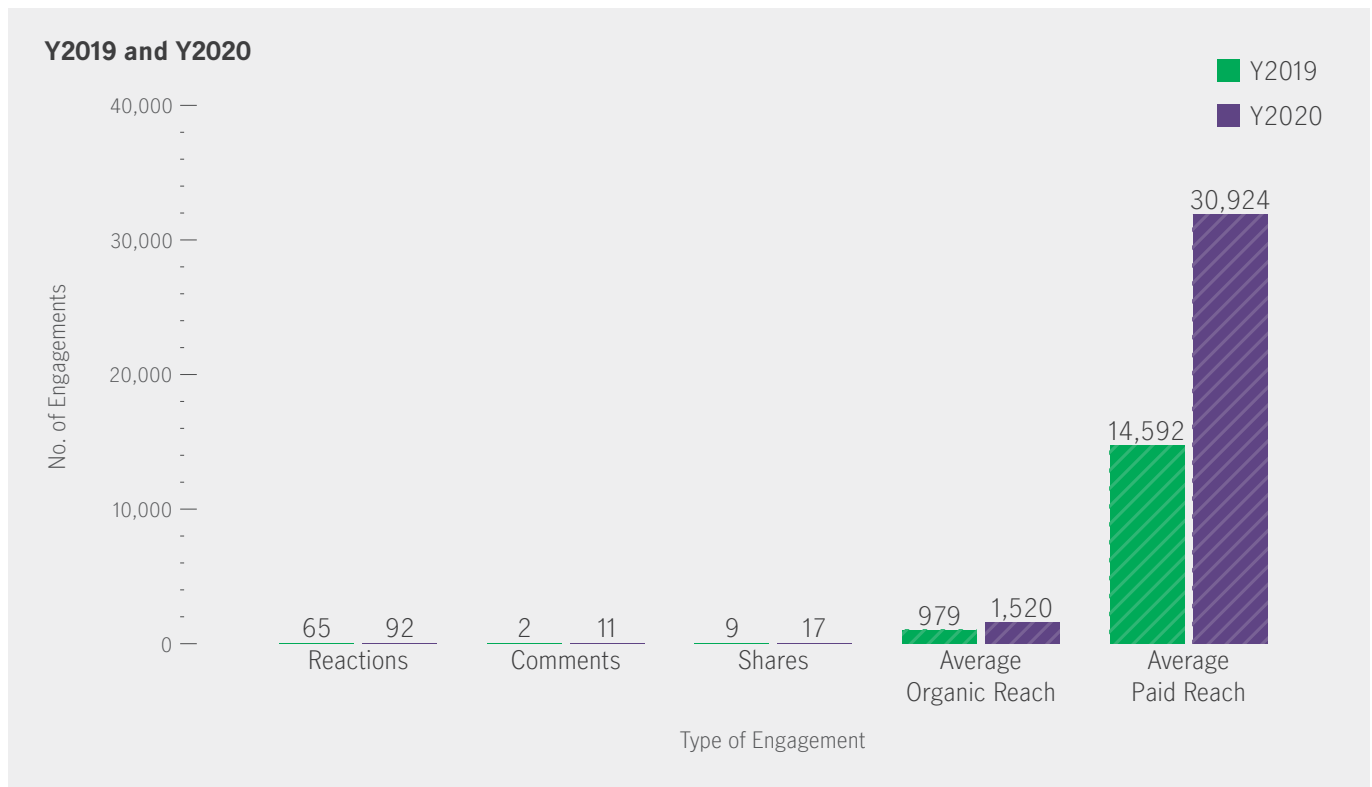
Despite a turbulent year, the Manulife brand has shown a strong sense of agility and perseverance as it experienced a shift towards digital platforms. Harnessing the power of digitalisation, we saw a rise in engagement with customers and the general public across our social media platforms as we connected with them via interactive content about our products, services and various virtual events.



Sustainability Statement

This was viewed as a golden opportunity to move our brand and marketing initiatives towards a digital orientation, while maintaining a balanced presence on-the-ground. A higher investment of resources was channelled to support our digital streams, by leveraging programmatic marketing solutions through leads generating campaigns and social media posts, with the primary focus of driving business APE and recruitment of Manulife Advisors.

As of December 2020, we observed an increase in engagement rate (58%) and organic reach (55%) on our social media channels compared to 2019; signifying that despite limitations posed by the COVID-19 pandemic, not only were we still able to reach our stakeholders effectively, but also conduct our business as usual.



Looking ahead to 2021, we aspire to diversify our digital initiatives through partnerships with other established e-commerce brands and digital platform aggregators – driving further visibility of our products and services. On the social media front, we will be engaging LinkedIn to reach a stronger business-to-business (B2B) audience, engage with our employees and potential recruits, and build the brand's position not only as an industry thought-leader but also a preferred employer in the financial services sector.

Embracing Environmental, Social & Governance (ESG) principles in the way we invest

Over the past year, Manulife IM (Malaysia) has increasingly made sustainability central to the way we invest and manage risks. This commitment is based on our conviction that sustainability-integrated portfolios are integral to value creation for our customers and such portfolios can produce better long-term, risk-adjusted returns.

In collaboration with Manulife's global ESG professionals, Manulife IM (Malaysia) has incorporated analysis and consideration of ESG factors across the investment processes. We strive to consider ESG research at every stage of investment, asset ownership, and operation processes—from ideation and due diligence to portfolio construction and ongoing monitoring and optimisation.

At the same time, we actively engaged with companies we invest in to understand their approach to governance and sustainable business practices while communicating our views and exercising our influence as active shareholders by voting thoughtfully and responsibly.

Sustainability Statement

Awards

In 2020, Manulife IM (Malaysia) continued to be recognised for our fund performance by leading and independent platforms such as the Refinitiv Lipper Fund Awards; an independent fund award that covers over 17 countries worldwide as well as FSMOne; a leading global investment platform.

Despite the competition, we were able to attain two individual fund awards from Refinitiv Lipper Fund Awards and FSMOne Recommended Unit Trusts Awards.

The individual fund awards received in 2020 are:

- Refinitiv Lipper Fund Awards 2020
Mixed Asset MYR Flexible – Malaysia Islamic, 3 years
- FSMOne Recommended Unit Trusts Awards 2020/2021
Single Country Equity – India

We also received two distinguished awards from The Asset Benchmark Research, which has been producing peer-generated rankings of best individuals and most Astute Investors in Asian local currency and Asian G3 bonds for more than a decade:

- Top Investment Houses in Asian Local Currency Bonds for 2020 - Malaysia
Manulife Investment Management
Highly commended
- The Most Astute Investors in Asian Local Currency Bonds for 2020 - Malaysia
Andy Luk
Highly commended

Furthermore, Manulife Holdings Berhad was also awarded the 'Company of the Year' Award in the Sustainability and CSR Malaysia Awards 2020. We were recognised as a worthy recipient following the successful execution of our 2019 flagship CSR programme; Orang Asli Education Support, in which 133 Orang Asli children were provided with a holistic education.



Manulife Holdings Berhad won 'Company of the Year – Financial Services' at the Sustainability & CSR Malaysia Awards 2020. Collecting the award on behalf of Manulife is Jason Lim (left), Chief Marketing Officer of MIB.



Sustainability Statement



Preserving the Environment

In support of:



Sustainability Statement

PRESERVING THE ENVIRONMENT

At Manulife, we believe it is imperative to lead by example as we support the global transition to a low-carbon economy. Fully aware that we are part of an industry that is traditionally reliant on paper and energy, we recognise that there are actions we can take to focus our efforts in incorporating environmental considerations into our business. The operations at our offices and branches across the country have a direct impact on the environment, and we are exploring ways to operate in a sustainable manner.

As a responsible corporate citizen, we aim to play a prominent role in reducing our environmental footprint in the workplace by taking progressive steps to encourage sustainable consumption of resources and managing the waste we generate. We are convinced that our efforts will safeguard the well-being of future generations and reduce operating costs in the long term.

“The impact of climate change is real and upon us. Now, more than ever, it is important that all stakeholders band together to bring about sustained change.”



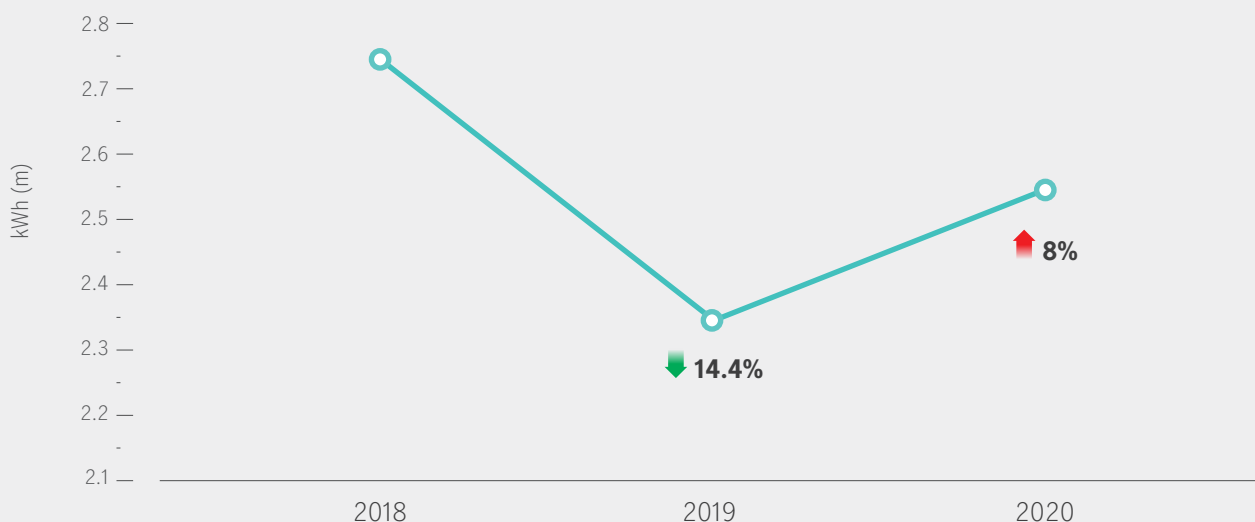
Vibha Hamsi Coburn
Group Chief Executive Officer
& Executive Director

Electricity consumption

We focus on the electricity we consume in our headquarters Menara Manulife, by tracking our usage through monthly electricity bills. Over the years, we have continued to optimise our consumption of electricity through the implementation of various energy-efficient solutions within our building. For example, we continued the lamping exercise from the previous year for the rest of our offices; replacing old filament light fittings with energy efficient light-emitting diode (LED) bulbs. In addition, the air-conditioning system at Menara Manulife has been continuously upgraded in stages over the past few years.

An 8% increase in our electricity consumption between 2019 and 2020 was attributed to an increase in the occupancy rate in our building from 71% to 82% within the same period. The increase in tenancy meant that air-conditioning and lighting in these now-occupied common areas had to be switched on, resulting in an increased consumption of energy. In theory, if 2020's electricity consumption was prorated to reflect the 71% occupancy rate of 2019, we would have seen electricity savings of RM171,218 across the year. In comparison, a total of 342,436 kWh would have been saved which is equivalent to 242 metric tons of CO₂¹ saved from being emitted into the atmosphere.

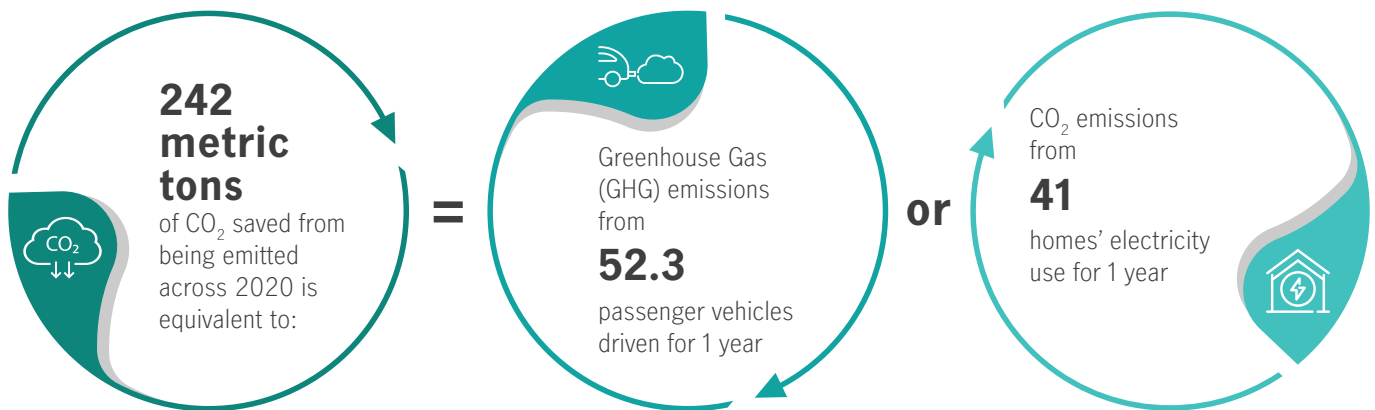
Electricity consumption trend



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

Sustainability Statement

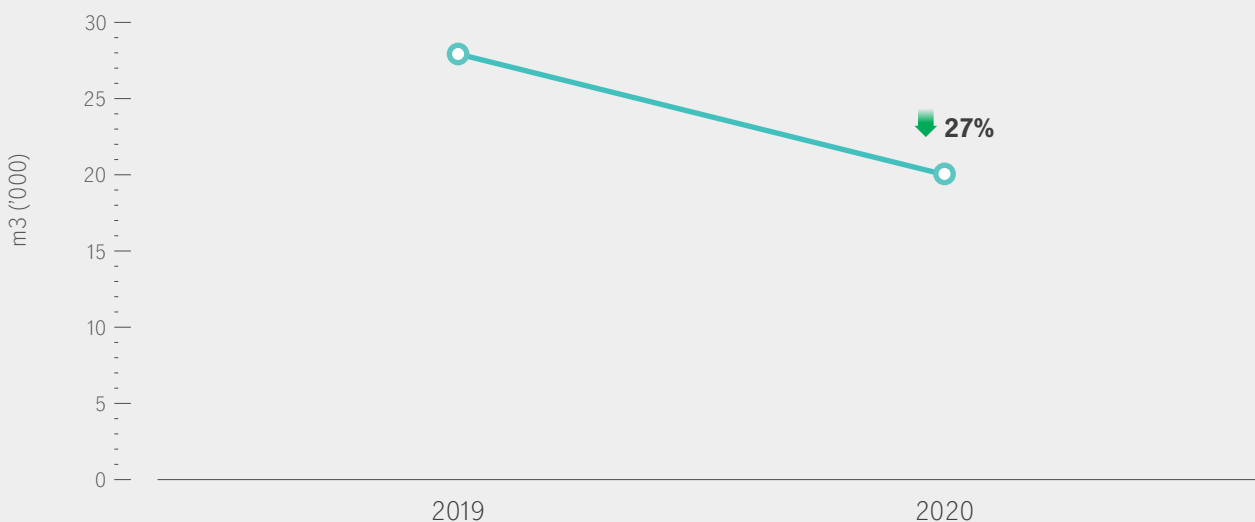
We have yet to conduct a carbon footprint assessment to concisely measure the greenhouse gas emissions we emit as an organisation but will look into executing this over the next few years. Moving forward, we will be able to provide a more comprehensive analysis of electricity consumption, covering additional parts of our building, in next year's sustainability report.



Water consumption

The States of Selangor and Wilayah Persekutuan (Federal Territory) experienced severe water shortages in 2020, bringing disarray to millions of people across the region. With the threat of water scarcity becoming more prevalent, we are committed to doing our part in preserving this precious resource. We have installed motion-sensor taps and toilet flushing systems which have contributed to a 27% reduction in water consumption since 2019. We did not have water consumption data for 2018 as there was a change in building management, but have ensured that all water records will be maintained, moving forward.

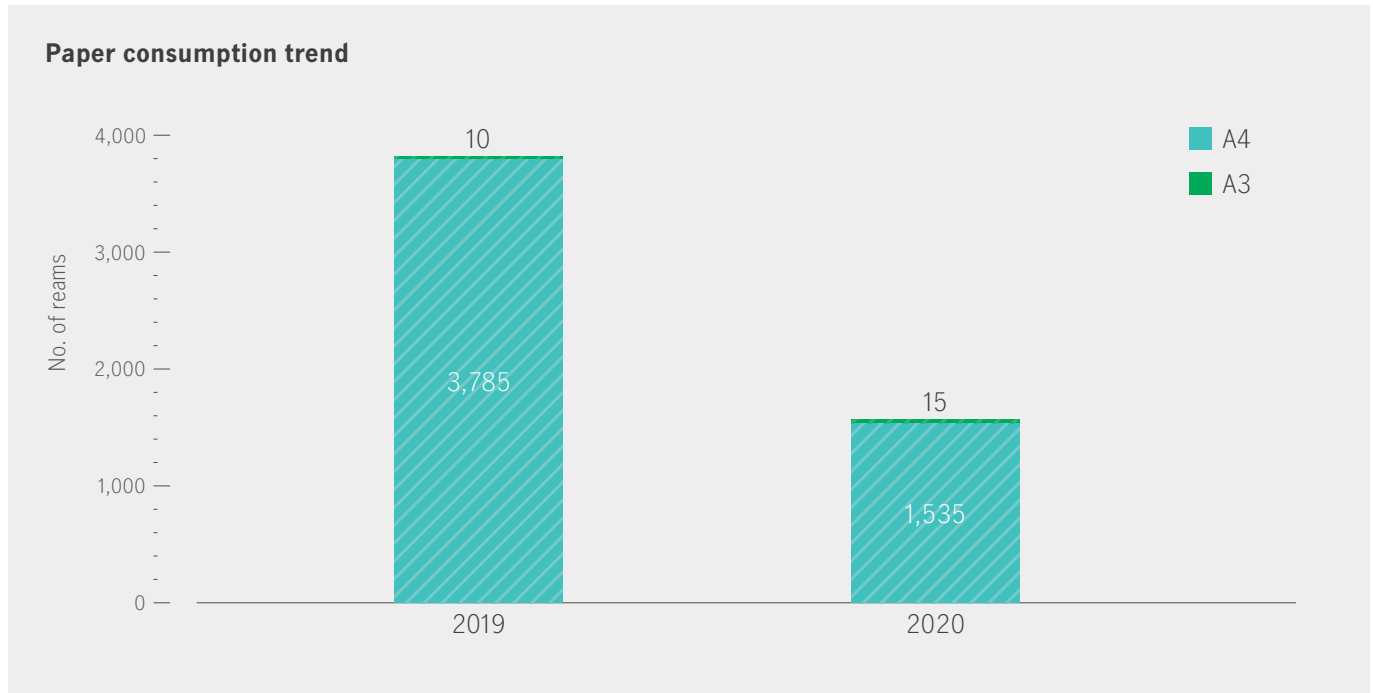
Water consumption trend



Sustainability Statement

Paper consumption

Whilst our industry has traditionally been paper-intensive, we are mindful of the need to minimise paper wastage and utilise resources efficiently. Over the past year, we implemented the 'Paperless 2020' initiative to reduce unnecessary printing in the office. This resulted in a 59% reduction in the utilisation of A4 paper across the Organisation between 2019 and 2020. Nevertheless, it should be noted that the scale of paper reduction is unprecedented and largely attributed to the 'work from home' conditions imposed for the majority of 2020.



Over the course of 2020, we continued progressing our digitalisation agenda via the NEXT Manulife initiative. We have deliberately strategised ways to further develop paperless communications as well as digitalise key areas of our operations ecosystem to enhance the experience of our customers, talents and distribution partners. We will continue to raise awareness on prudent use of paper practise amongst our workforce to reduce our reliance on paper over the coming years.

Paperless 2020

Disposing our waste responsibly

As a group, we do our part to ensure recyclable waste generated from all our offices are disposed of responsibly and collected by a licensed waste contractor. Furthermore, we also continue to look for ways to significantly reduce unnecessary consumption and waste, ideally aiming for a "zero waste to landfill" practice. In order to improve our waste management practises, we will begin tracking our recycled waste according to the various types and amount from 2021 onwards.

Besides inculcating a culture of disposing waste ethically amongst our employees, we have taken the liberty to recycle PCs and other computer components during a company-wide software upgrade. Electronic waste (e-Waste) from this exercise that were deemed surplus to requirements were disposed via a reputable partner certified by the Department of Environment. As far as possible, we try to refurbish and redeploy our electronics back into the workspace to reduce our environmental footprint.



A total of
401
electronic devices were
recycled in 2020



Sustainability Statement



Nurturing a Winning Team

In support of:



Sustainability Statement

NURTURING A WINNING TEAM

At Manulife, we empower our talent to make their *every day better*. We believe that every single talent can positively contribute towards the success of the Company; resulting from the skills, passion and positive mindset they bring to work daily. This is supplemented by the investment we make in our talents – as one of the key pillars of our business strategy is to build a high-performing team. We are committed to creating and providing an environment in which our talents are engaged and encouraged to learn and develop to their full potential.

Embracing diversity, equality & inclusion (DEI)

Manulife prides itself in being an equal opportunity employer. We are committed to fair and unbiased recruitment, retention, and advancement practices based on qualification and performance, without discrimination or prejudice of any kind. Our diversity and inclusion (D&I) aspiration is to cultivate a diverse and inclusive workplace where each employee is inspired to bring their genuine selves to work, allowing them to thrive personally and professionally. Inclusion is a foundational element of our workplace culture and is everyone's responsibility. This past year, all employees were required to complete the online unconscious bias training module, aimed at raising awareness on DEI in the workplace.

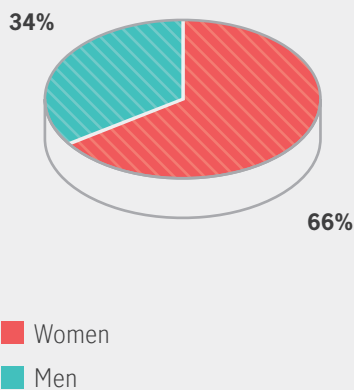
Our actions are focused on ensuring our people are valued, respected and supported. Nevertheless, we observe the same key challenges and opportunities that many other organisations face in this area; notably improving gender diversity at senior levels.



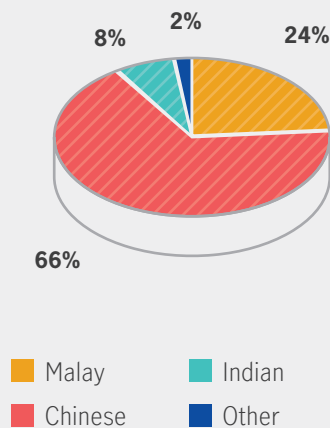
100%

of our employees in Malaysia completed the Diversity & Inclusion training course

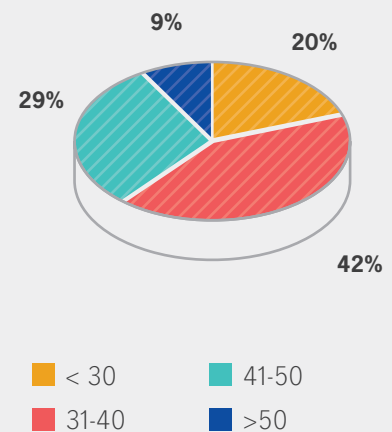
Gender profile of our Workforce



Ethnicity profile of our Workforce



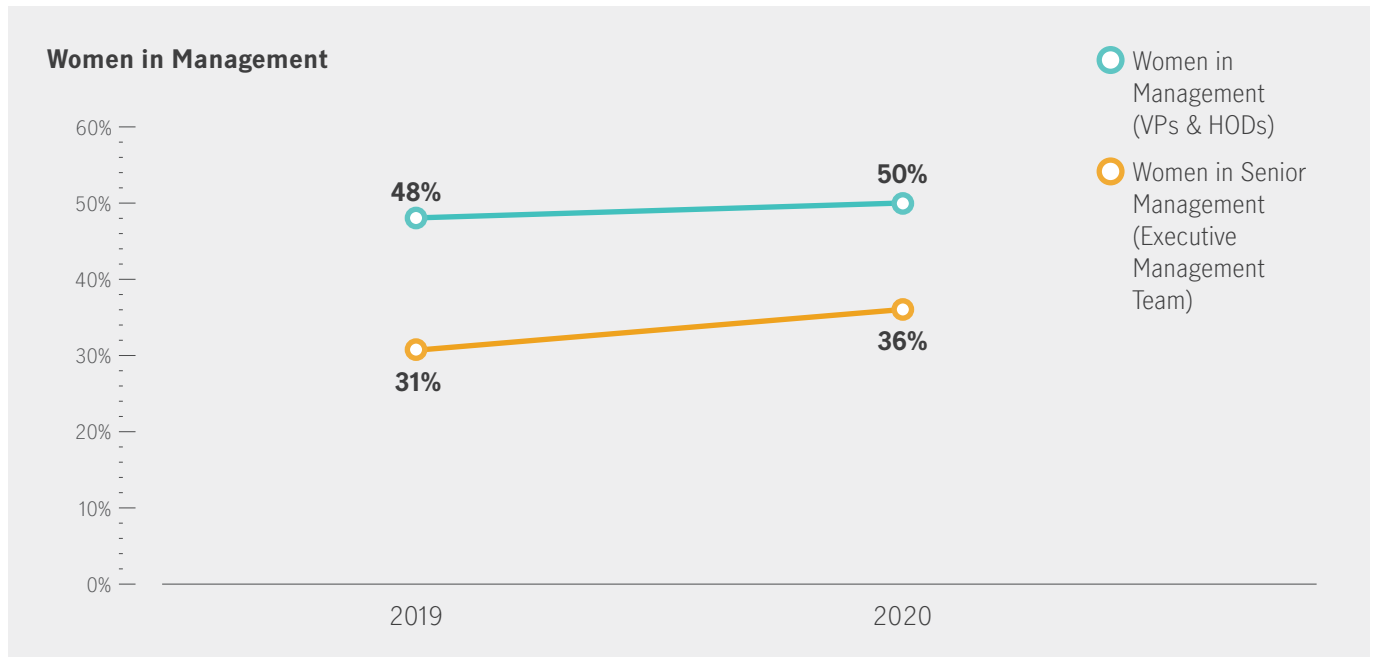
Age profile of our Workforce



Sustainability Statement

Celebrating and empowering women

Manulife is dedicated to championing gender equality in the workplace. We strive to exceed industry norms not only at the Management level, but all tiers of the Company. It is reassuring to learn that the percentage of women holding management roles across the Organisation has increased since 2019. In October, we welcomed Manulife Malaysia's inaugural female Group CEO; the first in the Company's history. This was an incredible moment and we are proud of this accomplishment as it is a major step towards a gender-balanced Manulife.



Manulife has long held a belief in equal opportunities for all. With that in mind, Manulife's Global Women's Alliance (GWA) was established to elevate the profile of women throughout the Company, inspiring and enabling them to reach their full potential. Beyond the focus on gender diversity, GWA aims to empower women to find workplace success and to have more control in their lives. In 2020, Manulife Malaysia's GWA committee was able to harness the strengths of a diverse group of women from across various job functions and departments to advance the GWA agenda.

The emergence of COVID-19 in 2020 introduced unprecedented challenges in the way initiatives were run. Undeterred, GWA rose to the occasion by shifting its focus and activities virtually. In March, we celebrated the achievements and hard work of our female employees on International Women's Day by running the #EachForEqual campaign which encouraged employees to pledge on creating equal opportunity for all.



Sustainability Statement



Organised in conjunction with International Women's Day, the #EachForEqual campaign was proudly supported throughout all levels of the Company

Throughout the year, GWA also curated a series of remote Lunch & Learn sessions, focusing on both professional and personal development topics such as 'Effective Online Communications' to elevate remote working efficiency, and 'Mindfulness at Work' to better manage stress relating to working in a fluid and uncertain environment.

Giving back to the community is never far from our thoughts, prompting the GWA committee to organise the year-end Preloved Treasures Online Bazaar. The proceeds raised from the bazaar amounted to over RM1,140 and were donated to Women of Will; an Organisation that supports disadvantaged women in Malaysia.

SUSTAINING OUR TALENT PIPELINE

Our approach to talent management is simple: we endeavour to grow the capabilities of our Winning Team by attracting, developing and retaining the right people. Over the years, we have been successful at recruiting bright, young talents and developing them within the Organisation. This is reflected in the age profile of our recruits who were millennials, representing approximately 63% of our new hires in 2020.

EMPLOYEE ENGAGEMENT

Focusing on leadership effectiveness, our employee engagement strategy is multi-dimensional and centres on collaboration, inclusivity and open two-way communication between staff and senior management. Our talents' career, work-life balance and overall wellbeing remains a top priority for Manulife.

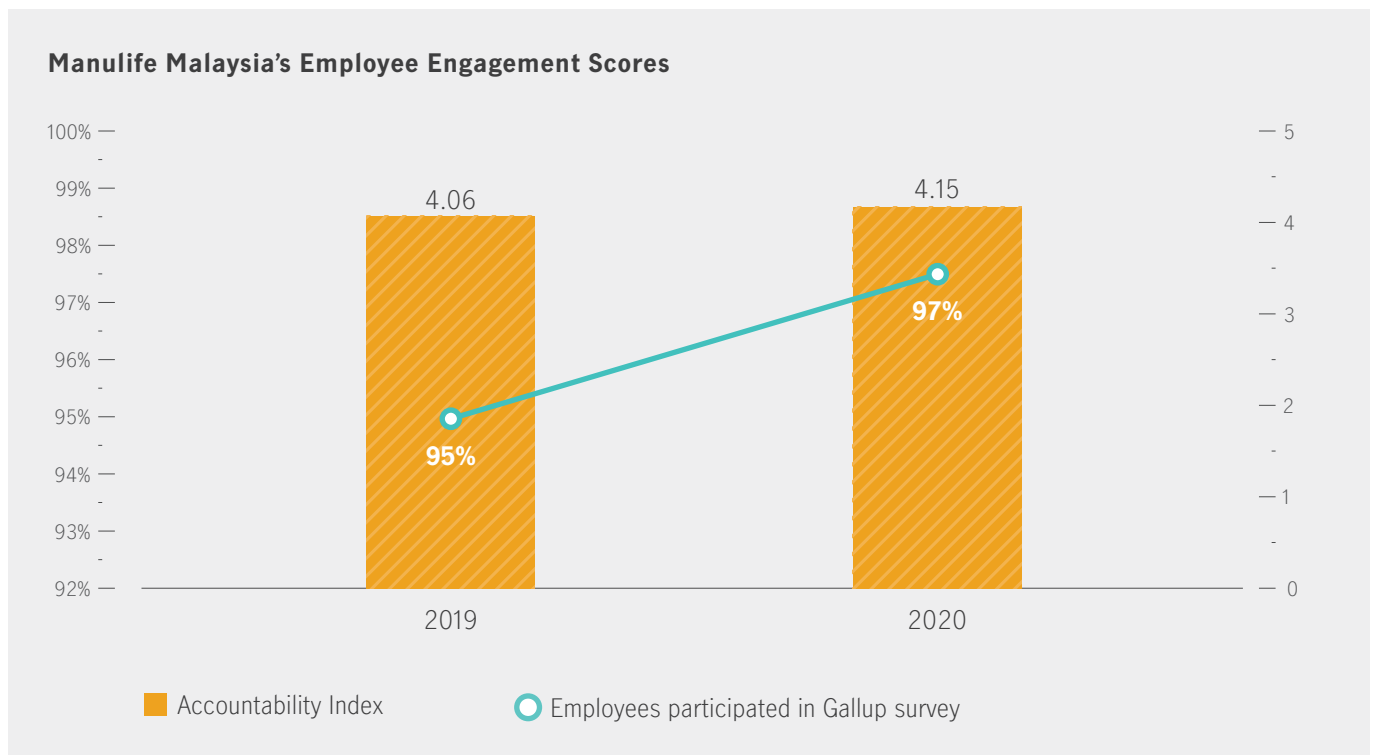
Sustainability Statement

Understanding our employees

Each year, our global headquarters in Toronto, Canada conducts the Global Employee Engagement Survey which helps us monitor the level of employee engagement across our business units and functions. The survey allows our employees to provide meaningful and honest feedback on what is working well, and more importantly, which areas that require improvement in order to help everyone feel connected, empowered and supported.

In 2020, we saw a steady improvement in our employee engagement scores. 97% of our employees participated in the survey whilst our accountability index increased by 0.09. It is encouraging to learn that our team continues to believe that progress is evident, and we are taking yet another step in the right direction. Moreover, it is important for us to be held accountable to our people; just as it is equally important for us to turn frequent feedback and ongoing conversations into action.

Our results in 2020 placed us in the 56th percentile - an increase from 50th percentile in 2019 - of Gallup's global financial services and insurance industry benchmark. We will continue striving towards achieving our global aspiration of 75th percentile in the coming years.



Capacity building through training & development

The continuous development of our employees is a strategic priority for the Company. As an employer of choice, we provide comprehensive learning and development opportunities to nurture an exceptional team, taking into account the Company's overall business needs, and the insurance and asset management industries' practices in mind. Additionally, we consciously instill a learning culture that supports the development of our employee's key abilities through a variation of development interventions such as job rotation, job expansion, as well as short-term and project assignments.

We view learning and development as fundamental components that is synonymous to improving the quality of day-to-day work. Not only restricted to "formal training", learning and development at Manulife is deeply rooted whereby knowledge and skills are adopted from on-the-job experiences, collaborative projects and digital training sessions, supported by mentoring and coaching programmes.



781 hours

invested in Training & Development by our talents in 2020

Sustainability Statement

In light of the pandemic, we organised virtual training programmes covering a variety of topics ranging from effective communication to analytical thinking. These training sessions provided us with the opportunity to select more individualised learning journeys that are engaging, impactful and most importantly, practical in application.

Our People Leaders were provided with a 'Work from Home Toolkit' to guide them on managing and engaging their team members in the WFH set up. Whilst the WFH arrangement offers flexibility and many other advantages, it also requires our People Leaders to make a conscious effort to support their team during these challenging times.

We are aware of the vitality, uncertainty, complexity and ambiguity (VUCA) surrounding the constantly evolving operational landscape. As such, we encourage our people to continue learning and developing to enhance their skills, knowledge and ability to stay ahead.



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 its 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 their 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.



Sustainability Statement

Inspiring our people

Organised by Manulife's Global Diversity & Inclusion (D&I) Council, the Guest Speaker Series is where personalities from all walks of life are invited to share their motivational stories for staff to gain valuable insights, as well as find inspiration which would hopefully resonate with them. These sessions were broadcasted to all of Manulife's markets around the world.

Among the speakers were NASA Astronaut Dr. Leroy Chiao who shared his experiences in space, as well as the importance of finding commonalities, setting expectations and sharing your humanity. Other notable speakers included Doris Kearns Goodwin; the world-renowned presidential historian and Pulitzer Prize-winning author who shared her advice on leadership.



Employee recognition

We strive for all our employees to feel valued and motivated which provides the foundations of building a high performing team. Every year, the Stars of Excellence Award is presented to nominated employees whose performances have been recognised by our Regional and Global offices. In 2020, 23 employees from Malaysia were honoured with this prestigious award. Their outstanding efforts tenaciously moved us forward as we work to delight our customers, create a great workplace experience and drive value for our key stakeholders. 2020 also marked the occasion where 51 Long Service Awards were bestowed on employees who have served the Company for at least five years.



23 nominations

by peers for Stars of Excellence awards in 2020



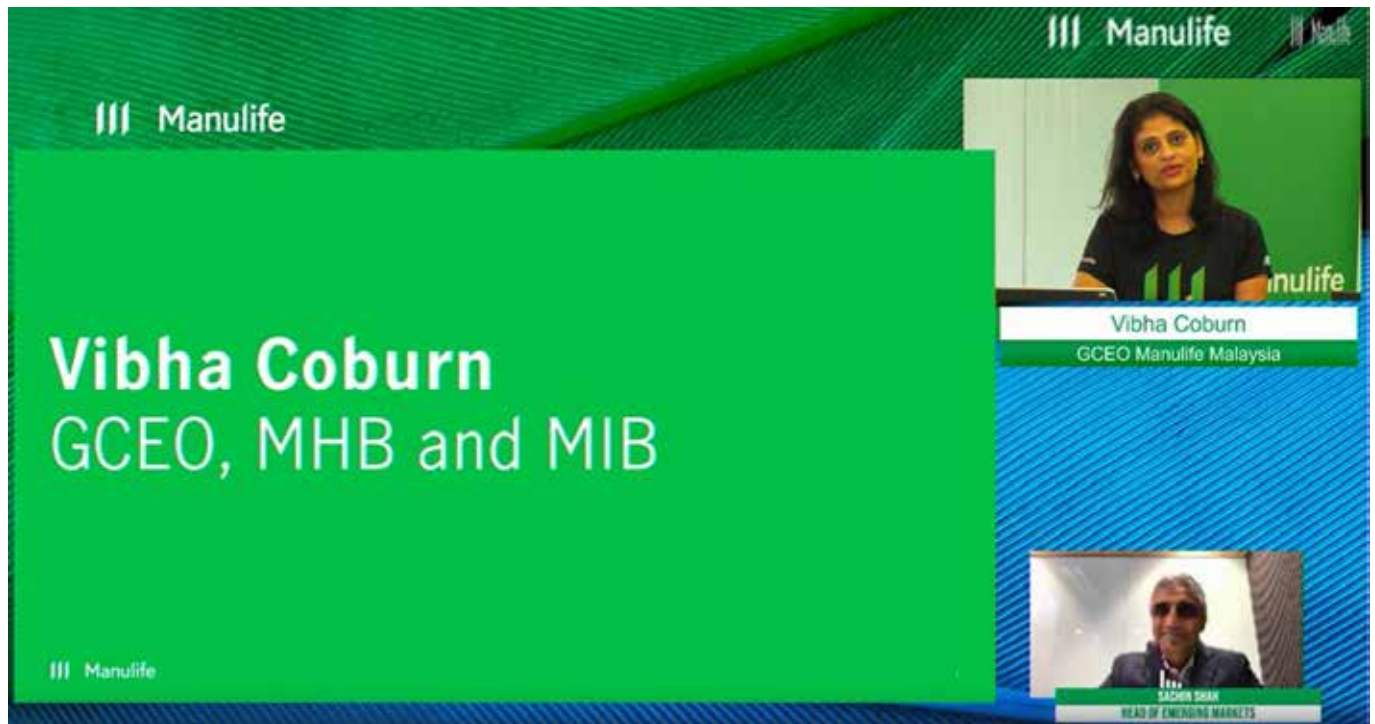
In response to the employee engagement survey carried out in 2019, an exciting new digital global recognition platform was launched in the middle of 2020 to recognise colleagues in a fun and easy way. 'Podium' allows employees from around the world to show appreciation for their peers, leaders and teams. The platform enables recognition to happen frequently, and as a result, a gratitude movement was initiated whereby everyone - no matter what their role or location - has their chance to shine and step up to the podium.



Sustainability Statement

Virtual touchpoints under a “new normal”

In a year dominated by the COVID-19 pandemic, we made a conscious decision to move away from face-to-face interactions. Numerous virtual townhalls were organised to keep employees abreast of company performance and upcoming plans throughout the year. Not only was it important but also necessary that we continued to keep our employees informed during a time of uncertainty.



The year-end NEXT Manulife Townhall was an opportune moment for our new GCEO, Vibha Coburn, to share Manulife Malaysia's business plans for the coming year.

Continuing the spirit of recognition and appreciation of our employees, we organised a Manulife Virtual Hat Party to replace the Company's annual dinner where all our long-serving employees and Stars of Excellence award-winners were recognised and celebrated.



Dressed in their best head gear, the Manulife Virtual Hat Party brought Manulifers together to celebrate our long-serving employees and Stars of Excellence award winners.

Sustainability Statement

EMPLOYEE WELLNESS

Our employees are key stakeholders of the Company and their wellness is of utmost importance. Besides helping our employees feel engaged at work, we promote employee wellness through the provision of several services.

Employee Relation Centre (ERC)

A key retention plan under Manulife Malaysia, the ERC provides a platform for our talents to converse with our Chief Human Resource Officer (CHRO) about matters pertaining to any work-related problems they are facing which they may not be comfortable sharing with their supervisor. Due to the pandemic, this essential support system shifted to a virtual catch up on an "as and when necessary" basis.



Promoting the importance of mental and physical health

Our employees' wellbeing remains a top priority for Manulife and we do all we can to ensure they lead a balanced life – in and out of the office. We have continued our partnership with Human Dynamic to provide our team with Work Life Coaching; a professional coaching and consultation service providing guidance in career and personal goals. The coaching service provided is free, confidential and accessible at all times throughout the day.

To celebrate World Mental Health Day on October 10th, we organised 'Mind Matters'; a webinar conducted by Human Dynamic which raised awareness on the importance of mental wellbeing. We also collaborated with Credit Counselling and Debt Management Agency (AKPK) to educate employees on maintaining financial wellness.

Are You Coping Well?

Working adults nowadays find themselves in more challenging situations where their personal resources may not be enough to deal with the demands placed on them at work and in life.

Mind Matters

Human Dynamic invites valued employees of Manulife to join our webinar to identify stress and learn some healthy coping skills to maintain mental well-being both at work and in life.

At the end of the session, you would have a better understanding of the following:

- Myths and facts of mental health/mental illness
- How to identify symptoms of distress and burn out
- Coping strategies
- Resources to seek help

Date: 10th October 2020 (Tuesday)
Time: 12:30pm-3:30pm
Venue: Virtual Talk

About the Speaker:

Shalini Gunarajan Senior Consultant, Human Dynamic Malaysia

Shalini holds a Master of Science in Clinical Psychology and Mental Health from the University of Sussex, UK, a Master of Human Services (majoring in Rehabilitation Counselling) from Griffith University, Australia and Bachelor of Science in Psychology from the University of Southern Queensland, Australia.

Shalini delivers talks and trainings on topics relating to behavioural modifications, mental health, positive thinking, resilience, self-management and motivation. Shalini is also experienced in crisis management – rendering support to individuals following a traumatic event. Aside from her clinical work, Shalini is also trained in wellness coaching. She works with corporate clients to help them achieve their wellness goals. Such is done by assisting some changes in their lifestyle, behaviour and mind set towards wellness. Her coaching sessions are generally conducted as one to one or group sessions with topics related to Towards a Kinder You, Mindfulness and Towards a Better Sleep.

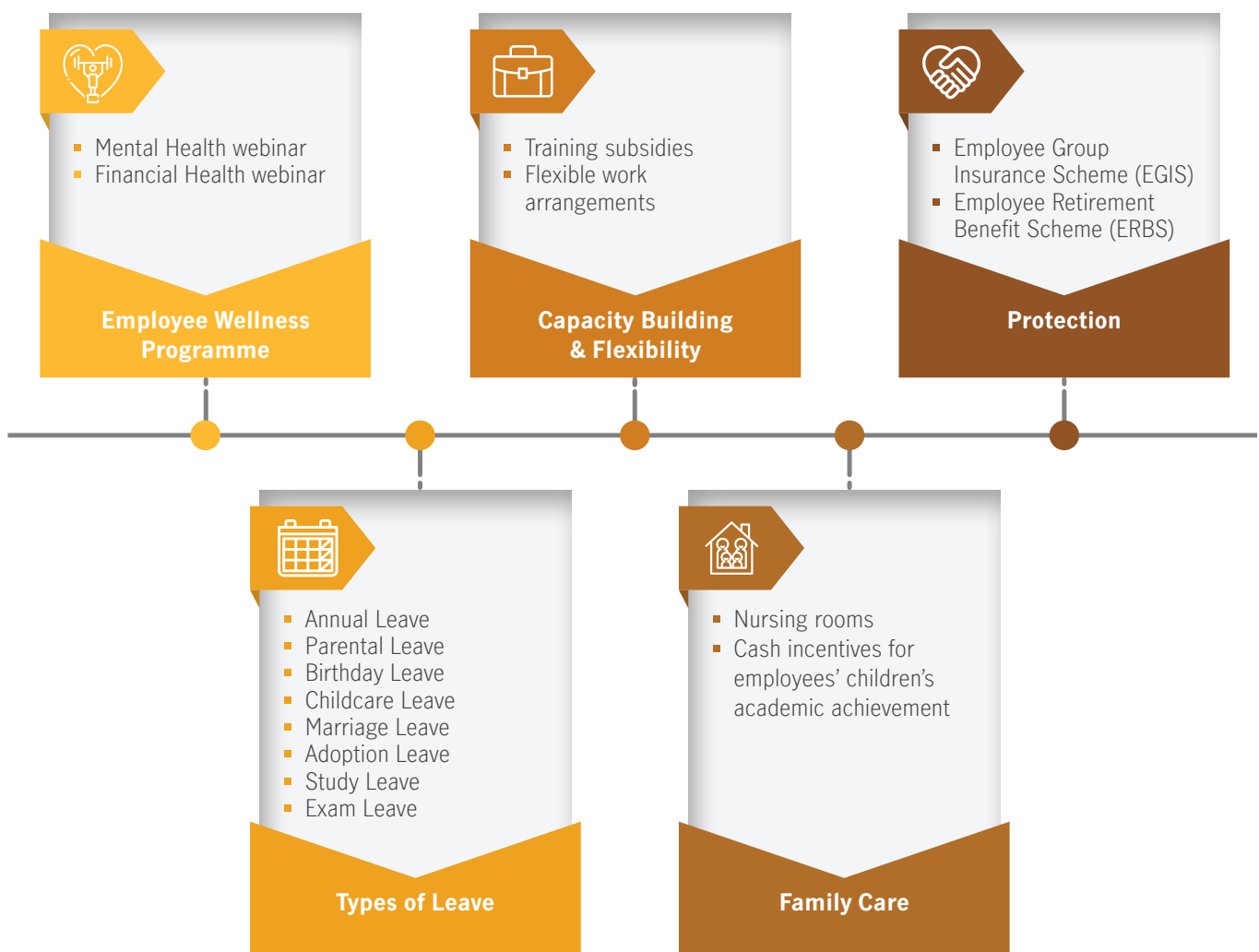
Sustainability Statement

Throughout the year, various wellness initiatives in the form of bite-sized learning webinars were organised for the benefit of our talents. Focusing on topics such as *'Strengthening Your Psychological Stamina'*, *'Evoking Positivity in Conversations'* and *'Rising Above with Emotional Intelligence'*, these webinars equipped our talents with the tools to maintain and improve their mental well-being. Furthermore, a timely virtual health webinar was set up to educate our talents on the effects of influenza and the importance of keeping up with vaccinations during the flu season.

In addition to the various webinars that were organised, the Manulife Sports Club continued its tradition of bringing people together outside of the office to strengthen the bond and interaction among colleagues whilst exercising. It is our belief that a healthy and engaged workforce is paramount to building a Winning Team, and the reason why we invest in dedicated programmes to foster a healthy, dynamic and safe environment to support the vitality of our Human Capital.

COMPREHENSIVE EMPLOYEE BENEFITS

The wide-ranging benefits we have in place have been designed to support our employees' needs and are periodically reviewed to ensure they remain current and relevant. The core benefits we provide our talents include medical insurance, life and personal accident coverage via the Employee Group Insurance Scheme (EGIS). Supplementing these are a selection of benefits ranging from Employee Retirement Benefit Scheme (ERBS), flexible working arrangements, a wide array of leaves one can apply for, training subsidies, complimentary parking, lactation room and cash rewards for children of employees who achieve outstanding academic achievements.



To reinforce the power of sharing gratitude with others, our inaugural *Thank You Day* was declared on 19 June 2020 where Manulife employees globally were given the day off. To ensure our talents have time to make their personal well-being a priority, five additional days have been included as part of their annual paid time-off-allotment in 2021.

Sustainability Statement

CARING FOR OUR EMPLOYEES DURING THE PANDEMIC

2020 was truly one of the most challenging years we have faced in recent times and ensuring our employees' health and safety will remain our top priority heading into the new year. The following sections outline some of the initiatives we undertook to keep our people safe during the pandemic.

Working from home

Even though we are considered an essential service under the financial sector, the WFH arrangement was implemented when the outbreak of COVID-19 worsened, to help prevent infection from spreading further, as well as to ensure business continuity. With the support of our IT team, the transition between working from office (WFO) and WFH was executed swiftly and seamlessly, ensuring that all of our talents had the required remote working tools to maintain their deliverables.

Before the 100% WFH arrangement was implemented, flexibility was given to those with susceptible health conditions or had high-risk family members at home, whilst priority to WFH was provided to those who took public transport to work.

Extended benefits

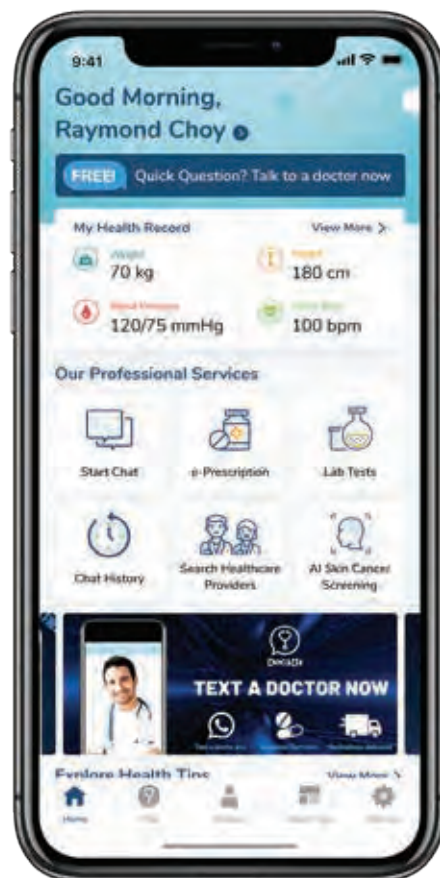
To ensure our talents and their families remained safe throughout the pandemic, we extended a variety of medical benefits such as enhancing their medical coverage to include COVID-19 related medical expenses and a fully funded COVID-19 test in the event it was needed. Without needing to leave the comforts of their home to seek medical attention, the Doc2Us service provided our talents with virtual access to a doctor for consultation and home-delivery of medication. Additionally, another benefit that was extended to talents working from home involved subsidising their internet bill for the duration of the government-implemented Movement Control Order (MCO).

Keeping our talents informed

Multiple communications in the form of emails and SMS were sent out by the Company frequently to keep our talents informed throughout the pandemic. These extensive updates ranged from important developments pertaining to the COVID-19 pandemic in Malaysia, to health and nutritional advice during the WFH period.

Ensuring our talents remained safe in the workplace

Over the course of the pandemic, we endeavoured to improve preventive measures in our workplace for the benefit of our talents who were in office. For example, facial recognition thermal scanners were deployed in the lobby to supplement existing standard operating procedures (SOPs) like social distancing and contactless registration that were already in place. It was important to have these SOPs swiftly up and running by the time our employees returned to office at the end of the government-enforced MCO. To further reduce unnecessary contact between people, our orientation process to onboard new hires was shifted to be conducted virtually. This practice was extended to employees who departed the Company; allowing them to return their laptops and other assigned work items at a designated drop-off point in our lobby.



Doc2Us connects users to a doctor via their mobile device and provides them with a personalised chat-based healthcare consultation service.

Sustainability Statement



Strict safety measures such as facial recognition thermal scanners have been deployed in the lobby of Menara Manulife to provide a safe working environment for our customers and employees.

On their first day back to office, a *Return-to-Office Safety Kit* comprising of vitamin C, reusable face masks and a travel-size hand sanitiser were distributed to all our talents. By escalating our preventive measures, we also placed medical-grade hand sanitisers on each floor at our headquarters, while 3-ply face masks were also provided to employees. In adhering to the government's SOPs, large-scale internal and external face-to-face gatherings such as meetings, events, training sessions or conferences were suspended. Furthermore, an area on the ground floor of our building was designated as a drop-off location as we continued to promote contactless delivery of food and parcels to reduce interaction and traffic between floors.

In ongoing efforts to provide a hygienic environment for our talents to operate in, regular sanitisation and disinfectant works were carried out alongside the application of SD Pro Antimicrobial coatings on surfaces that are frequently touched such as lift buttons and door handles. Additionally, an upgrade in the form of MERV 13 air filters were installed in all our air-conditioning units to filter out impurities from the air. We will be maintaining the importance of ensuring a safe working environment where our employees and business partners feel reassured about their safety, so they can focus on doing what they do best; serving our customers.



EMPLOYEE VALUE PROPOSITION

Manulife remained an Employer of Choice in Malaysia and concluded the year by being recognised through the following awards:

HR Asia Best Companies to Work for in Asia ® Awards 2020 (Malaysia Edition) – HR Asia

This regionally acclaimed award recognises organisations in gaining a comparative advantage through their people and identify them as Asia's "Employer of Choice". This event handpicks world-class corporations with high levels of employee engagement and an excellent workplace culture.

Bronze Winner for the category of Excellence in Employee Engagement 2020 – HR Excellence Award

This award recognise teams and individuals who are resilient in pushing the boundaries of people strategy and achieving new heights in employee engagement and performance management among others. The HR Excellence Award is peer-reviewed by a jury of esteemed HR practitioners.





Sustainability Statement



Touching Lives in the Community

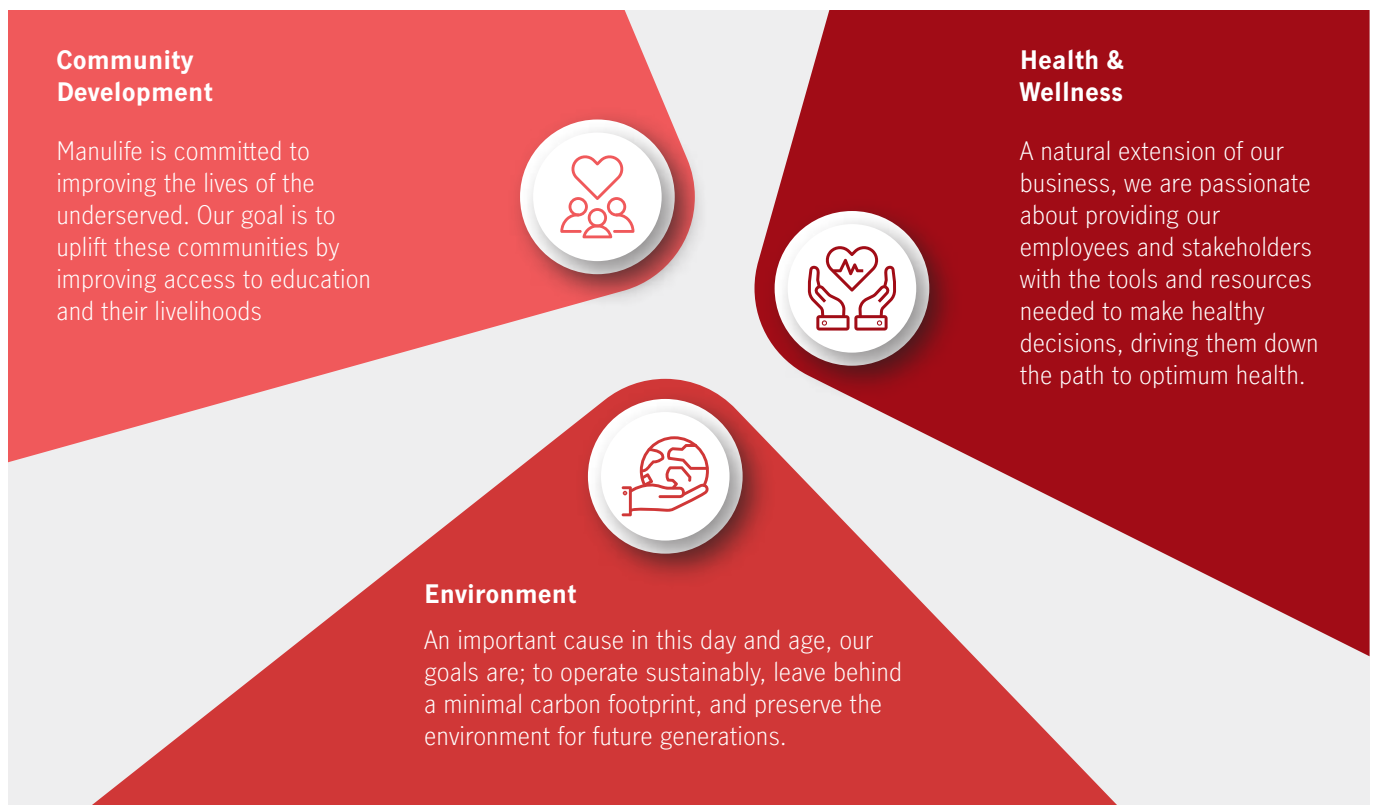
In support of:



Sustainability Statement

TOUCHING LIVES IN THE COMMUNITY

Throughout our history, we have been committed to driving the nation-building agenda whilst contributing to the long-term prosperity of our communities. Today, we continue to empower our communities to lead healthier and more financially secured lives, identifying ways to extend our reach and impact through our key pillars of community development, health and wellness, and environment. Our ability to sustain Manulife Malaysia's success requires an understanding of the social challenges we face and the ability to recognise the impacts these issues have on our communities and in turn, on our business. By proactively addressing these in a manner that creates lasting and meaningful shared value, only then will we be able to drive holistic and sustainable positive impact for the betterment of our communities.



Our community outreach programmes embrace our mission of *Decisions made easier. Lives made better.* aiming to create long-lasting impact whilst elevating the quality of life for the less fortunate and marginalised. This chapter outlines the ways in which we delivered value to our community stakeholder this past year, amidst the ongoing challenges posed by the pandemic.

Community Development

We are dedicated to empowering Orang Asli students to get the education they deserve, and this year was no different. Our collaboration with MyKasih Foundation saw the execution of our flagship corporate social responsibility (CSR) initiative *Love My School* at Sekolah Kebangsaan Bukit Tampoi (Asli). Our support included sponsoring 100 students via the programme's bursary scheme that aimed to alleviate the financial burden of the respective families by providing for the children's meals at school, books and stationery. In addition, our contribution also provided for a self-sustaining aquaponics system to be set-up on the school grounds, which enabled students to have a hands-on experience of maintaining the edible garden year-round, and for teachers to craft science lessons around the system. A total of 248 books that were collected from a company-wide book drive were also donated to the school's library.

Sustainability Statement



(Left) The bursary card demonstration being carried out with Jason Lim, Chief Marketing Officer, MIB, in attendance; (Middle) A student-led explanation of how the newly installed aquaponics system works; (Right) A variety of children's books were donated to the school's library.

To celebrate the spirit of giving during the festive season, Team Manulife visited the Lighthouse Children Welfare Home Association and contributed a variety of 185 children-books and various packs of stationery. The children were also treated to a McDonalds lunch as we closed the year with this meaningful community engagement initiative.



(Clockwise from top left) Team Manulife with the children of the Lighthouse Children Welfare Home Association; Jason Lim, Chief Marketing officer, MIB, presenting the donated books to Mrs Stevens, caretaker of Lighthouse; Eza Dzul Karnain, Vice President of Brand, Communications & Digital Marketing, MIB, handing out McDonalds to the children.

Sustainability Statement

Inspiring new leaders of tomorrow

Manulife Malaysia were once again programme partners for the *Alliance Bank – EcoWorld BizSmart @ Challenge 2020*, of which, we sponsored the ‘*Manulife Sustainability Award*’ category. The award centred on identifying finalists whose businesses embraced sustainability; positively impacting on both society and the environment. We are proud to have been part of this journey to inspire hundreds of Malaysian entrepreneurs to realise their dream.

ALLIANCE BANK ECOWORLD
CREATING OPPORTUNITIES & REVOLUTION

BizSmart CHALLENGE

Inspiring New Leaders.
Are you ready to take your business further?

CASH & MEDIA COVERAGE PRIZES WORTH MORE THAN RM1.5 million

BRAND EXPOSURE
TV, Print, Radio & Digital

JUDGES
Tan Sri Liew Kee Sin & Joel Kornreich

MENTORS
Malek Ali & Ernest Kwong

NutriBrownRice®
Brenden Kuan

myBurgerLab
Andrew Chong

OhMostWanted
Noor Diyana

Klezor
Shahril Sidek

Chriszen
Mandy Leong

Amazon' Graze
Amy Zheng

In partnership with

BFM 89.9 **Manulife** **VISA** **TV3** **celcom business** **Katch!**

COVID-19 relief

In light of the COVID-19 pandemic, we contributed RM10,000 to the Labuan International Business and Financial Centre (IBFC) Cross Industry COVID-19 Relief Fund. The contribution was used to purchase necessities for frontliners, quarantine centres, institutional learning centres and small business owners in Labuan. Looking to the year ahead, we will continue to assess how best we can continue supporting the communities most affected by the pandemic as we look to overcome challenges faced together.

Sustainability Statement



Manulife's contribution has gone towards helping Labuanites combat the challenges brought upon by the pandemic.

Extending our gratitude to the community

2020 has been a difficult year for many individuals, families and communities not just in Malaysia, but around the world. We wrapped up the year by introducing the *Manulife Act of Kindness* global campaign; whereby all of Manulife's 35,000 employees around the world were offered a small cash grant amounting to CAD\$50 to "pay it forward" to their local communities. The initiative centres on the belief that our success as a company depends on the communities we serve and by giving back, even with a small gesture, we can help make the world a better place.



In Malaysia, we were encouraged to support causes aligned to our 3 CSR focus areas and paid it forward in various forms. Some employees pooled their contributions together and made a lump sum donation to a civil society organisation, whilst others donated gifts and food to individuals and families in their community that were most in need of support.

Sustainability Statement



Contributions made by Team Manulife in support of the #ManulifeActofKindness campaign came in all forms and for all types of beneficiaries.

Sharing our Humanity is one of Manulife's core values, and it brings us a profound sense of pride and joy to empower our people to be part of a rapidly growing giving movement. Collectively, with these little acts of kindness, we hope to make a difference in our local community.

Championing health & wellness

We endeavour to raise awareness on important causes that are a natural extension of our business, and ensuring our employees benefit from these engagements throughout the year is paramount to us.

In conjunction with World Heart Day on 29 September 2020, our ongoing global partnership with the World Heart Federation allowed us to promote the importance of living a heart-healthy lifestyle to avoid cardiovascular disease (CVD). This year's campaign focused on #UseHeart to beat CVD and we asked our talents to take stock of their heart's health, pledge their heart-healthy habits and share how they make better choices to beat CVD.

USE TO BEAT



392 views Liked by [name] and manulife.malaysia
Sound on



Liked by manulife.malaysia and 75 others
Use a vacation to unwind and take that load off your heart! #nostress #useheart #worldheartday #manulifeeverydaybetter



Liked by manulife.malaysia and 57 others
I don't paint dreams or nightmares, I paint my own reality to make Every day better #useheart #worldheartday #manulifeeverydaybetter



Manulifers from across the organisation participated in this important initiative.

Sustainability Statement

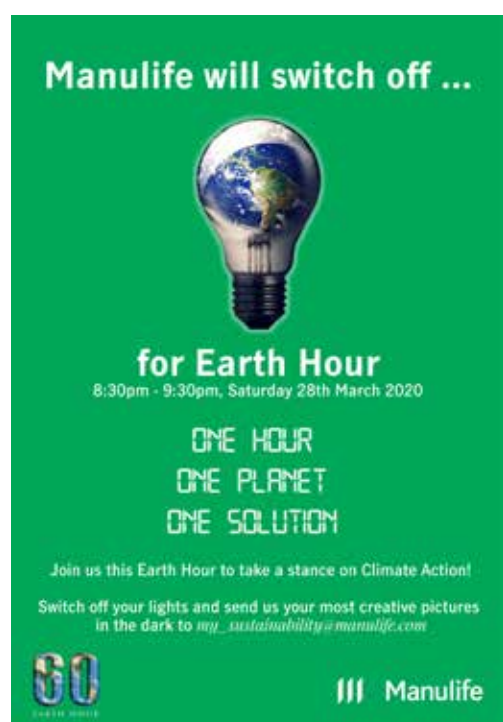
Led by the Life Insurance Association of Malaysia (LIAM), the annual National Blood Donation campaign was organised in 2020 despite the difficult conditions posed by the pandemic. Although the LIAM's member organisations were discouraged from organising their own blood drive to minimise the spread of COVID-19, the cause was helped by the National Blood Bank of Malaysia setting up multiple blood donation centres nationwide for donors to visit. The 2-month long campaign enabled more time and flexibility for member organisations to send their staff and agents to donate blood.

With COVID-19 overwhelming Malaysia's medical facilities and blood bank, there was an urgent need for donors to donate blood, and we are proud to have supported this National Call-For Action.



Doing our part to protect the environment

Over the years, we have been a strong advocate of initiatives that protect the planet. This year was no different as we joined corporations and millions of people around the world to celebrate Earth Hour on 28 March 2020. In addition to encouraging our talents to switch off their lights at home, we also switched off the façade lighting at our premise, Menara Manulife, in support of this important cause.



Manulife continues to raise awareness on the threat of climate change through localising global initiatives like Earth Hour.

Sustainability Statement

Encompassing our support of environmental global causes, we also celebrated Earth Day on 22 April 2020. A company-wide competition was initiated to raise awareness on climate change, and ways to mitigate it. The initiative encouraged our talents to share their environmentally friendly practices being carried out at home on our social platforms. As a responsible corporate citizen, we look forward to doing our part in ensuring that these important messages reach our people, for them to understand and take action.



Participants sharing their recycling efforts at home in support of Earth Day 2020.

Corporate Governance Overview Statement

The Board of Directors (“the Board”) of Manulife Holdings Berhad (“the Company”) is committed to ensure that the highest standards of corporate governance are practiced throughout the Group as a fundamental part of discharging its responsibilities to enhance shareholders’ value and the financial performance.

As an investment holding company with financial services subsidiaries, the corporate governance model of the Company 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 Malaysian Code on Corporate Governance (“MCCG”) and international best practices and standards.

The Board has consistently supported the disclosure requirements and strived to achieve best practices in adopting the principles and recommendations proposed in MCCG.

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, the Board has adopted the recommendations of the MCCG.

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 Manulife Holdings Berhad’s Group of Companies’ (“Group”) 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. 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 as recommended by the MCCG 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.

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 strategy, performance, resources and standards of conduct. Four (4) out of six (6) Directors are Independent Non-Executive Directors.

For the financial year ended 31 December 2020, five (5) 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.

Corporate Governance

Overview Statement

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.

In order to facilitate 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. An independent assessment is also conducted periodically to increase objectivity and improve efficacy. The last assessment was conducted in November 2016 by the Institute of Corporate Directors Malaysia (ICDM). The Board underwent a significant transition in 2020. As a result, the independent review has been postponed to facilitate a more robust discussion on board effectiveness.

The Board is supported by the 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.

GROUP AUDIT COMMITTEE

The Group Audit Committee has four (4) members, comprising three (3) 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 95 to 98 of this Annual Report.

Members

1. Mr. Lim Hun Soon @ David Lim
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 (appointed w.e.f. 1 November 2020)
Member/Independent Non-Executive Director
5. Datuk Seri Panglima Mohd Annuar bin Zaini (ceased w.e.f. 4 July 2020)
Member/Independent Non-Executive Director

Terms of Reference

The terms of reference of the Group Audit Committee 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 2020 is set out under the Group Audit Committee Report on page 95 of this Annual Report.

Corporate Governance Overview Statement

GROUP RISK MANAGEMENT COMMITTEE

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

Members

1. Mrs. Vijayam A/P Nadarajah
Chairman/Independent Non-Executive Director
2. Mr. Lim Hun Soon @ David Lim
Member/Independent Non-Executive Director
3. Mr. Matthew Edward Lawrence
Member/Non-Independent Non-Executive Director
4. Mr. Renzo Christopher Viegas (appointed w.e.f. 1 November 2020)
Member/Independent Non-Executive Director
5. Datuk Seri Panglima Mohd Annuar bin Zaini (ceased w.e.f. 4 July 2020)
Member/Independent Non-Executive Director

Terms of Reference

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 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;
3. Ensuring adequate infrastructure, resources and systems are in place for an effective risk management, i.e. ensuring that staff are responsible for implementing risk management systems and perform these duties independently of the Group's risk-taking activities; and
4. 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.
5. The Group Risk Management Committee advises 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.

Meeting Attendance

The attendance of the Group Risk Management Committee's members for the financial year ended 31 December 2020 are as follows:-

Name of Members	Attendance
Mrs. Vijayam A/P Nadarajah	4 out of 4
Mr. Lim Hun Soon @ David Lim	4 out of 4
Mr. Matthew Edward Lawrence	3 out of 4
Mr. Renzo Christopher Viegas (appointed w.e.f. 1 November 2020)	1 out of 1 [@]
Datuk Seri Panglima Mohd Annuar bin Zaini (ceased w.e.f. 4 July 2020)	2 out of 2 [#]

[@] Reflects the number of meetings held during the financial year ended 31 December 2020 after his appointment as a member

[#] Reflects the number of meetings held during the financial year ended 31 December 2020 prior to his cessation as a member

Corporate Governance Overview Statement

GROUP NOMINATING/REMUNERATION COMMITTEE

The Group Nominating/Remuneration Committee has five (5) members, comprising four (4) 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. Mr. Lim Hun Soon @ David Lim
Member/Independent Non-Executive Director
3. Mrs. Vijayam A/P Nadarajah
Member/Independent Non-Executive Director
4. Mr. Matthew Edward Lawrence
Member/Non-Independent Non-Executive Director
5. Mr. Renzo Christopher Viegas (appointed w.e.f. 1 November 2020)
Member/Non-Independent Non-Executive Director
6. Datuk Seri Panglima Mohd Annuar bin Zaini (ceased w.e.f. 4 July 2020)
Member/Independent Non-Executive Director

Terms of Reference

The terms of reference of the Group Nominating/Remuneration Committee 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 2020 are as follows:-

Name of Members	Attendance
Dato' Dr. Zaha Rina binti Zahari	6 out of 6
Mr. Lim Hun Soon @ David Lim	6 out of 6
Mrs. Vijayam A/P Nadarajah	6 out of 6
Mr. Matthew Edward Lawrence	6 out of 6
Mr. Renzo Christopher Viegas (appointed w.e.f. 1 November 2020)	1 out of 1 [@]
Datuk Seri Panglima Mohd Annuar bin Zaini (ceased w.e.f. 4 July 2020)	3 out of 3 [#]

[@] Reflects the number of meetings held during the financial year ended 31 December 2020 after his appointment as a member

[#] Reflects the number of meetings held during the financial year ended 31 December 2020 prior to his cessation as a member

For the financial year ended 31 December 2020, the Group Nominating/Remuneration Committee has undertaken the following activities:-

- Reviewed performance of the Board as a whole and Board Committees including Group Audit Committee;
- Reviewed the Board nomination process;
- Reviewed the succession plan for senior management; and
- Reviewed the training programmes 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.

Corporate Governance Overview Statement

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, and at least one-third (1/3) of the Board should be Independent Non-Executive Directors. 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 six (6) members, comprising four (4) 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 Chief Executive Officer ("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. The Chairman assumes the formal role of a leader and chairs all Board meetings, leads discussions among Directors 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. 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. That he/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 and carrying out the Board's directions, managing the businesses of the Group and driving performance within strategic goals and commercial objectives.

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 accountable to the Board for the day-to-day management and operations of the Group's businesses.

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

- (i) Developing strategic direction;
- (ii) Ensuring strategies and corporate policies are effectively implemented;
- (iii) Ensuring Board decisions are implemented and Board 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.

Corporate Governance Overview Statement

BOARD BALANCE, DUTIES AND RESPONSIBILITIES (CONT'D)

Non-Executive Directors

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. They also provide guidance and promote professionalism to Management. 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.

There is also a balance in the Board because of the presence of Independent Non-Executive Directors of the necessary caliber 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, and take into account 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.

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 banking and relevant laws, rules and regulations.

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, CEO and other senior management positions based on recommendations of the Group Nominating/Remuneration Committee.
- (vi) Related party transactions and capital financing.

Corporate Governance Overview Statement

BOARD BALANCE, DUTIES AND RESPONSIBILITIES (CONT'D)

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 2020 (except for Mr. Renzo Christopher Viegas who was only appointed on 1 November 2020 and Datuk Seri Panglima Mohd Annuar bin Zaini who has retired with effect from 4 July 2020). The quorum of all Board meetings was met with attendance of not less than two (2) Directors present for all the purposes. This is evidenced by the attendance record for the financial year ended 31 December 2020 as set out under the Directors' Profile on page 13 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.

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.

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.

SUPPLY OF INFORMATION

All Directors are provided with the agenda and Board reports at least seven (7) days 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.

In this respect, the Company had established a formal procedure for Directors to consult advisers and independent advice in legal, financial, governance or other expert advice in the course of their duties.

Corporate Governance Overview Statement

BOARD APPOINTMENTS AND SUCCESSION PLANNING OF KEY SENIOR MANAGEMENT

The MCCG endorses as good practice, a formal procedure for appointments to the Board.

The policies and procedures for recruitment and appointment of Directors are set out in a document approved by the Board, called the Nomination Process for Board of Directors

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 based on a set of criteria adopted by the Board. 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 annually 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 last reviewed on 27 March 2019. 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. The Board Charter will be 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.

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 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.

Corporate Governance Overview Statement

DIRECTORS' TRAINING (CONT'D)

The training programmes and seminars attended by the Directors during the financial year ended 31 December 2020 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 2020 are as follows:-

Name of Director	Training/ Course Attended
Dato' Dr. Zaha Rina binti Zahari	How the US-China Trade War will Move Forward – Organised by CHK Consultancy Sdn Bhd
	Restructuring-in-Times-of-Crisis: Episode 1; Topic: What Leadership Mindset Do I Need? – Organised by Sage 3 Capital Sdn Bhd (as moderator)
	Dialogue with YB Tan Sri Dr Jemilah Mahmood; Topic: The Business Norma – Organised by Kuala Lumpur Business Club
	Restructuring-in-time-of-Crisis: Episode 2; Topic: What is my Best Restructuring Option? – Organised by Sage 3 Capital Sdn Bhd (as moderator)
	Dialogue with YB Tengku Dato' Sri Zafrul Tengku Abdul Aziz, Minister of Finance; Topic: Re-Inventing the Malaysian Business Landscape Post-MCO – Organised by Kuala Lumpur Business Club
	Restructuring-in-time-of-Crisis: Episode 3; Topic: The Rescue Plan Package with New Financing – Organised by Sage 3 Capital Sdn Bhd (as moderator)
	Integrated Reporting Awareness Training; ESG Risks & Sustainability Landscape (Global & Local) – Organised by KPMG
	BNM-FIDE Forum Annual Dialogue with Bank Negara Malaysia Governor – Datuk Nor Shamsiah binti Mohd Yunus – Organised by FIDE
	Dialogue with Hon Mr Heng Swee Keat, Deputy Prime Minister of Singapore; Topic: Post-Covid 19 – Singapore's Recovery Plan
	Dialogue with YM Tengku Muhammad Taufik Tengku Aziz, Petronas President & Group CEO; Topic: Petronas – Resilience and Sustainability Amidst A Challenging Environment.
	Dialogue with YB Tengku Dato' Sri Zafrul Tengku Abdul Aziz, Minister of Finance, Malaysia; Topic: Post-Budget Dialogue
	Power Talk Global Series #1 by Institute of Corporate Directors Malaysia; Topic: The Regenerative Business of the Future
	Power Talk Global Series #2 by Institute of Corporate Directors Malaysia; Topic: Digital Leadership And Communication During Turbulent Times
	Power Talk Global Series #3 by Institute of Corporate Directors Malaysia; Topic: The Modern Board Architecture
	PowerTalk Global Series #4 by Institute of Corporate Directors Malaysia; Topic: On Board – The Insider's Guide to Surviving Life In the Boardroom (as speaker)

Corporate Governance Overview Statement

DIRECTORS' TRAINING (CONT'D)

Name of Director	Training/ Course Attended
Mr. Lim Hun Soon @ David Lim	FIDE FORUM: Covid 19 and Current Economic Reality: Implications for Financial Stability
	FIDE FORUM: Outthink the Competition: Excelling in a Post Covid-19 World
	FIDE FORUM: 3rd Distinguished Board Leadership Series – “Challenging Times : What Role Must the Board Play”
	FIDE FORUM: Digital Financial Institutions series – Fidor’s Experience
	FIDE FORUM: Green Fintech: Ping An’s Use of Technology to Support Green Finance Objectives
	FIDE FORUM : 4th Distinguished Board Leadership Series
	FIDE FORUM : Climate Action: The Board’s Leadership in Greening the Financial Sector
	ICLIF: Raising Defences – Section 17A, MACC Act
Mrs. Vijayam A/P Nadarajah	FIDE FORUM: Risks: A Fresh Look from the Board’s Perspective
	FIDE FORUM: Digital Financial Institutions Series: Managing Virtual Banking and Insurance Businesses
	FIDE FORUM: Digital Financial Institutions Series: Fidor’s Experience
	BNM-FIDE FORUM Annual Dialogue with Governor of Bank Negara Malaysia
	FIDE FORUM’s Board Effectiveness Focus Group Discussion with Directors
	FIDE FORUM: Climate Action: The Board’s Leadership in Greening the Financial Sector
Mr. Matthew Edward Lawrence	Mandatory Accreditation Programme
Ms. Vibha Hamsi Coburn	Ernst and Young: IFRS 17 Insurance Contracts
	IIS Global Insurance Forum
Mr. Lee Sang Hui (resigned on 30 September 2020)	-
Datuk Seri Panglima Mohd Annuar bin Zaini (ceased on 4 July 2020)	-

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.

Corporate Governance Overview Statement

DIRECTORS' AND SENIOR MANAGEMENT'S REMUNERATION

The remuneration of the Directors for the financial year ended 31 December 2020 is set out below:-

	Fees (RM'000)	Salaries (RM'000)	Bonus (RM'000)	Retirements benefits contribution (RM'000)	Benefits- in-kind (RM'000)	Tax (RM'000)	Total (RM'000)
COMPANY							
Executive							
Mr. Lee Sang Hui (resigned w.e.f. 30 September 2020)	-	399	212	-	5	275	891
Ms. Vibha Hamsi Coburn (appointed w.e.f. 1 October 2020)	-	148	-	2	-	-	150
Non-Executive							
Dato' Dr. Zaha Rina Binti Zahari	123	-	-	-	-	-	123
Datuk Seri Panglima Mohd Annuar bin Zaini (ceased w.e.f. 4 July 2020)	40	-	-	-	-	-	40
Mr. Lim Hun Soon @ David Lim	82	-	-	-	-	-	82
Mrs. Vijayam A/P Nadarajah	82	-	-	-	-	-	82
Mr. Matthew Edward Lawrence	74	-	-	-	-	-	74
Mr. Renzo Christopher Viegas	13	-	-	-	-	-	13
GROUP							
Executive							
Mr. Lee Sang Hui	-	1,993	1,060	-	24	1,376	4,453
Ms. Vibha Hamsi Coburn	-	742	-	9	-	-	751
Non-Executive							
Dato' Dr. Zaha Rina Binti Zahari	166	-	-	-	-	-	166
Datuk Seri Panglima Mohd Annuar bin Zaini	98	-	-	-	-	-	98
Mr. Lim Hun Soon @ David Lim	171	-	-	-	-	-	171
Mrs. Vijayam A/P Nadarajah	171	-	-	-	-	-	171
Mr. Matthew Edward Lawrence	74	-	-	-	-	-	74
Mr. Renzo Christopher Viegas	28	-	-	-	-	-	28

* 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 the current year amount are payments with respect to prior year amounting to approximately RM416,000.

Corporate Governance Overview Statement

DIRECTORS' AND SENIOR MANAGEMENT'S REMUNERATION (CONT'D)

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 Return on Director's Independence based on a set of criteria as per the 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.

As at 31 December 2020, none of the Independent 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, 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. 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 to answer questions raised at the AGM. All resolutions are put to vote on a poll as per the Listing Requirements. In addition to AGM, the Company also expeditiously addresses enquiries from shareholders from time to time.

The Group also conducts regular briefings for fund managers and analysts to update them on the Group's progress towards meeting its business objectives. In addition, the Group has established a website at 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 Governance Overview Statement

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 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 2021 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 2020. 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 2021. The Board at its meeting held on 23 February 2021 approved the Group Audit Committee's recommendation for the shareholders' approval to be sought at the Forty-Fifth AGM on the re-appointment of EY as external auditors of the Company for the financial year 2021.

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.



Corporate Governance Overview Statement

RELATIONSHIP WITH AUDITORS (CONT'D)

The Board has a formal and transparent arrangement for maintaining an appropriate relationship with the Group's external auditors. Policies governing the circumstances under which contracts for the provision of non-audit services can be entered into and procedures that must be followed by the external auditors are established by the Group Audit Committee. 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 86 to 89 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 page 97 of the Annual Report.

CORPORATE GOVERNANCE REPORT

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

This statement is in accordance with a resolution of the Board dated 26 March 2021.

Statement on Risk Management and Internal Control For The Year 2020

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 Defenses model and that includes risk oversight committees, risk managers and risk policies and practices.

The Board provides stewardship and Management oversight to ensure that the 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 unit. For the key risks identified, Management 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 our risk culture throughout the Group.

Statement on Risk Management and Internal Control For The Year 2020

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 AS - 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 common units across the Company and includes consideration of external information published by industry groups, and input from Management, GAC members, 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. Also, 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 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/PD/032-12) Risk-Based Capital Framework for Insurers. These include annual assessment on various aspects of the MIB’s financial condition, quarterly Capital Adequacy Ratio reporting, annual multi-period stress testing and assessing the 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,

An annual review of the current and expected future financial position of Manulife Insurance Labuan Limited 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.

Statement on Risk Management and Internal Control For The Year 2020

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 compliance function forms an integral part of MHB's risk management and internal controls. The compliance function is to identify, assess, monitor the compliance risk of the entity and educate the business and support units to act in accordance with laws and regulations. In ensuring good governance, the Chief Compliance Officer has direct access to the Board with clear reporting lines to the extent permitted by the regulation.

Using the Three (3) Lines of Defense model, all business and support units are required to review and assess its established controls to ensure compliance to applicable laws and regulations. The compliance unit, as part of the second line of defense, will carry out scheduled compliance reviews on business and support units to assess the overall effectiveness of a business' compliance practices and protocols. The respective entity Boards, as well as the MHB's Board, are provided with compliance reports on a regular basis to facilitate the Board having a holistic and overall view of all compliance matters across the companies.

There are internal policies and procedures within the Group for recruitment, termination, rewards and benefits and promotion of staff including continuous training programs and two (2) reviews conducted at mid-year and year end. In addition, other relevant procedures are in place to ensure that staff are competent, adequately trained in carrying out their roles and responsibilities and focused on achieving the desired results and business objectives. 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 in building high performing team include series of employee engagement and employee retention initiatives and continuous education of effective execution of performance management.

A comprehensive business continuity management program 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, call tree tests, simulation disaster recovery tests, etc. Results of the tests performed are presented to the Board for their review as part of its oversight role.

The Information Risk Management function has in place, an existing risk assessment process that covers information 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 regularly updated.

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 activities.

Statement on Risk Management and Internal Control For The Year 2020

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 this 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 23 February 2021.

Additional Compliance Information

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 2020 are as follows:-

Services	Company (RM'000)	Group (RM'000)
Audit Fees	87	625
Non-statutory audit related services	52	97
Total	139	722

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-Fourth Annual General Meeting of the Company held on 26 June 2020, 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 2020 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.	Provision of various training, advisory and support services from Manulife Asia headquarters	MHB Group	MFAL [^]	-	<p>Interested Director*</p> <ul style="list-style-type: none"> ■ Matthew Edward Lawrence <p>Interested Major Shareholders</p> <ul style="list-style-type: none"> ■ MFC~ ■ MLIC ■ MFAL[^] ■ MHBL> ■ MCHN#
2.	Delegation of fund management of foreign mandate portfolio	MIMMB	MIMHK ^o	-	<p>Interested Director*</p> <ul style="list-style-type: none"> ■ Matthew Edward Lawrence <p>Interested Major Shareholders</p> <ul style="list-style-type: none"> ■ MFC~ ■ MLIC ■ MFAL[^] ■ MHBL> ■ MCHN#

Additional Compliance Information

No.	Nature of Transactions	Transacting Party	Class of Related Party	Actual value of transaction (RM'000)	Interested Related Party
3.	Marketing and client servicing support to clients/potential clients seeking offshore investments	MIMMB	MIMSP ^a	-	<p>Interested Director*</p> <ul style="list-style-type: none"> Matthew Edward Lawrence <p>Interested Major Shareholders</p> <ul style="list-style-type: none"> MFC~ MLIC MFAL^ MHBL> MCHN#
4.	Outsourcing of asset management subsidiary back office system	MIMMB	MFC Group~	1,745	<p>Interested Director*</p> <ul style="list-style-type: none"> Matthew Edward Lawrence <p>Interested Major Shareholders</p> <ul style="list-style-type: none"> MFC~ MLIC MFAL^ MHBL> MCHN#
5.	Provision for actuarial services provided by Manulife's Regional Office	MIB	MFAL^	-	<p>Interested Director*</p> <ul style="list-style-type: none"> Matthew Edward Lawrence <p>Interested Major Shareholders</p> <ul style="list-style-type: none"> MFC~ MLIC MFAL^ MHBL> MCHN#
6.	Outsourcing of human resource operations including payroll and back- office processing	MHB	MFC Group~	693	<p>Interested Director*</p> <ul style="list-style-type: none"> Matthew Edward Lawrence <p>Interested Major Shareholders</p> <ul style="list-style-type: none"> MFC~ MLIC MFAL^ MHBL> MCHN#
7.	Provision of treasury system	MHB Group	MFC Group~	-	<p>Interested Director*</p> <ul style="list-style-type: none"> Matthew Edward Lawrence <p>Interested Major Shareholders</p> <ul style="list-style-type: none"> MFC~ MLIC MFAL^ MHBL> MCHN#
8.	Investment management/ advisory and other related services	MIMMB	MIMSP ^a	1,701	<p>Interested Director*</p> <ul style="list-style-type: none"> Matthew Edward Lawrence <p>Interested Major Shareholders</p> <ul style="list-style-type: none"> MFC~ MLIC MFAL^ MHBL> MCHN#



Additional Compliance Information

No.	Nature of Transactions	Transacting Party	Class of Related Party	Actual value of transaction (RM'000)	Interested Related Party
9.	Investment management/ advisory and other related services	MIMMB	MIMHK□	716	<p>Interested Director*</p> <ul style="list-style-type: none"> ■ Matthew Edward Lawrence <p>Interested Major Shareholders</p> <ul style="list-style-type: none"> ■ MFC~ ■ MLIC ■ MFAL^ ■ MHBL> ■ MCHN#
10.	Investment management/ advisory and other related services	MIMMB	MIMUSø	1,537	<p>Interested Director*</p> <ul style="list-style-type: none"> ■ Matthew Edward Lawrence <p>Interested Major Shareholders</p> <ul style="list-style-type: none"> ■ MFC~ ■ MLIC ■ MFAL^ ■ MHBL> ■ MCHN#
11.	Accounting and finance support	MIB	MFAL^	239	<p>Interested Director*</p> <ul style="list-style-type: none"> ■ Matthew Edward Lawrence <p>Interested Major Shareholders</p> <ul style="list-style-type: none"> ■ MFC~ ■ MLIC ■ MFAL^ ■ MHBL> ■ MCHN#
12.	Provision of application system services and infrastructure support	MHB Group	MFAL^	24,509	<p>Interested Director*</p> <ul style="list-style-type: none"> ■ Matthew Edward Lawrence <p>Interested Major Shareholders</p> <ul style="list-style-type: none"> ■ MFC~ ■ MLIC ■ MFAL^ ■ MHBL> ■ MCHN#
13.	Investment management	MILL	MIMPMUSø	124	<p>Interested Director*</p> <ul style="list-style-type: none"> ■ Matthew Edward Lawrence <p>Interested Major Shareholders</p> <ul style="list-style-type: none"> ■ MFC~ ■ MLIC ■ MFAL^ ■ MHBL> ■ MCHN#

Additional Compliance Information

No.	Nature of Transactions	Transacting Party	Class of Related Party	Actual value of transaction (RM'000)	Interested Related Party
14.	Manulife Centre of Excellence– Operations and information technology support services	MIMMB	MFC Group~	(1,596)	<p>Interested Director*</p> <ul style="list-style-type: none"> Matthew Edward Lawrence <p>Interested Major Shareholders</p> <ul style="list-style-type: none"> MFC~ MLIC MFAL^ MHBL> MCHN#
15.	Outsourcing of foreign exchange hedging services in respect of foreign currency exposure	MIB	MFC Group~	-	<p>Interested Director*</p> <ul style="list-style-type: none"> Matthew Edward Lawrence <p>Interested Major Shareholders</p> <ul style="list-style-type: none"> MFC~ MLIC MFAL^ MHBL> MCHN#
16.	Provision of trade matching and settlement services	MIMMB	MIMHK□	-	<p>Interested Director*</p> <ul style="list-style-type: none"> Matthew Edward Lawrence <p>Interested Major Shareholders</p> <ul style="list-style-type: none"> MFC~ MLIC MFAL^ MHBL> MCHN#
17.	Provision of regional reinsurance administrative services	MILL	MFAL^	-	<p>Interested Director*</p> <ul style="list-style-type: none"> Matthew Edward Lawrence <p>Interested Major Shareholders</p> <ul style="list-style-type: none"> MFC~ MLIC MFAL^ MHBL> MCHN#
18.	Provision of reinsurance premium	MILL	MIL Bermuda^^	129	<p>Interested Director*</p> <ul style="list-style-type: none"> Matthew Edward Lawrence <p>Interested Major Shareholders</p> <ul style="list-style-type: none"> MFC~ MLIC MFAL^ MHBL> MCHN#

Additional Compliance Information

No.	Nature of Transactions	Transacting Party	Class of Related Party	Actual value of transaction (RM'000)	Interested Related Party
19.	Provision of social media operational support services	MIMMB	MDSI#	92	<p>Interested Director*</p> <ul style="list-style-type: none"> Matthew Edward Lawrence <p>Interested Major Shareholders</p> <ul style="list-style-type: none"> MFC~ MLIC MFAL^ MHBL> MCHN#
20.	Provision of back office support for staff claims	MHB Group	MFAL^	41	<p>Interested Director*</p> <ul style="list-style-type: none"> Matthew Edward Lawrence <p>Interested Major Shareholders</p> <ul style="list-style-type: none"> MFC~ MLIC MFAL^ MHBL> MCHN#

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	- Manulife Holdings Berhad
MHB Group	- MHB, its subsidiaries and associate companies
MHBL	- Manulife Holdings (Bermuda) Limited
MIB	- Manulife Insurance Berhad
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) ("HCIM")
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 ultimate holding company is MLIC.
- ~ MFC is the holding company of MLIC.
- ∅ MLIC is the ultimate 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 ultimate holding company of MIL Bermuda.
- > MHBL is the holding company of MFAL.

Group Audit Committee Report

I. COMPOSITION OF THE GROUP AUDIT COMMITTEE

Mr. Lim Hun Soon @ David Lim (*Independent Non-Executive Director*) (*Chairman*)
 Mrs. Vijayam A/P Nadarajah (*Independent Non-Executive Director*)
 Mr. Matthew Edward Lawrence (*Non-Independent Non-Executive Director*)
 Mr. Renzo Christopher Viegas (*Independent Non-Executive Director*) (*appointed w.e.f. 1 November 2020*)
 Datuk Seri Panglima Mohd Annuar bin Zaini (*Independent Non-Executive Director*) (*ceased w.e.f. 4 July 2020*)

The details of attendance of each member at the Group Audit Committee meetings held during the financial year ended 31 December 2020 ("FY2020") are as follows:-

Name of Group Audit Committee member	Attendance
Mr. Lim Hun Soon @ David Lim	6 out of 6
Datuk Seri Panglima Mohd Annuar bin Zaini (<i>ceased w.e.f. 4 July 2020</i>)	#2 out of 3
Mrs. Vijayam A/P Nadarajah	6 out of 6
Mr. Matthew Edward Lawrence	5 out of 6
Mr. Renzo Christopher Viegas (<i>appointed w.e.f. 1 November 2020</i>)	@1 out of 1

@ Reflects the number of meetings held during the FY2020 after his appointment as a member

Reflects the number of meetings held during the FY2020 prior to his cessation as a member

II. MEETINGS

The Group Audit Committee had six (6) meetings during the FY2020 and the details of attendance of each member are stated above. Upon invitation, the Group Chief Executive Officer and members of Senior Management attended all the meetings.

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 FY2020.

III. SUMMARY OF ACTIVITIES

The Group Audit Committee's activities during the FY2020 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 2019 and the Annual Audited Financial Statements for the financial year ended 31 December 2019 ("FY2019") at its meetings held on 24 February 2020 and 16 March 2020 respectively. The quarterly financial statements for the first, second and third quarters of 2020, which were prepared in compliance with the Malaysian Financial Reporting Standard ("MFRS") 134 Interim Financial Reporting and International Financial Reporting Standard ("IFRS"), were reviewed at the Group Audit Committee meetings held on 18 May 2020, 17 August 2020 and 20 November 2020 respectively. All the Group Audit Committee's recommendations were presented for approval at the subsequent Board of Directors' meetings.
- (b) On 17 August 2020, 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 2020 and Manulife Group's 2020 Audit Plan presented by the External Auditors, Messrs. Ernst & Young PLT ("EY").

Group Audit Committee Report

1.2 Related Party Transactions

The Group Audit Committee reviewed and verified the related party transactions and conflicts of interest entered into by the Manulife Group and recommended the same to the Board of Directors for review.

1.3 External Audit

Meeting with the External Auditors

On 24 February 2020, the External Auditors presented their Audit Results for the FY2019 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 FY2019.

The Group Audit Committee deliberated the Audit Results for the FY2019 during the Group Audit Committee meeting held on 24 February 2020. During the meeting, the Group Audit Committee together with the External Auditors discussed the Audit Results and recommendations to improve the accounting procedures and internal control measures in relation to the FY2019.

On 17 August 2020, the Group Audit Committee reviewed the list of services for the FY2020 presented by EY in the Audit Plan for the FY2020 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 FY2020. The External Auditors also presented the review results arising from the limited review performed on the quarterly financial statements for the second quarter of 2020 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 audit fees conducted by the Group Audit Committee on 24 February 2020, the Group Audit Committee was satisfied with the External Auditors' technical competency and independence for FY2019.

Being satisfied with EY's performance, technical competency 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 FY2020 on 24 February 2020.

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

Group Audit Committee Report

1.4. 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 FY2020, the Group Audit Committee assessed the overall performance of the Internal Audit Department to be strong.

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. Mr. Vincent Wong was appointed as the acting Head of AS-Malaysia on 2 January 2020 and subsequently appointed as the Head of AS-Malaysia effective 1 July 2020. He has accumulated more than 13 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.

Group Audit Committee Report

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 FY2020 covered the following:

1. Business continuity and disaster recovery;
2. Anti-Money Laundering and Anti-Terrorism Financing;
3. Malaysian Anti-Corruption Commission Act 2009;
4. Policy administration, assignment and other policy disbursement; and
5. Agency sales, marketing and distribution management.

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 FY2020, 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 year 2020 were RM704,729 (2019: RM573,567).



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Directors' Report

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 2020.

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 for the financial year attributable to:		
Owners of the Company	38,811	1,779
Non-controlling interests	4	-
	38,815	1,779

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 RM14,165,900 for the financial year ended 31 December 2019. Out of the total distribution, 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.

The directors recommend the payment of a first and final dividend of 7.0 sen per share, amounting to approximately RM14,489,000 for the financial year ended 31 December 2020, 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 202,370,000 ordinary shares to 206,983,965 ordinary shares by way of issuance of 4,613,965 new ordinary shares amounting to RM8,904,952 arising from the implementation of Dividend Reinvestment Plan for financial year ended 31 December 2019 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.

Directors' Report

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.

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.

Directors' Report

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 (appointed on 1 October 2020)
Lim Hun Soon @ David Lim
Matthew Edward Lawrence
Vijayam Nadarajah
Renzo Christopher Viegas (appointed on 1 November 2020)
Datuk Seri Panglima Mohd Annuar bin Zaini (retired on 4 July 2020)
Lee Sang Hui (resigned on 30 September 2020)

In accordance with Clause 123 of the Company's Constitution, Ms. Vijayam Nadarajah shall retire at the forthcoming Annual General Meeting, and being eligible, offer herself for re-election.

In accordance with Clause 106 of the Company's Constitution, Ms. Vibha Hamsi Coburn and Mr. Renzo Christopher Viegas shall retire at the forthcoming Annual General Meeting, and being eligible, offers 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:

Dato' Md Agil bin Mohd Natt
Gianni Fiacco
Jasbender Kaur a/p Mehar Singh
Jason Chong Soon Min
Swee Leng Edmond Cheah
Tham Kok Yoke
Wong Boon Choy
Arthur Belfer (appointed on 3 February 2020)
Mary Bernadette James (appointed on 15 October 2020)
Tan Chue Chau (appointed on 26 October 2020)
Justin David Helferich (resigned on 1 March 2020)

Directors' Report

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 1.1.2020	Acquired/ reinvested dividends	Disposed	As at 31.12.2020
Manulife Financial Corporation				
- Direct interest				
Vibha Hamsi Coburn	-	1,839	-	1,839
Matthew Edward Lawrence	60	1,207	-	1,267

	Number of options on ordinary shares			
	As at 1.1.2020	Granted	Lapsed	As at 31.12.2020
Manulife Financial Corporation				
- Direct interest				
Vibha Hamsi Coburn	31,243	14,011	-	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 1.1.2020	Granted/ reinvested dividends	Vested	As at 31.12.2020
Manulife Financial Corporation				
- Direct interest				
Vibha Hamsi Coburn	20,460	9,862	(9,373)	20,949
Matthew Edward Lawrence	1,114	5,918	-	7,032

Directors' Report

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 RM216,850 and RM18,924 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 26 March 2021.

DATO' DR. ZAHA RINA BINTI ZAHARI
CHAIRMAN

Kuala Lumpur, Malaysia

VIBHA HAMS COBURN
GROUP CHIEF EXECUTIVE OFFICER/
EXECUTIVE DIRECTOR

Statement by Directors

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

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 111 to 224 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 2020 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 26 March 2021.

DATO' DR. ZAHA RINA BINTI ZAHARI
CHAIRMAN

VIBHA HAMSI COBURN
GROUP CHIEF EXECUTIVE OFFICER/
EXECUTIVE DIRECTOR

Kuala Lumpur, Malaysia

Statutory Declaration

Pursuant to Section 251(1)(B) of the Companies Act, 2016

I, Tham Kok Yoke (MIA Membership No: 17299), 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 111 to 224 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.

THAM KOK YOKE

Subscribed and solemnly declared by the abovenamed Tham Kok Yoke at Kuala Lumpur in Malaysia on 26 March 2021, before me.

COMMISSIONER FOR OATHS
TAN KIM CHOOI
No.: W 661

Independent Auditors' Report

to the members of Manulife Holdings Berhad (Incorporated in Malaysia)

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 2020 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 111 to 224.

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 2020, 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 2020 amounted to RM4.54 billion (as disclosed in Note 15 to the financial statements) or approximately 81% 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 RM2.90 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 RM1.37 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.

Independent Auditors' Report

to the members of Manulife Holdings Berhad (Incorporated in Malaysia)

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 subsidiary;
- 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 subsidiary;
- 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.

Independent Auditors' Report

to the members of Manulife Holdings Berhad (Incorporated in Malaysia)

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

(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 2020 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.

(b) Investment in Asset Management subsidiary of the Company

The Company's investment in subsidiaries amounted to RM405.87 million as of 31 December 2020 (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.

Independent Auditors' Report

to the members of Manulife Holdings Berhad (Incorporated in Malaysia)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

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.

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.

Independent Auditors' Report

to the members of Manulife Holdings Berhad (Incorporated in Malaysia)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Auditors' responsibilities for the audit of the financial statements (continued)

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: (continued)

- 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.

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) & AF: 0039
Chartered Accountants

Kuala Lumpur, Malaysia
26 March 2021

Ahmad Hammami Bin Muhyidin

No. 03313/07/2021 J
Chartered Accountant

Statements of Financial Position

as at 31 December 2020

	Note	Group		Company	
		2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
ASSETS					
Property and equipment	4	43,548	40,009	18,809	18,679
Investment property	5	77,974	82,593	31,172	31,303
Intangible assets	6	135,389	132,183	12	34
Subsidiaries	7	-	-	405,873	405,873
Available-for-sale financial assets	8(a)	3,485,271	3,340,632	-	-
Financial assets at fair value through profit or loss	8(b)	2,008,611	1,742,001	81,085	75,942
Loans and receivables	9	506,749	367,901	9,357	12,785
Reinsurance assets	10	12,472	5,938	-	-
Insurance receivables	11	16,877	25,794	-	-
Right-of-use assets	21	3,027	2,707	-	-
Deferred tax assets	18	108	9	-	-
Current tax assets	19	24,278	8,226	760	-
Cash and cash equivalents		189,492	207,145	6,047	1,178
TOTAL ASSETS		6,503,796	5,955,138	553,115	545,794
EQUITY, POLICYHOLDERS' FUNDS AND LIABILITIES					
Share capital	12	111,974	103,069	111,974	103,069
Retained earnings	13	741,519	716,874	409,623	422,010
Other reserves		53,784	17,424	6,897	6,202
Equity attributable to the owners of the Company		907,277	837,367	528,494	531,281
Non-controlling interests	14	78	256	-	-
TOTAL EQUITY		907,355	837,623	528,494	531,281
Insurance contract liabilities	15	4,538,054	4,215,893	-	-
Insurance claims liabilities	16	56,474	53,464	-	-
Financial liability at fair value through profit or loss	17	21	-	-	-
Deferred tax liabilities	18	56,538	34,137	57	108
Current tax liabilities	19	22,360	370	-	26
Reinsurance liabilities	10	4,257	5,412	-	-
Insurance payables	20	672,721	602,018	-	-
Lease liabilities	21	3,136	2,864	-	-
Other payables	22	242,880	203,357	24,564	14,379
TOTAL LIABILITIES		5,596,441	5,117,515	24,621	14,513
TOTAL EQUITY, POLICYHOLDERS' FUNDS AND LIABILITIES		6,503,796	5,955,138	553,115	545,794

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

Statements of Profit or Loss

for the Financial Year ended 31 December 2020

	Note	Group		Company	
		2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Premium income					
Gross premiums		1,014,017	988,007	-	-
Premiums ceded to reinsurers		(93,209)	(69,439)	-	-
Net premiums	23	920,808	918,568	-	-
Investment income	24	191,968	203,747	7,205	10,509
Net realised gains	25	54,844	50,409	-	7,963
Net fair value gain/(losses)	26	98,427	80,806	3,007	(258)
Fee income	27	109,520	109,663	1,262	1,034
Other operating income		4,812	3,693	2	2
Total revenue		1,380,379	1,366,886	11,476	19,250
Gross benefits and claims paid and payable		(841,395)	(735,316)	-	-
Claims ceded to reinsurers		35,777	23,766	-	-
Gross change in insurance contract liabilities		(171,087)	(254,346)	-	-
Change in insurance contract liabilities ceded to reinsurers		5,369	(5,690)	-	-
Net claims		(971,336)	(971,586)	-	-
Fee and commission expenses		(114,376)	(118,554)	-	-
Investment expenses		(4,870)	(5,194)	(2,127)	(2,622)
Management expenses	28	(210,758)	(201,318)	(7,962)	(7,850)
Other operating (expenses)/income	30	(33,263)	(31,845)	11	(61)
Other expenses		(363,267)	(356,911)	(10,078)	(10,533)
Profit before taxation		45,776	38,389	1,398	8,717
Taxation	31	(6,961)	(12,244)	381	(1,364)
Net profit for the financial year		38,815	26,145	1,779	7,353
Net profit attributable to:					
Owners of the Company		38,811	26,134	1,779	7,353
Non-controlling interests		4	11	-	-
		38,815	26,145	1,779	7,353
Basic and diluted earnings per share (sen)	32	19.01	12.91		

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

Statements of Total Comprehensive Income

for the Financial Year ended 31 December 2020

	Note	Group		Company	
		2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Net profit for the financial year		38,815	26,145	1,779	7,353
Other comprehensive income/(loss), net of tax:					
Other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods:					
Net gains/(loss) on foreign currency translation		927	(489)	-	(9,248)
Fair value change of available for sale financial assets:					
- Gross fair value change	8(c)	207,125	103,089	-	-
- Deferred tax	18	(15,597)	(7,795)	-	-
		191,528	95,294	-	-
Change in insurance contract liabilities arising from unrealised net fair value change	15	(156,790)	(89,573)	-	-
Net income		34,738	5,721	-	-
Fair value change of debt securities at fair value through other comprehensive income					
- Gross fair value change	8(c)	-	-	-	(724)
Net other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods		35,665	5,232	-	(9,972)
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:					
Surplus from revaluation of property:					
- Gross surplus from revaluation		1,169	642	695	404
		1,169	642	695	404
Changes in insurance contract liabilities arising from revaluation of property	15	(474)	(238)	-	-
Net income		695	404	695	404
Net other comprehensive income not to be reclassified to profit or loss in subsequent periods		695	404	695	404
Other comprehensive income/(loss) for the financial year, net of tax		36,360	5,636	695	(9,568)
Total comprehensive income/(loss) for the financial year		75,175	31,781	2,474	(2,215)
Total comprehensive income/(loss) attributable to:					
Owners of the Company		75,171	31,770	2,474	(2,215)
Non-controlling interests		4	11	-	-
		75,175	31,781	2,474	(2,215)

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

Statements of Changes in Equity

for the Financial Year ended 31 December 2020

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 2019		103,069	5,798	(762)	6,752	704,924	819,781	2,090	821,871
Effect on adoption of MFRS 16		-	-	-	-	(18)	(18)	-	(18)
At 1 January 2019 (restated)		103,069	5,798	(762)	6,752	704,906	819,763	2,090	821,853
Changes in ownership interest in a unit trust fund managed by a subsidiary		-	-	-	-	-	-	(1,845)	(1,845)
Net profit for the financial year		-	-	-	-	26,134	26,134	11	26,145
Other comprehensive income/(loss) for the financial year		-	404	(489)	5,721	-	5,636	-	5,636
Total comprehensive income/(loss) for the financial year		-	404	(489)	5,721	26,134	31,770	11	31,781
Dividend paid	33	-	-	-	-	(14,166)	(14,166)	-	(14,166)
At 31 December 2019/ 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		111,974	6,897	(324)	47,211	741,519	907,277	78	907,355

* 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 RM89,831,000 (31 December 2019: RM68,835,000) 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 2020

Company	Note	Non-distributable				Distributable	
		Share capital	Asset revaluation reserve	Fair value reserve	Currency translation reserve	Retained earnings	Total equity
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January 2019		103,069	5,798	724	9,248	428,823	547,662
Net profit for the financial year		-	-	-	-	7,353	7,353
Other comprehensive income for the financial year		-	404	(724)	(9,248)	-	(9,568)
Total comprehensive income for the financial year		-	404	(724)	(9,248)	7,353	(2,215)
Dividend paid	33	-	-	-	-	(14,166)	(14,166)
At 31 December 2019/ 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		111,974	6,897	-	-	409,623	528,494

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

Statements of Cash Flows

for the Financial Year ended 31 December 2020

	Note	Group		Company	
		2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES					
Net profit for the financial year		38,815	26,145	1,779	7,353
Adjustments for non-cash items	34	(299,345)	(285,893)	(9,744)	(15,940)
Operating losses before changes in operating assets and liabilities		(260,530)	(259,748)	(7,965)	(8,587)
Purchase of investments	8(c)	(2,860,648)	(2,606,220)	-	-
Proceeds from disposal and maturity of investments		2,806,959	2,316,526	-	-
Interest income received		142,080	141,161	24	6,644
Dividend income received		50,682	62,312	2,694	701
Rental income received		3,723	4,600	4,470	4,872
Decrease/(increase) in insurance receivables		8,898	(1,450)	-	-
(Increase)/decrease in reinsurance assets		(7,689)	9,542	-	-
(Increase)/decrease in fixed and call deposits		(111,788)	84,619	(178)	504
(Increase)/decrease in loans receivable		(996)	4,020	-	-
(Increase)/decrease in other receivables		(25,746)	19,284	3,689	(1,482)
Increase in insurance contract liabilities		164,897	252,887	-	-
Increase/(decrease) in insurance claims liabilities		3,010	(1,550)	-	-
Increase/(decrease) in payables		113,690	14,427	10,196	(6,800)
Cash generated from/(used in) operations		26,542	40,410	12,930	(4,148)
Interest paid	21	(106)	(68)	-	-
Income taxes paid		(18,024)	(27,403)	(522)	(1,256)
Net cash inflow/(outflow) from operating activities		8,412	12,939	12,408	(5,404)
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of property and equipment	4	(5,705)	(2,394)	(273)	(91)
Purchase of intangible assets	6	(11,198)	(3,071)	-	-
Purchase of investments	8(c)	(26,932)	(129,463)	(26,932)	(129,463)
Proceeds from disposal and maturity of investments		24,927	215,375	24,926	215,375
Additional investment in a subsidiary		-	-	-	(66,748)
Proceeds from liquidation of subsidiary		-	-	-	347
Proceeds from disposal of property and equipment	5	47	47	-	-
Net cash (outflow)/inflow from investing activities		(18,903)	80,494	(2,279)	19,420

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

Statements of Cash Flows

for the Financial Year ended 31 December 2020

	Note	Group		Company	
		2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
CASH FLOWS FROM FINANCING ACTIVITIES					
Dividend paid to shareholders	33	(5,260)	(14,166)	(5,260)	(14,166)
Changes in non-controlling interests		(182)	(1,845)	-	-
Payment of lease liabilities	21	(1,720)	(1,170)	-	-
Net cash outflow from financing activities		(7,162)	(17,181)	(5,260)	(14,166)
CASH AND CASH EQUIVALENTS					
Net (decrease)/increase during the financial year		(17,653)	76,252	4,869	(150)
Cash and cash equivalents at 1 January		207,145	130,893	1,178	1,328
Cash and cash equivalents at 31 December		189,492	207,145	6,047	1,178

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	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Cash and bank balances	153,886	132,838	3,182	169
Short-term deposits*	35,606	74,307	2,865	1,009
Cash and cash equivalents	189,492	207,145	6,047	1,178

* Short-term deposits with original maturities of less than 3 months.

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

Notes to the Financial Statements

31 December 2020

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 2020 as follows:

Description	Effective for annual periods beginning on or after
Amendments to MFRS 3 Business Combinations – Definition of a Business	1 January 2020
Amendments to MFRS 101 <i>Presentation of Financial Statements</i>	1 January 2020
Amendments to MFRS 108 <i>Accounting Policies, Changes in Accounting Estimates and Errors</i>	1 January 2020
Amendments to MFRS 9, MFRS 139 and MFRS 7 <i>Interest rate benchmark reform</i>	1 January 2020

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.

Notes to the Financial Statements

31 December 2020

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 (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
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
Classification of Liabilities as Current or Non-current (Amendments to MFRS 101)	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

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.

MFRS 17 is 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.

Notes to the Financial Statements

31 December 2020

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, 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.

(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.

Notes to the Financial Statements

31 December 2020

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 identify 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.

Notes to the Financial Statements

31 December 2020

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 is 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.

Notes to the Financial Statements

31 December 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Property and equipment (continued)

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.

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.

Notes to the Financial Statements

31 December 2020

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.

Notes to the Financial Statements

31 December 2020

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).

Notes to the Financial Statements

31 December 2020

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.

Notes to the Financial Statements

31 December 2020

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.

Notes to the Financial Statements

31 December 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(h) Financial instruments under MFRS 139 (continued)

(iii) Impairment (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.

Notes to the Financial Statements

31 December 2020

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 mandatorily 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.

Notes to the Financial Statements

31 December 2020

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.

Notes to the Financial Statements

31 December 2020

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").

Notes to the Financial Statements

31 December 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(i) Financial instruments under MFRS 9 (continued)

(iii) Impairment of financial assets (continued)

Measurement of ECL (continued)

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.

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 2020 and 31 December 2019.

(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.

Notes to the Financial Statements

31 December 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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.

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.

Notes to the Financial Statements

31 December 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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.

(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.

Notes to the Financial Statements

31 December 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(o) Employee benefits (continued)

(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.

(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.

Notes to the Financial Statements

31 December 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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 are recognised when services are provided.

(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 life-time, 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.

Notes to the Financial Statements

31 December 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(q) Product classification (continued)

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.

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.

Notes to the Financial Statements

31 December 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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.

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.

Notes to the Financial Statements

31 December 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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.

(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.

Notes to the Financial Statements

31 December 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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.

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.

Notes to the Financial Statements

31 December 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(z) Insurance contract liabilities (continued)

(i) Actuarial liabilities (continued)

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.

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.

Notes to the Financial Statements

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(z) Insurance contract liabilities (continued)

(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.

Notes to the Financial Statements

31 December 2020

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:

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.

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 products 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)
2021	4.57%	1.73%	1.73%	3.86%	0.10%
2022	4.63%	1.95%	1.95%	3.89%	0.16%
2023	4.69%	2.14%	2.14%	3.91%	0.25%
2024	4.75%	2.34%	2.34%	3.93%	0.55%
2025	4.81%	2.64%	2.64%	3.96%	0.74%
2026	4.88%	3.31%	3.31%	3.98%	1.23%
2027	4.94%	3.05%	3.05%	4.01%	1.52%
2028	5.00%	2.85%	2.85%	4.03%	1.40%
2029	5.06%	3.13%	3.13%	4.05%	1.59%
2030	5.12%	3.07%	3.07%	4.08%	1.77%
2031	5.18%	4.62%	4.62%	4.10%	1.50%
2032	5.18%	5.59%	5.59%	4.10%	1.61%
2033	5.18%	6.73%	6.73%	4.10%	1.71%
2034	5.18%	5.15%	5.15%	4.10%	1.82%
2035	5.18%	2.84%	2.84%	4.10%	1.92%
2036	5.18%	3.40%	3.40%	4.10%	1.19%
2037+	5.18%	3.40%	3.40%	4.10%	1.19%

Notes to the Financial Statements

31 December 2020

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.

As part of temporary regulatory reliefs given by Labuan regulator as means of cushioning the impact caused by the COVID-19 pandemic outbreak, the company is given discretion to apply a more pragmatic approach for discounting the liability valuation until 31 December 2021.

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.

Notes to the Financial Statements

31 December 2020

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
2021	2.61%	2036	3.18%	2051	3.75%	2066	4.32%
2022	2.65%	2037	3.22%	2052	3.79%	2067	4.35%
2023	2.69%	2038	3.26%	2053	3.82%	2068	4.39%
2024	2.73%	2039	3.29%	2054	3.86%	2069	4.43%
2025	2.76%	2040	3.33%	2055	3.90%	2070	4.47%
2026	2.80%	2041	3.37%	2056	3.94%	2071	4.51%
2027	2.84%	2042	3.41%	2057	3.98%	2072	4.54%
2028	2.88%	2043	3.45%	2058	4.01%	2073	4.58%
2029	2.92%	2044	3.48%	2059	4.05%	2074	4.62%
2030	2.95%	2045	3.52%	2060	4.09%	2075	4.66%
2031	2.99%	2046	3.56%	2061	4.13%	2076	4.69%
2032	3.03%	2047	3.60%	2062	4.16%	2077	4.73%
2033	3.07%	2048	3.63%	2063	4.20%	2078	4.77%
2034	3.10%	2049	3.67%	2064	4.24%	2079	4.81%
2035	3.14%	2050	3.71%	2065	4.28%	2080	4.85%
						2081+	4.88%

Notes to the Financial Statements

31 December 2020

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)

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
2021	0.10%	2036	2.11%	2051	2.74%	2066	3.75%
2022	0.16%	2037	2.25%	2052	2.94%	2067	3.76%
2023	0.25%	2038	2.31%	2053	3.10%	2068	3.77%
2024	0.55%	2039	2.30%	2054	3.23%	2069	3.77%
2025	0.74%	2040	2.20%	2055	3.34%	2070	3.78%
2026	1.23%	2041	2.05%	2056	3.42%	2071	3.78%
2027	1.52%	2042	1.93%	2057	3.49%	2072	3.78%
2028	1.40%	2043	1.87%	2058	3.55%	2073	3.79%
2029	1.59%	2044	1.86%	2059	3.59%	2074	3.79%
2030	1.77%	2045	1.88%	2060	3.63%	2075	3.79%
2031	1.69%	2046	1.93%	2061	3.66%	2076	3.79%
2032	1.62%	2047	2.02%	2062	3.69%	2077	3.79%
2033	1.63%	2048	2.15%	2063	3.71%	2078	3.80%
2034	1.73%	2049	2.31%	2064	3.72%	2079	3.80%
2035	1.89%	2050	2.51%	2065	3.74%	2080+	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. For morbidity and critical illness 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 with appropriate expected expense inflation adjustments.

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.

Notes to the Financial Statements

31 December 2020

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 best estimate assumptions with appropriate expected expense inflation adjustments.

Assumptions on policy persistency (including lapses and surrender) are derived from the best estimate assumptions.

Provision of risk for adverse deviation ("PRAD") assumptions is added to the best estimate assumptions.

All assumptions will be monitored through regular experience studies to ensure relevance and appropriateness.

Participating Policyholders' Bonuses/Dividends

Continuance of current bonus level (reflected with Bonus Revision 2020 which was effective from 1 January 2021) is assumed in the best estimate valuation.

Notes to the Financial Statements

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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
Cost/valuation							
At 1 January 2019		26,291	186	24,168	1,472	11,575	63,692
Additions		-	1,235	1,109	5	45	2,394
Disposal		-	-	(16)	(160)	-	(176)
Transfer to renovations		-	-	(17)	-	17	-
Transfer to intangible assets	6	-	-	(110)	-	-	(110)
Revaluation adjustment		116	-	-	-	-	116
Write off		-	-	(427)	-	(654)	(1,081)
Effect of exchange rate		-	-	1	-	-	1
At 31 December 2019/ 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		27,026	3,515	27,672	1,322	11,612	71,147
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
Comprising assets stated at 31 December 2019:							
Valuation		26,407	-	-	-	-	26,407
Cost		-	1,421	24,708	1,317	10,983	38,429
		26,407	1,421	24,708	1,317	10,983	64,836
Accumulated depreciation							
At 1 January 2019		-	-	18,249	727	3,644	22,620
Charge for the financial year	28	526	-	1,444	191	1,169	3,330
Disposal		-	-	(14)	(160)	-	(174)
Reversal on revaluation		(526)	-	-	-	-	(526)
Write off	28	-	-	(333)	-	(90)	(423)
At 31 December 2019/ 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		-	-	20,817	919	5,863	27,599
Carrying amount							
At 31 December 2020		27,026	3,515	6,855	403	5,749	43,548
At 31 December 2019		26,407	1,421	5,362	559	6,260	40,009

Notes to the Financial Statements

31 December 2020

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
Cost/valuation							
At 1 January 2019		15,978	-	2,991	930	3,170	23,069
Additions		-	-	86	5	-	91
Revaluation adjustment		84	-	-	-	-	84
Write off	28	-	-	(4)	-	-	(4)
At 31 December 2019/ 1 January 2020		16,062	-	3,073	935	3,170	23,240
Additions		-	182	91	-	-	273
Revaluation adjustment		360	-	-	-	-	360
At 31 December 2020		16,422	182	3,164	935	3,170	23,873
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
Comprising assets stated at 31 December 2019:							
Valuation		16,062	-	-	-	-	16,062
Cost		-	-	3,073	935	3,170	7,178
		16,062	-	3,073	935	3,170	23,240
Accumulated depreciation							
At 1 January 2019		-	-	2,487	504	1,070	4,061
Charge for the financial year	28	320	-	97	91	316	824
Reversal on revaluation		(320)	-	-	-	-	(320)
Write off		-	-	(4)	-	-	(4)
At 31 December 2019/ 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		-	-	2,675	686	1,703	5,064
Net carrying amount							
At 31 December 2020		16,422	182	489	249	1,467	18,809
At 31 December 2019		16,062	-	493	340	1,784	18,679

Notes to the Financial Statements

31 December 2020

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:

	2020 RM'000	2019 RM'000
Group		
Building	11,688	12,055
Company		
Building	5,778	5,988

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 2020. The recognised revalued amount was based on the valuation exercise performed as at 31 December 2020.

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	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Fair value as stated in valuation report	27,026	26,407	16,422	16,062

The reconciliation from beginning to ending balances for the freehold property is as disclosed on page 148 to 149.

Notes to the Financial Statements

31 December 2020

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
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
2019 Freehold property	Income method	Term period's net yield	5.75%
		Reversionary period's net yield	6.00%
		Void factor	5.00%
		Average rental for term period	RM4.50 - RM4.82 psf
		Average rental for reversionary period	RM4.50 psf
		Outgoings for term period	RM1.70 psf
		Outgoings for reversionary period	RM1.70 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	2020 RM'000	2019 RM'000
Group			
At 1 January		82,593	82,709
Fair value loss	26	(4,619)	(116)
At 31 December		77,974	82,593
Represented by:			
Freehold property		77,974	82,593

	Note	2020 RM'000	2019 RM'000
Company			
At 1 January		31,303	31,604
Fair value loss	26	(131)	(301)
At 31 December		31,172	31,303
Represented by:			
Freehold property		31,172	31,303

Notes to the Financial Statements

31 December 2020

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	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Rental income	3,743	3,933	4,470	4,858
Direct operating expenses arising from investment property that generate rental income	(3,355)	(3,908)	(1,729)	(1,997)
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 2020. The recognised revalued amount was based on the valuation exercise performed as at 31 December 2020.

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
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
2019 Investment property	Income method	Term period's net yield	5.75%
		Reversionary period's net yield	6.00%
		Void factor	5.00%
		Average rental for term period	RM4.50 - RM4.82 psf
		Average rental for reversionary period	RM4.50 psf
		Outgoings for term period	RM1.70 psf
		Outgoings for reversionary period	RM1.70 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 151.

Notes to the Financial Statements

31 December 2020

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
Cost							
At 1 January 2019		86,815	40,000	29,251	2,347	-	158,413
Additions		-	-	534	891	28,739	30,164
Transfer from property and equipment	4	-	-	110	-	-	110
Transfer to computer software		-	-	22	(22)	-	-
Write off	28	-	-	(169)	-	-	(169)
Effect of exchange rate		-	-	(6)	(6)	-	(12)
At 31 December 2019/ 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		86,815	43,000	37,678	3,444	28,739	199,676
Accumulated amortisation							
At 1 January 2019		-	24,801	22,546	-	-	47,347
Amortisation during the financial year	28	-	5,249	2,683	-	20	7,952
Effect of exchange rate		-	-	(2)	-	-	(2)
At 31 December 2019/ 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		-	35,709	27,468	-	85	63,262
Accumulated impairment							
At 31 December 2019/ 31 December 2020		-	-	1,025	-	-	1,025
Net carrying amount							
At 31 December 2020		86,815	7,291	9,185	3,444	28,654	135,389
At 31 December 2019		86,815	9,950	3,489	3,210	28,719	132,183

Notes to the Financial Statements

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6. INTANGIBLE ASSETS (CONTINUED)

Company

	Note	Computer software RM'000	Total RM'000
Cost			
At 31 December 2019/31 December 2020		139	139
Accumulated amortisation			
At 1 January 2019		80	80
Amortisation during the financial year	28	25	25
At 31 December 2019/1 January 2020		105	105
Amortisation during the financial year	28	22	22
At 31 December 2020		127	127
Net carrying amount			
At 31 December 2020		12	12
At 31 December 2019		34	34

(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 2020. 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:

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 th year (based on comparable current market transactions)

2019

Discount rate	: 7%
Sales growth rate	: Average 18% throughout the 10 years projection
Expense growth rate	: Average 10% throughout the 10 years projection
Terminal value	: 1.65% of average Assets Under Management at the 10 th year (based on comparable current market transactions)

Notes to the Financial Statements

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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

	Company	
	2020 RM'000	2019 RM'000
Unquoted shares at cost	412,666	412,666
Accumulated impairment losses	(6,793)	(6,793)
	405,873	405,873

Details of the subsidiaries are as follows:

Name of company	Country of incorporation	Effective interest		Principal activities
		2020 %	2019 %	
Held by the Company:				
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 (In Member's Voluntary Winding Up)
British American Investments Pte. Ltd.**	Singapore	-	100	Dormant (dissolved on 2 March 2020)
Held through subsidiary and the Company:				
Manulife Cash Management Fund***	Malaysia	99	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

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7. SUBSIDIARIES (CONTINUED)

- * The e-Software House Sdn. Bhd. had on 12 November 2019 been placed under Members' Voluntary Winding Up. The affairs and conduct of the company is now placed under the control of the Liquidator who will manage the entire process of liquidation.
- ** British American Investments Pte. Ltd., a wholly-owned subsidiary of the Group, was liquidated on 2 March 2020. The dissolution of the subsidiary contributed to a realised loss of RM422,000 to the financial results of the Company for the financial year ended 31 December 2019.
- *** Audited by a firm of Chartered Accountants other than Ernst & Young PLT.

8. FINANCIAL ASSETS

(a) Available-for-sale

	Group		Company	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Equity securities				
- Quoted in Malaysia	943,507	827,752	-	-
- Quoted outside Malaysia	169,407	96,806	-	-
- Unquoted	2,516	2,516	-	-
Real estate investment trusts	14,863	15,569	-	-
Unit trust funds*	80,379	76,546	-	-
Malaysian Government Securities	368,505	374,797	-	-
Government Investment Issues	247,705	251,698	-	-
Corporate debt securities				
- Unquoted	1,634,516	1,670,365	-	-
Accrued interest	23,873	24,583	-	-
	3,485,271	3,340,632	-	-
Current	1,293,434	1,108,428	-	-
Non-current	2,191,837	2,232,204	-	-
	3,485,271	3,340,632	-	-

* Being investment in a unit trust funds managed by a subsidiary of the company.

Notes to the Financial Statements

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8. FINANCIAL ASSETS (CONTINUED)

(b) Fair value through profit or loss

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Equity securities				
- Quoted in Malaysia	712,512	580,616	10,294	9,209
- Quoted outside Malaysia	28,875	6,987	-	-
- Unquoted	-	-	572	572
Real estate investment trusts	5,747	8,314	159	172
Unit trust funds*	161,892	168,838	70,060	65,989
Malaysian Government Securities	66,372	48,314	-	-
Government Investment Issues	62,831	25,298	-	-
Corporate debt securities				
- Unquoted	492,617	415,097	-	-
- Quoted	164,344	40,735	-	-
Mutual funds				
- Quoted outside Malaysia	304,436	438,118	-	-
Forward foreign exchange contract (note 17)	1,149	3,802	-	-
Accrued interest	7,836	5,882	-	-
	2,008,611	1,742,001	81,085	75,942
Current	1,229,446	1,309,155	81,085	75,942
Non-current	779,165	432,846	-	-
	2,008,611	1,742,001	81,085	75,942

* Being investment in unit trust funds managed by a subsidiary company.

Notes to the Financial Statements

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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 2019		3,089,541	1,561,729	4,651,270
Purchases		1,760,260	975,423	2,735,683
Maturities		(64,050)	(6,000)	(70,050)
Disposals		(1,522,942)	(894,581)	(2,417,523)
Fair value gains recorded in:				
Profit or loss	26	-	112,158	112,158
Other comprehensive income		103,089	-	103,089
Allowance for impairment losses	26	(22,301)	-	(22,301)
Net amortisation of premiums	24	(3,758)	(856)	(4,614)
Unrealised exchange loss		-	(6,729)	(6,729)
Movement in accrued interest		793	857	1,650
At 31 December 2019/1 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		3,485,271	2,008,611	5,493,882

Notes to the Financial Statements

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8. FINANCIAL ASSETS (CONTINUED)

(c) Carrying value of financial assets (continued)

The financial assets and its movement are further analysed as follows (continued):

Company	Note	Fair value through other comprehensive income RM'000	Fair value through profit or loss RM'000	Total RM'000
At 1 January 2019		134,570	21,268	155,838
Purchases		12,669	116,794	129,463
Maturities		(3,700)	-	(3,700)
Disposals		(141,136)	(63,375)	(204,511)
Fair value (loss)/gain recorded in:				
Profit or loss	26	-	1,255	1,255
Other comprehensive income		(724)	-	(724)
Expected credit loss on debt securities	26	9	-	9
Net amortisation of premiums	24	(255)	-	(255)
Movement in accrued interest		(1,433)	-	(1,433)
At 31 December 2019/1 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		-	81,085	81,085

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9. LOANS AND RECEIVABLES

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Loans receivable:				
Policy loans	141,064	148,872	-	-
Mortgage loans	7,128	1,365	-	-
Staff loans	556	487	1	1
Other unsecured loans	2,972	-	-	-
	151,720	150,724	1	1
Allowance for impairment loss	(289)	(283)	-	-
(i)	151,431	150,441	1	1
Fixed and call deposits with licensed banks in Malaysia	273,128	161,340	1,175	997
Accrued interest	61	80	-	-
(ii)	273,189	161,420	1,175	997
Other receivables:				
Amount due from subsidiaries (note 35) (iii)	-	-	5,323	10,688
Amount due from related companies (note 35) (iii)	2,655	2,748	-	-
Accrued dividend income	3,122	953	23	6
Accrued rental income	33	13	-	-
Deposits	1,488	1,494	359	359
Other debtors	68,052	43,026	3,536	1,767
	75,350	48,234	9,241	12,820
Allowance for impairment loss	(1,365)	(1,365)	(1,075)	(1,075)
(iv)	73,985	46,869	8,166	11,745
Prepayments (v)	8,144	9,171	15	42
Total	506,749	367,901	9,357	12,785

Notes to the Financial Statements

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9. LOANS AND RECEIVABLES (CONTINUED)

		Group		Company	
		2020	2019	2020	2019
		RM'000	RM'000	RM'000	RM'000
(i)	Loans receivable:				
	Receivable within 12 months	907	474	-	-
	Receivable after 12 months	150,524	149,967	1	1
		151,431	150,441	1	1
(ii)	Fixed and call deposits with licensed banks in Malaysia:				
	Receivable within 12 months	273,189	161,420	1,175	997
		273,189	161,420	1,175	997
(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	73,985	46,869	8,166	11,745
		73,985	46,869	8,166	11,745
(v)	Prepayments:				
	Current	3,279	6,648	15	42
	Non-current	4,865	2,523	-	-
		8,144	9,171	15	42

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	
		2020	2019
		RM'000	RM'000
Reinsurance assets on:			
-	Insurance contract liabilities	6,659	2,536
-	Insurance claims liabilities	5,813	3,402
		12,472	5,938
Reinsurance liabilities on:			
-	Insurance contract liabilities	(4,257)	(5,412)

Notes to the Financial Statements

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11. INSURANCE RECEIVABLES

	Group 2020 RM'000	2019 RM'000
Due premiums including agents' balances	14,028	16,733
Due from reinsurers (i)	3,775	9,968
	17,803	26,701
Allowance for impairment losses	(926)	(907)
	16,877	25,794
Receivable within 12 months	16,877	25,794

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
31 December 2020			
Commissions receivables	16,927	-	16,927
Claims recoveries	12,077	-	12,077
Premiums ceded	-	(25,229)	(25,229)
	29,004	(25,229)	3,775
31 December 2019			
Commissions receivables	19,496	-	19,496
Claims recoveries	6,657	-	6,657
Premiums ceded	-	(16,185)	(16,185)
	26,153	(16,185)	9,968

12. SHARE CAPITAL

	Group and Company			
	2020		2019	
	Number of shares '000	Amount RM'000	Number of shares '000	Amount RM'000
Share Capital				
Issued and fully paid up:				
Ordinary shares:				
At 1 January	202,370	103,069	202,370	103,069
Issuance pursuant to Dividend Reinvestment Plan	4,614	8,905	-	-
At 31 December	206,984	111,974	202,370	103,069

The Company had implemented the Dividend Reinvestment Plan for its 2019 First and Final Dividend at a conversion price of RM1.93 per ordinary share and had successfully issued and allotted 4,613,965 new ordinary shares on 13 August 2020.

Notes to the Financial Statements

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13. RETAINED EARNINGS

The retained earnings are classified as distributable and non-distributable as follows:

Group	Note	2020 RM'000	2019 RM'000
Distributable	(i)	651,688	648,039
Non-distributable	(ii)	89,831	68,835
		741,519	716,874

- (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	2020 RM'000	2019 RM'000
Non-controlling interests	78	256

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	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Actuarial liabilities	2,898,929	2,819,089	2,896,527	2,821,965
Unallocated deficit	(10,286)	(71,285)	(10,286)	(71,285)
Fair value reserve	277,252	120,462	277,252	120,462
Asset revaluation reserve	2,361	1,887	2,361	1,887
Investment-linked policyholders' account	1,369,798	1,345,740	1,369,798	1,345,740
	4,538,054	4,215,893	4,535,652	4,218,769
Current	1,582,953	1,379,420	1,583,928	1,380,630
Non-current	2,955,101	2,836,473	2,951,724	2,838,139
	4,538,054	4,215,893	4,535,652	4,218,769

Notes to the Financial Statements

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15. INSURANCE CONTRACT LIABILITIES (CONTINUED)

The insurance contract liabilities and movements in its key components are further analysed as follows:

	Gross		Net	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
At 1 January	4,215,893	3,873,195	4,218,769	3,870,345
Inforce reserve movement	64,397	78,254	63,622	83,861
New business reserve	92,181	108,427	87,587	108,510
Discount rate and other changes	(70,548)	130,538	(70,548)	130,538
Unallocated surplus/(deficit)	60,999	(106,984)	60,999	(106,984)
Effect of movements in exchange rate	(6,190)	(1,459)	(6,099)	(1,423)
Fair value reserve, net of tax	156,790	89,573	156,790	89,573
Asset revaluation reserve				
- Revaluation adjustment	259	32	259	32
- Reversal on revaluation	215	206	215	206
	474	238	474	238
Investment-linked policyholders' account	24,058	44,111	24,058	44,111
At 31 December	4,538,054	4,215,893	4,535,652	4,218,769

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 2020, the applicable estimate changes on the above assumptions resulted in lower actuarial liabilities of RM70.5 million (31 December 2019: higher actuarial liabilities of RM130.5 million), with a corresponding increase in unallocated surplus for the participating business of RM95.0 million (31 December 2019: decrease in unallocated surplus of RM102.7 million) and decrease in net profit before tax of RM24.5 million (31 December 2019: decrease in net profit before tax of RM27.8 million).

16. INSURANCE CLAIMS LIABILITIES

Group	Gross		Net	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Provision for outstanding claims	56,474	53,464	50,661	50,061
Current	56,474	53,464	50,661	50,061

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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 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)
31 December 2019				
Hedging derivative:				
Forward foreign exchange contract (note 8(b))				
- Less than 1 year	322,819	3,802	-	3,802

18. DEFERRED TAX (LIABILITIES)/ASSETS

Analysis of deferred tax (liabilities)/assets are as follows:

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Presented after appropriate offsetting as follows:				
Deferred tax liabilities	(56,538)	(34,137)	(57)	(108)
Deferred tax assets	108	9	-	-
	(56,430)	(34,128)	(57)	(108)
Current	(45,052)	(19,680)	(57)	(108)
Non-current	(11,378)	(14,448)	-	-
	(56,430)	(34,128)	(57)	(108)

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18. DEFERRED TAX (LIABILITIES)/ASSETS (CONTINUED)

The components of deferred tax (liabilities)/assets as of the date of the statement of financial position are as follows:

	Assets		Liabilities		Net	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Group						
Revaluation - investment property	180	-	-	(179)	180	(179)
Accelerated depreciation	-	-	(327)	(511)	(327)	(511)
Investments	6,610	4,668	(41,223)	(16,436)	(34,613)	(11,768)
Unallocated surplus	-	-	(21,680)	(21,680)	(21,680)	(21,680)
Others	10	10	-	-	10	10
	6,800	4,678	(63,230)	(38,806)	(56,430)	(34,128)
Offsetting	(6,800)	(4,678)	6,800	4,678	-	-
Deferred tax liabilities (after offsetting)	-	-	(56,430)	(34,128)	(56,430)	(34,128)
Company						
Accelerated depreciation	-	-	(57)	(108)	(57)	(108)
	-	-	(57)	(108)	(57)	(108)
Offsetting	-	-	-	-	-	-
Deferred tax liabilities (after offsetting)	-	-	(57)	(108)	(57)	(108)

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 (liabilities)/assets during the financial year are as follows:

Group	Note	Revaluation- investment property	Accelerated depreciation	Investments	Unallocated surplus	Others	Total
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January 2019		(165)	(170)	5,203	(21,680)	10	(16,802)
Recognised in:							
Profit or loss							
- Other operating expenses	30	(14)	(157)	(9,127)	-	-	(9,298)
- Taxation	31	-	(184)	(49)	-	-	(233)
Other comprehensive income							
- Fair value reserve		-	-	(7,795)	-	-	(7,795)
At 31 December 2019/ 1 January 2020		(179)	(511)	(11,768)	(21,680)	10	(34,128)
Recognised in:							
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		180	(327)	(34,613)	(21,680)	10	(56,430)

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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 2019		86	86
Recognised in:			
Profit or loss			
- Taxation	31	(194)	(194)
At 31 December 2019/1 January 2020		(108)	(108)
Recognised in:			
Profit or loss			
- Taxation	31	51	51
At 31 December 2020		(57)	(57)

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	
	2020 RM'000	2019 RM'000
Unutilised tax losses	1,693	1,228
Other deductible temporary differences	214	159
	1,907	1,387
Deferred tax assets not recognised	458	333

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 subject to no substantial change in the shareholdings up to year 2025, as per Section 44(5F) and special provision relating to Sections 43 and 44 of the Income Tax Act, 1967.

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19. CURRENT TAX ASSETS/(LIABILITIES)

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Current tax assets	24,278	8,226	760	-
Current tax liabilities	(22,360)	(370)	-	(26)
	1,918	7,856	760	(26)

Included in the Group's current tax assets are a pending appeal case arising from two notices of additional assessment ("Forms JA") of RM22.2 million for years of assessment ("YA") 2017 and 2018, and tax paid in excess to Inland Revenue Board ("IRB").

On 30 December 2020, IRB has issued two Forms JA to the Company's subsidiary, Manulife Insurance Berhad ("MIB") of additional tax (inclusive of tax penalty of 45%) amounting to RM22,245,003. The Company disagrees with the additional assessment imposed by IRB and had submitted a notice of appeal by filing Form Q with the Special Commissioner of Income Tax ("SCIT") on 25 January 2021. Meanwhile, judicial review application was filed on 10 February 2021 and the matter has been fixed for hearing in the near future. As this additional tax issue involves other insurers, the industry via the life association, is seeking audience with the Ministry of Finance on the matter.

Notwithstanding the appeal, MIB will make the above tax payment in FYE 2021. In line with the opinion by the external advisor, the Group believes strongly that MIB has good grounds to contest the additional assessment and hence has treated the above tax payment as tax recoverable.

20. INSURANCE PAYABLES

	Group	
	2020 RM'000	2019 RM'000
Due to reinsurers (i)	4,034	2,896
Due to agents	3,630	4,172
Due to insureds	665,057	594,950
	672,721	602,018
Current	672,721	602,018

The carrying amounts disclosed above approximate fair values as at the end of the financial year due to their short-term maturity.

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20. INSURANCE PAYABLES (CONTINUED)

- (i) Amount due to reinsurers that have been offset against amount due from reinsurers are as follows:

Group	Gross carrying amount RM'000	Gross amount offset RM'000	Net amount reported RM'000
31 December 2020			
Premiums ceded	6,547	-	6,547
Commissions receivables	-	(122)	(122)
Claims recoveries	-	(2,391)	(2,391)
	6,547	(2,513)	4,034
31 December 2019			
Premiums ceded	6,628	-	6,628
Commissions receivables	-	(511)	(511)
Claims recoveries	-	(3,221)	(3,221)
	6,628	(3,732)	2,896

21. LEASES

(a) Right-of-use assets

	Office Rental RM'000	Total RM'000
Cost		
At 1 January 2019	1,424	1,424
Additions	2,551	2,551
At 31 December 2019/1 January 2020	3,975	3,975
Additions	1,913	1,913
At 31 December 2020	5,888	5,888
Accumulated depreciation		
At 1 January 2019	-	-
Charge for the year (note 28)	1,268	1,268
At 31 December 2019/1 January 2020	1,268	1,268
Charge for the year (note 28)	1,593	1,593
At 31 December 2020	2,861	2,861
Net book value		
At 31 December 2020	3,027	3,027
At 31 December 2019	2,707	2,707

Notes to the Financial Statements

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21. LEASES (CONTINUED)

(a) Right-of-use assets (continued)

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:

	2020 RM'000	2019 RM'000
Depreciation of right-of-use assets (note 28)	1,593	1,268
Interest expense on lease liabilities (note 28)	106	68
Expense related to short-term leases (note 28)	252	701
Expense related to leases of low-value assets (note 28)	187	161
Total amount recognised in profit or loss	2,138	2,198

The total cash outflow for leases in 2020 was RM2,159,000 (2019: RM2,032,000).

(b) Lease liabilities

	Office Rental RM'000	Total RM'000
Lease liabilities		
At 1 January 2019	1,444	1,444
Increase in lease liabilities	2,522	2,522
Payment of lease liabilities	(1,170)	(1,170)
Interest expense	68	68
At 31 December 2019/1 January 2020	2,864	2,864
Increase in lease liabilities	1,886	1,886
Payment of lease liabilities	(1,720)	(1,720)
Interest expense	106	106
At 31 December 2020	3,136	3,136

	2020 RM'000	2019 RM'000
Of which are:		
Current lease liabilities	173	1,185
Non-current lease liabilities	2,963	1,679
	3,136	2,864

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22. OTHER PAYABLES

		Group		Company	
		2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Other creditors		95,509	68,569	2,419	1,330
Accrued liabilities		100,023	90,133	2,319	1,883
Amount due to related companies (note 35)	(i)	24,843	17,562	15,689	9,332
Amount due to subsidiaries (note 35)	(i)	-	-	4,137	1,834
Amount payable under Distribution Agreement	(ii)	22,505	27,093	-	-
		242,880	203,357	24,564	14,379
Current		228,051	181,981	24,564	14,379
Non-current		14,829	21,376	-	-
Total other payables		242,880	203,357	24,564	14,379

- (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

	Group	
	2020 RM'000	2019 RM'000
First year premium	163,176	148,292
Renewal year premium	629,683	601,455
Single premium	127,949	168,821
	920,808	918,568

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24. INVESTMENT INCOME

	Group		Company	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Financial assets at FVTPL				
Interest/profit sharing income	27,509	22,563	-	-
Dividend/distribution income				
- equity securities				
- quoted in Malaysia	16,488	18,057	260	424
- quoted outside Malaysia	58	108	-	-
- unquoted in Malaysia	-	-	220	70
- real estate investment trusts				
- quoted in Malaysia	480	1,542	7	16
- unit trust funds	3,426	5,371	2,224	185
- mutual funds - outside Malaysia	2,533	3,561	-	-
Net amortisation of premiums (note 8(c))	(1,550)	(856)	-	-
AFS financial assets				
Interest/profit sharing income	101,696	102,677	-	-
Dividend/distribution income				
- equity securities				
- quoted in Malaysia	23,757	25,237	-	-
- quoted outside Malaysia	1,824	2,424	-	-
- unquoted in Malaysia	512	978	-	-
- real estate investment trusts				
- quoted in Malaysia	615	953	-	-
- unit trust funds	3,158	3,570	-	-
Net amortisation of premiums (note 8(c))	(6,381)	(3,758)	-	-
Financial assets at FVOCI				
Interest/profit sharing income	-	-	-	5,108
Net amortisation of premiums (note 8(c))	-	-	-	(255)
Loans and receivables				
Interest/profit sharing income	13,706	16,323	-	29
Investment properties				
Rental income	3,743	4,129	4,470	4,858
Cash and cash equivalents				
Interest/profit sharing income	394	868	24	74
	191,968	203,747	7,205	10,509

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25. NET REALISED GAINS

	Group		Company	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Property and equipment				
Realised gains	5	45	-	-
AFS financial assets				
Realised gains:				
Equity securities - quoted in Malaysia	42,961	8,959	-	-
Equity securities - quoted outside Malaysia	811	-	-	-
Real estate investment trusts	-	868	-	-
Debt securities	12,464	40,537	-	-
Realised losses:				
Real estate investment trusts	(1,397)	-	-	-
Total net realised gains for AFS financial assets	54,839	50,364	-	-
Financial assets at FVOCI				
Realised gain on debt securities	-	-	-	8,385
Subsidiaries				
Realised loss on liquidation (note 7)	-	-	-	(422)
Total net realised gains	54,844	50,409	-	7,963

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26. NET FAIR VALUE GAINS/(LOSSES)

	Group		Company	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Investment property				
Unrealised fair value losses (note 5)	(4,619)	(116)	(131)	(301)
Financial assets at FVTPL				
Fair value gains:				
- Realised	43,415	10,635	-	-
- Unrealised (note 8(c))	142,031	112,199	3,155	1,255
Fair value losses:				
- Realised	-	(19,570)	(17)	(1,221)
- Unrealised (note 8(c))	(2,673)	(41)	-	-
Net fair value gains on financial assets at FVTPL	182,773	103,223	3,138	34
AFS financial assets				
Impairment losses on quoted equities (note 8(c))	(79,727)	(22,301)	-	-
Financial assets at FVOCI				
Expected credit loss on debt securities(note 8(c))	-	-	-	9
Total net fair value gains/(losses)	98,427	80,806	3,007	(258)

27. FEE INCOME

	Group		Company	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Fund management fee income	78,532	77,671	-	-
Charges and fee income	30,988	31,992	-	-
Outsourcing fee income	-	-	1,262	1,034
	109,520	109,663	1,262	1,034

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28. MANAGEMENT EXPENSES

	Group		Company	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Staff costs (note 28(a))	102,072	95,047	3,161	3,642
Directors' remuneration (note 35):				
- Fees*	1,145	1,131	414	427
- Other emoluments	8,360	5,996	1,041	601
Auditors' remuneration:				
- Statutory audit	625	613	87	87
- Audit related services	97	107	52	52
Depreciation of property and equipment (note 4)	3,336	3,330	838	824
Property and equipment written off (note 4)	-	658	-	-
Intangible asset written off (note 6)	-	169	-	-
Amortisation of intangible assets (note 6)	7,977	7,952	22	25
Allowance for impairment loss on loans receivable	6	148	-	-
Allowance/(reversal) of impairment loss on insurance receivables	19	4	-	-
Depreciation of right-of-use asset (note 21)	1,593	1,268	-	-
Interest expense on lease liabilities (note 21)	106	68	-	-
Expenses relating to short-term leases:				
- Subsidiary company	-	-	90	101
- Others (note 21)	252	701	-	-
Expenses relating to low-value assets (note 21)	187	161	-	-
Bancassurance service fee	3,000	3,000	-	-
Bancassurance incentives and allowances	13,140	12,939	-	-
Credit card charges	2,934	3,190	-	-
Fund management expenses	12,737	9,226	-	-
Information technology outsourcing expenses	13,629	12,112	281	314
Interest on distribution agreement	2,133	1,176	-	-
Marketing and advertising expenses	4,004	6,411	2	1
Printing and postage expenses	3,756	3,458	39	104
Professional charges	5,187	5,743	89	224
Outsourcing fees expense	2,720	3,486	1,010	969
Software maintenance expenses	9,932	10,111	168	214
Training expenses	1,914	1,729	20	9
Travelling and entertainment expenses	2,330	3,786	85	97
Utilities and office maintenance expenses	3,075	2,986	285	117
Other expenses	4,492	4,612	278	42
	210,758	201,318	7,962	7,850

* Included in total Group directors' fees of RM1,144,000 (2019: RM1,131,000) are Investment Committee members' fees of RM146,850 (2019: 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.

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28. MANAGEMENT EXPENSES (CONTINUED)

(a) Staff costs

	Group		Company	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Staff costs	82,127	75,486	2,289	3,082
Retirement benefits contributions (i)	11,563	11,065	281	294
RSU expenses (ii)	1,492	791	428	117
Other staff related expenses	6,890	7,705	163	149
Total staff costs	102,072	95,047	3,161	3,642

- (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	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
RSU expenses	1,999	962	428	117
	1,999	962	428	117

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.

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30. OTHER OPERATING EXPENSES/(INCOME)

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Foreign exchange:				
- Realised (gains)/losses	(7,438)	(4,506)	122	114
- Unrealised losses/(gains)	9,806	6,587	(133)	(53)
Interest expense on agent's bond withheld	16	15	-	-
Others	7,245	8,534	-	-
Tax on investment income of Life fund and Investment-linked funds:				
- Current tax	16,574	11,917	-	-
- Deferred tax (note 18)	7,060	9,298	-	-
	23,634	21,215	-	-
	33,263	31,845	(11)	61

The income tax for the Life fund and Investment-linked funds is calculated based on the tax rate of 8% (2019: 8%) of the assessable investment income, net of allowable deductions for the financial year.

31. TAXATION

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
In respect of the profit of the Group and Company:				
Current tax				
Current financial year	8,888	12,494	141	1,028
(Over)/under provision in prior financial year	(1,572)	(483)	(471)	142
	7,316	12,011	(330)	1,170
Deferred tax (note 18)				
(Reversal)/origination of temporary differences	(355)	233	(51)	194
	6,961	12,244	(381)	1,364

The current income tax for the Group and the Company is calculated based on the tax rate of 24% (2019: 24%) of the estimated assessable profit for the financial year.

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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:

	Group		Company	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Profit before taxation	45,776	38,389	1,398	8,717
Taxation at Malaysia statutory tax rate of 24% (2019: 24%)	10,986	9,213	336	2,092
Effect of different tax rate in respect of Labuan subsidiary	(771)	-	-	-
Section 110B tax credit set off	(2,828)	(971)	-	-
Income not subject to tax	(5,553)	(2,534)	(1,466)	(2,097)
Expenses not deductible for tax purposes	6,577	8,075	1,220	1,227
Utilisation of prior years unrecognised tax losses	-	(1,128)	-	-
Changes in unrecognised deferred tax assets	122	72	-	-
	8,533	12,727	90	1,222
(Over)/under provision in prior financial year				
- Current tax	(1,572)	(483)	(471)	142
Tax expense	6,961	12,244	(381)	1,364

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.

		Group	
		2020	2019
Net profit attributable to owners of the Company	(RM'000)	38,811	26,134
Weighted average number of shares	('000)	204,148	202,370
Basic earnings per share	(sen)	19.01	12.91

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.

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33. DIVIDEND PAID

Company	2020		2019	
	Net dividend per share Sen	Amount of dividend RM'000	Net dividend per share Sen	Amount of dividend RM'000
Single tier dividend for 2019				
- First and final dividend	7.0	14,166	-	-
Single tier dividend for 2018				
- First and final dividend	-	-	7.0	14,166
	7.0	14,166	7.0	14,166

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. 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 RM14,489,000 for the financial year ended 31 December 2020, which is subject 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 2021 when approved by the shareholders.

Notes to the Financial Statements

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34. ADJUSTMENTS FOR NON-CASH ITEMS

Non-cash items in the statements of cash flows comprise of:

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Interest income	(143,305)	(142,431)	(24)	(5,211)
Dividend income	(52,851)	(61,801)	(2,711)	(695)
Rental income	(3,743)	(4,129)	(4,470)	(4,858)
Net amortisation of premiums	7,931	4,614	-	255
Gains on disposal of property and equipment	(5)	(45)	-	-
Gains on disposal of AFS financial assets	(54,839)	(50,364)	-	-
Gains on disposal of FVOCI financial assets	-	-	-	(8,385)
Losses on revaluation of investment property	4,619	116	131	301
Fair value gains on FVTPL financial assets	(182,773)	(103,223)	(3,138)	(34)
Impairment losses on AFS financial assets	79,727	22,301	-	-
Depreciation of property and equipment	3,336	3,330	838	824
Expected credit loss on debt securities	-	-	-	(9)
Property and equipment written off	-	658	-	-
Intangible assets written off	-	169	-	-
Amortisation of intangible assets	7,977	7,952	22	25
Depreciation of ROU Asset	1,593	1,268	-	-
Loss on liquidation of subsidiaries	-	-	-	422
Allowance for impairment loss on insurance receivables	19	4	-	-
Allowance for impairment loss on loans receivables	6	148	-	-
Taxation	6,961	12,244	(381)	1,364
Tax on investment income of Life fund and Investment-linked funds	23,634	21,215	-	-
Realised exchange (gains)/losses	(7,438)	(4,506)	122	114
Unrealised exchange losses/(gains)	9,806	6,587	(133)	(53)
	(299,345)	(285,893)	(9,744)	(15,940)

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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.	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

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 183.

The Directors of the Group in office during the financial year were as follows:

Non-executive directors:

Dato' Dr. Zaha Rina binti Zahari
 Lim Hun Soon @ David Lim
 Matthew Edward Lawrence
 Vijayam Nadarajah
 Renzo Christopher Viegas (appointed on 1 November 2020)
 Datuk Seri Panglima Mohd Annuar bin Zaini (retired on 4 July 2020)

Executive director:

Vibha Hamsi Coburn (appointed on 1 October 2020)
 Lee Sang Hui (resigned on 30 September 2020)

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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:

	Group		Company	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Expenses/(income):				
Penultimate holding company				
Information technology outsourcing expenses	1,158	410	-	-
Intermediate holding company				
Reimbursement of personnel expenses	4,646	6,896	536	112
Reimbursement of software maintenance expenses	6,144	4,065	115	129
Provision of IT development services	7,204	29	-	-
Provision of IT infrastructure support and maintenance services	9,369	2,548	267	69
Subsidiaries of ultimate holding company				
Rebate income	(8,371)	(9,911)	-	-
Management fee expense	2,557	2,232	-	-
Information technology outsourcing expenses	567	570	-	-
Provision of IT infrastructure support and maintenance services	1,034	-	-	-
Subsidiaries of the Company				
Outsourcing fee income	-	-	(1,262)	(1,033)
Outsourcing fee expense	-	-	998	968
Rental income	-	-	(1,938)	(1,937)
Fund management expenses	-	-	27	251
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:

	Group		Company	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Salaries, other short-term employee benefits and other directors' emoluments	24,613	21,846	2,700	2,145
Retirement benefits contribution (i)	2,324	2,122	169	227
RSU expenses (note 29) (ii)	1,999	962	428	117
	28,936	24,930	3,297	2,489

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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:

		Group		Company	
		2020	2019	2020	2019
		RM'000	RM'000	RM'000	RM'000
Executive directors of the Company:					
Salaries		2,735	1,955	547	391
Bonus		1,060	256	212	51
Retirement benefits contributions	(i)	9	204	2	41
Benefits in kind		24	80	5	16
Tax equalisation	(ii)	1,376	-	275	-
Others		-	508	-	102
		5,204	3,003	1,041	601
Executive directors of the subsidiaries:					
Salaries		1,385	1,707	-	-
Bonus		822	785	-	-
Retirement benefits contributions	(i)	442	330	-	-
RSU expenses	(iii)	507	171	-	-
		3,156	2,993	-	-
Total directors remuneration for Executive directors		8,360	5,996	1,041	601
Non-executive directors of the Company:					
Fees	(iv)	708	761	414	427
Non-executive directors of the subsidiaries:					
Fees	(iv)	437	370	-	-
Total directors remuneration for Non-executive directors		1,145	1,131	414	427
		9,505	7,127	1,455	1,028

Notes to the Financial Statements

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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 current year amount 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 RM1,144,000 (2019: RM1,131,000) are Investment Committee members' fees of RM146,850 (2019: 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	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Loans and receivables (note 9)				
- Amount due from related companies	2,655	2,748	-	-
- Amount due from subsidiaries	-	-	5,323	10,688
	2,655	2,748	5,323	10,688
Other payables (note 22)				
- Amount due to related companies	24,843	17,562	15,689	9,332
- Amount due to subsidiaries	-	-	4,137	1,834
	24,843	17,562	19,826	11,166

Notes to the Financial Statements

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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	
	2020	2019	2020	2019	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
External revenue								
(a) Premium income								
Gross premiums	-	-	1,014,017	988,007	-	-	1,014,017	988,007
Premiums ceded to reinsurers	-	-	(93,209)	(69,439)	-	-	(93,209)	(69,439)
Net premiums	-	-	920,808	918,568	-	-	920,808	918,568
(b) Investment income	22,474	13,936	169,125	189,119	369	692	191,968	203,747
(c) Net realised gains/(losses)	3,103	7,514	51,805	42,539	(64)	356	54,844	50,409
(d) Net fair value (losses)/gains	(956)	(626)	99,383	81,422	-	10	98,427	80,806
(e) Fee income	-	-	-	-	109,520	109,663	109,520	109,663
(f) Other operating income	2	2	2,924	2,946	1,886	745	4,812	3,693
Total external revenue	24,623	20,826	1,244,045	1,234,594	111,711	111,466	1,380,379	1,366,886
Inter-segment revenue								
(a) Rental income	1,938	1,937	786	793	-	-	2,724	2,730
(b) Fee income	1,262	1,034	3,773	3,789	12,260	11,972	17,295	16,795
(c) Dividend income from unit trust funds	-	-	15,339	2,608	-	-	15,339	2,608
(d) Net realised gains	-	-	2,879	52	-	-	2,879	52
Total inter-segment revenue	3,200	2,971	22,777	7,242	12,260	11,972	38,237	22,185
Total revenue by segment	27,823	23,797	1,266,822	1,241,836	123,971	123,438	1,418,616	1,389,071
Profit before taxation	15,775	12,344	21,000	17,955	9,001	8,090	45,776	38,389
Segment assets	1,107,806	1,108,380	6,125,867	5,615,122	144,939	122,629	7,378,612	6,846,131
Segment liabilities	23,516	13,045	5,495,323	5,047,078	86,273	72,248	5,605,112	5,132,371

Notes to the Financial Statements

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36. SEGMENTAL REPORTING (CONTINUED)

(b) Reconciliation of reportable segments

	Group	
	2020	2019
	RM'000	RM'000
Total revenue		
Total revenue for reportable segments	1,418,616	1,389,071
Elimination of inter-segment revenue	(38,237)	(22,185)
Total revenue as per statement of profit or loss	1,380,379	1,366,886
Segment assets		
Total assets for reportable segments	7,378,612	6,846,131
Elimination of inter-segment assets	(874,816)	(890,993)
Total assets as per statement of financial position	6,503,796	5,955,138
Segment liabilities		
Total liabilities for reportable segments	5,605,112	5,132,371
Elimination of inter-segment liabilities	(8,671)	(14,856)
Total liabilities as per statement of financial position	5,596,441	5,117,515

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").

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37. FINANCIAL INSTRUMENTS (CONTINUED)

(a) Categories of financial instruments (continued)

Group	AFS RM'000	FVTPL RM'000	LAR RM'000	OL RM'000	Total RM'000
31 December 2020					
Financial assets					
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
Financial liabilities					
Financial liability at FVTPL	-	21	-	-	21
Insurance payables	-	-	-	672,721	672,721
Other payables	-	-	-	242,880	242,880
	-	21	-	915,601	915,622
31 December 2019					
Financial assets					
AFS financial assets	3,340,632	-	-	-	3,340,632
Financial assets at FVTPL	-	1,742,001	-	-	1,742,001
Loans and receivables	-	-	358,730	-	358,730
Insurance receivables	-	-	25,794	-	25,794
Cash and cash equivalents	-	-	207,145	-	207,145
	3,340,632	1,742,001	591,669	-	5,674,302
Financial liabilities					
Insurance payables	-	-	-	602,018	602,018
Other payables	-	-	-	203,357	203,357
	-	-	-	805,375	805,375

Notes to the Financial Statements

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37. FINANCIAL INSTRUMENTS (CONTINUED)

(a) Categories of financial instruments (continued)

Company	FVTPL RM'000	LAR* RM'000	OL RM'000	Total RM'000
31 December 2020				
Financial assets				
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
Financial liabilities				
Other payables	-	-	24,564	24,564
31 December 2019				
Financial assets				
Financial assets at FVTPL	75,942	-	-	75,942
Loans and receivables	-	12,743	-	12,743
Cash and cash equivalents	-	1,178	-	1,178
	75,942	13,921	-	89,863
Financial liabilities				
Other payables	-	-	14,379	14,379

* LAR are measured under amortised costs under MFRS 9.

Notes to the Financial Statements

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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; and
- (vii) The fair values of forward foreign exchange contracts are based on valuations provided by the financial institutions making reference to quoted market prices.

(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.

Notes to the Financial Statements

31 December 2020

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 2020.

Group	Carrying amount RM'000	Level 1 RM'000	Level 2 RM'000
31 December 2020			
AFS financial assets			
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
Financial assets at FVTPL			
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

Notes to the Financial Statements

31 December 2020

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 2019.

Group	Carrying amount RM'000	Level 1 RM'000	Level 2 RM'000
31 December 2019			
AFS financial assets			
Equity securities			
- Quoted in Malaysia	827,752	827,752	-
- Quoted outside Malaysia	96,806	96,806	-
Real estate investment trusts	15,569	15,569	-
Unit trust funds	76,546	76,546	-
Malaysian Government Securities	374,797	-	374,797
Government Investment Issues	251,698	-	251,698
Corporate debt securities			
- Unquoted	1,670,365	-	1,670,365
Accrued interest	24,583	-	24,583
	3,338,116	1,016,673	2,321,443
Financial assets at FVTPL			
Equity securities			
- Quoted in Malaysia	580,616	580,616	-
- Quoted outside Malaysia	6,987	6,987	-
Real estate investment trusts	8,314	8,314	-
Unit trust funds	168,838	168,838	-
Malaysian Government Securities	48,314	-	48,314
Government Investment Issues	25,298	-	25,298
Corporate debt securities			
- Unquoted	415,097	-	415,097
- Quoted outside Malaysia	40,735	-	40,735
Mutual funds	438,118	438,118	-
Forward foreign exchange contract	3,802	-	3,802
Accrued interest	5,882	-	5,882
	1,742,001	1,202,873	539,128
	5,080,117	2,219,546	2,860,571

Unquoted equity securities of RM2,516,556 (2019: RM2,516,566) 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 and Level 2 of the fair value hierarchy during the current and previous financial years.

Notes to the Financial Statements

31 December 2020

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 2020 and 31 December 2019.

Company	Carrying amount RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000
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
31 December 2019				
Financial assets at FVTPL				
Equity securities				
- Quoted in Malaysia	9,209	9,209	-	-
- Unquoted*	572	-	-	572
Real estate investment trusts				
- Quoted in Malaysia	172	172	-	-
Unit trust funds	65,989	65,989	-	-
	75,942	75,370	-	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.

Notes to the Financial Statements

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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.

(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 Authority Act, 1996 (LFSA 1996).

Manulife Investment Management (M) Berhad is governed by the Capital Markets and Services Act, 2007 and relevant guidelines issued by the Securities Commission Malaysia.

Notes to the Financial Statements

31 December 2020

38. RISK MANAGEMENT (CONTINUED)

(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 2020 and 31 December 2019, as prescribed under the Framework are as follows:

	2020 RM'000	2019 RM'000
Eligible Tier 1 Capital		
Share capital (paid-up)	200,000	200,000
Retained earnings of Manulife Insurance Berhad*	288,481	259,204
Eligible contract liabilities	401,284	442,974
	889,765	902,178
Eligible Tier 2 Capital		
Eligible reserves	321,019	135,088
Amounts deducted from capital	(43,827)	(43,170)
Total Capital Available	1,166,957	994,096

* Only the distributable retained earnings of Manulife Insurance Berhad are included in the determination of Total Capital Available.

Notes to the Financial Statements

31 December 2020

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:

	2020 USD'000	2019 USD'000
Required Margin of Solvency	1,867	1,832
Total assets	51,868	29,844
Total liabilities	(49,454)	(23,465)
Excess of assets over liabilities	2,414	6,379
Surplus over the required margin	547	4,547

(ii) Licensed Insurance Broker

Manulife Insurance Labuan Limited has met the minimum capital requirement of RM0.3 million, with a net working fund of RM1.0 million as at 31 December 2020 (2019: RM1.1 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 RM58,723,552 (2019: RM50,381,044).

(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 2020, MIB generally retains a maximum of RM300,000 for mortality risk per life for non-credit related products, RM50,000 for mortality risk per life for credit related products, RM300,000 for accelerated critical illness risk per life and RM200,000 for additional critical illness 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.

Notes to the Financial Statements

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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	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Whole life	1,159,586	1,088,299	1,152,927	1,085,763
Endowment	898,688	806,350	898,688	806,350
Term	69,530	67,859	73,787	73,271
Annuity	254,962	238,518	254,962	238,518
Others	516,163	618,063	516,163	618,063
	2,898,929	2,819,089	2,896,527	2,821,965

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.

	Change in assumptions	Impact on gross actuarial liabilities	Impact on net actuarial liabilities	Impact on profit before tax	Impact on equity*
	%	RM'000	RM'000	RM'000	RM'000
Group	Increase/(decrease)				
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)
31 December 2019					
Mortality/morbidity	+10	22,769	15,776	(15,776)	(12,144)
Discount rate	-1	60,843	59,577	(59,577)	(50,022)
Expenses	+10	7,850	7,850	(7,850)	(5,984)
Lapse and surrender rates	+10	1,356	1,408	(1,408)	(954)

* Impact on equity is stated after considering tax effects.

Notes to the Financial Statements

31 December 2020

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.

Notes to the Financial Statements

31 December 2020

38. RISK MANAGEMENT (CONTINUED)

(e) Credit risk (continued)

Group	Neither past-due nor impaired		Not subject to credit risk	Past due but not impaired	Past due and impaired	Investment- linked funds	Total
	Rating (BBB to AAA)	Not rated					
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	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

Notes to the Financial Statements

31 December 2020

38. RISK MANAGEMENT (CONTINUED)

(e) Credit risk (continued)

Group	Neither past-due nor impaired		Not subject to credit risk	Past due but not impaired	Past due and impaired	Investment- linked funds	Total
	Rating (BBB to AAA)	Not rated					
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
31 December 2019							
<u>AFS financial assets</u>							
Equity securities	-	-	927,074	-	-	-	927,074
Real estate investment trusts	-	-	15,569	-	-	-	15,569
Unit trust funds	-	-	76,546	-	-	-	76,546
Malaysian Government Securities	-	374,797	-	-	-	-	374,797
Government Investment Issues	-	251,698	-	-	-	-	251,698
Corporate debt securities	1,277,941	392,424	-	-	-	-	1,670,365
Accrued interest	14,266	10,317	-	-	-	-	24,583
<u>Financial assets at FVTPL - designated upon initial recognition</u>							
Equity securities	-	-	-	-	-	587,603	587,603
Real estate investment trusts	-	-	-	-	-	8,314	8,314
Unit trust funds	-	-	1,623	-	-	167,215	168,838
Malaysian Government Securities	-	48,314	-	-	-	-	48,314
Government Investment Issues	-	25,298	-	-	-	-	25,298
Corporate debt securities	280,939	84,602	-	-	-	90,291	455,832
Mutual funds	-	-	-	-	-	438,118	438,118
Forward foreign exchange contract	-	-	-	-	-	3,802	3,802
Accrued interest	3,069	1,676	-	-	-	1,137	5,882
<u>Loans and receivables</u>							
Loans receivable	-	150,183	-	52	489	-	150,724
Fixed and call deposits	112,337	-	-	-	-	49,083	161,420
Other receivables	-	39,752	-	-	1,365	7,117	48,234
Reinsurance assets	4,288	1,650	-	-	-	-	5,938
Insurance receivables	-	25,794	-	-	907	-	26,701
Cash and cash equivalents	201,670	53	-	-	-	5,422	207,145
Allowance for impairment losses	-	-	-	-	(2,555)	-	(2,555)
	1,894,510	1,406,558	1,020,812	52	206	1,358,102	5,680,240

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31 December 2020

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:

	2020			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
Loans and receivables at amortised cost:				
- Fixed and call deposits (BBB to AAA)	1,175	-	-	1,175

	Rating (BBB to AAA) RM'000	Not rated RM'000	Not subject to credit risk RM'000	Total RM'000
31 December 2020				
<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

Notes to the Financial Statements

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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:

	2019			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
Loans and receivables at amortised cost:				
- Fixed and call deposits (BBB to AAA)	997	-	-	997

	Rating (BBB to AAA) RM'000	Not rated RM'000	Not subject to credit risk RM'000	Total RM'000
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31 December 2019

Financial assets at FVTPL

Equity securities	-	-	9,781	9,781
Real estate investment trusts	-	-	172	172
Unit trust funds	-	-	65,989	65,989

Loans and receivables

Loans receivable	-	1	-	1
Fixed and call deposits	997	-	-	997
Other receivables	-	11,745	-	11,745
Cash and cash equivalents	1,178	-	-	1,178
	2,175	11,746	75,942	89,863

The details of the “three-staging model” are described in note 2(i)(iii).

Age analysis of financial assets past-due but not impaired (requirements under MFRS 139)

Group	< 30 days 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
31 December 2020						
Loans receivable	-	-	-	-	130	130
31 December 2019						
Loans receivable	-	-	9	-	43	52

Notes to the Financial Statements

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38. RISK MANAGEMENT (CONTINUED)

(e) Credit risk (continued)

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 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
At 1 January 2019	135	1,063	1,365	2,563
Reversal of impairment losses during the financial year*	148	4	-	152
Write off	-	(160)	-	(160)
At 31 December 2019	283	907	1,365	2,555

* 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).

The following table shows the reconciliations from opening to the closing balance of the loss allowance by class of financial instrument:

Financial assets at FVOCI	2019			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
At 1 January	9	-	-	9
New financial asset purchased	3	-	-	3
Financial assets that have been derecognised	(12)	-	-	(12)
Transfer to Stage 1	-	-	-	-
Transfer to Stage 2	-	-	-	-
Transfer to Stage 3	-	-	-	-
At 31 December	-	-	-	-

There are no financial assets at FVOCI during the financial year ended 31 December 2020.

Notes to the Financial Statements

31 December 2020

38. RISK MANAGEMENT (CONTINUED)

(e) Credit risk (continued)

Company (continued)

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	
	2020 RM'000	2019 RM'000
At 1 January	1,075	1,075
Loss allowance	-	-
At 31 December	1,075	1,075

(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.

Notes to the Financial Statements

31 December 2020

38. RISK MANAGEMENT (CONTINUED)

(f) Market risk (continued)

(i) Currency risk (continued)

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:

	2020		2019	
	Denominated USD RM'000	CAD RM'000	Denominated USD RM'000	CAD RM'000
Group				
Trade receivables	2,471	-	1,908	-
Equity securities				
- quoted outside Malaysia	31,849	-	-	-
Amount due from related parties	1,086	-	1,528	-
Amount due to related parties	(15,581)	(915)	(6,694)	(2,441)
Cash and cash equivalents	38,250	-	46,205	-
	58,075	(915)	42,947	(2,441)
Company				
Amount due to related parties	(5,050)	-	(1,001)	-

The following table demonstrates the sensitivity to a reasonably possible change in currency, with all other variables held constant:

Group		Impact on profit before tax		Impact on equity	
		Increase/(decrease)		Increase/(decrease)	
		2020	2019	2020	2019
		RM'000	RM'000	RM'000	RM'000
Changes in foreign currency rates					
USD	+ 5%	1,311	2,147	2,903	2,147
CAD	+ 5%	(46)	(122)	(46)	(122)
USD	- 5%	(1,311)	(2,147)	(2,903)	(2,147)
CAD	- 5%	46	122	46	122

Company		Impact on profit before tax/ equity	
		Increase/(decrease)	
		2020 RM'000	2019 RM'000
Changes in foreign currency rates			
USD	+ 5%	(252)	(50)
USD	- 5%	252	50

Notes to the Financial Statements

31 December 2020

38. RISK MANAGEMENT (CONTINUED)

(f) Market risk (continued)

(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.

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	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Group				
Change in variable:				
<u>Interest rate</u>				
+100 basis points	(5,357)	6,041	(3,875)	4,574
-100 basis points	(9,109)	(22,727)	(9,511)	(17,390)
Company				
Change in variable:				
<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.

Notes to the Financial Statements

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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)	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Group				
Change in variable				
<u>Market price</u>				
+15%	2,595	243	97,722	91,359
-15%	(2,595)	(243)	(97,722)	(91,359)
Company				
Change in variable				
<u>Market price</u>				
+15%	12,077	11,306	12,077	11,306
-15%	(12,077)	(11,306)	(12,077)	(11,306)

* Impact on equity is stated after considering tax effects.

Notes to the Financial Statements

31 December 2020

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.

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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
31 December 2020								
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

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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
31 December 2019								
Equity securities	1,514,677	-	-	-	-	927,074	587,603	1,514,677
Real estate investment trusts	23,883	-	-	-	-	15,569	8,314	23,883
Unit trust funds	245,384	-	-	-	-	78,169	167,215	245,384
Malaysian Government Securities	423,111	17,690	35,380	35,380	664,701	-	-	753,151
Government Investment Issues	276,996	11,694	23,388	23,388	437,815	-	-	496,285
Corporate debt securities	2,126,197	163,044	479,810	439,209	1,584,193	-	90,291	2,756,547
Mutual funds	438,118	-	-	-	-	-	438,118	438,118
Forward foreign exchange contract	3,802	-	-	-	-	-	3,802	3,802
Accrued interest:								
- AFS financial assets	24,583	24,583	-	-	-	-	-	24,583
- FVTPL financial assets	5,882	4,745	-	-	-	-	1,137	5,882
Loans receivable	150,441	427	571	265	499	148,679	-	150,441
Fixed and call deposits	161,420	117,337	-	-	-	-	49,083	166,420
Other receivables	46,869	39,752	-	-	-	-	7,117	46,869
Reinsurance assets	5,938	5,938	-	-	-	-	-	5,938
Insurance receivables	25,794	25,794	-	-	-	-	-	25,794
Cash and cash equivalents	207,145	201,723	-	-	-	-	5,422	207,145
Total financial and insurance assets	5,680,240	612,727	539,149	498,242	2,687,208	1,169,491	1,358,102	6,864,919
Insurance contract liabilities	4,215,893	125,178	267,213	406,135	5,233,878	-	1,345,740	7,378,144
Insurance claims liabilities	53,464	53,464	-	-	-	-	-	53,464
Forward foreign exchange contract	5,412	5,412	-	-	-	-	-	5,412
Insurance payables	602,018	602,018	-	-	-	-	-	602,018
Other payables	203,357	175,391	16,126	8,183	157	-	8,653	208,510
Total financial and insurance liabilities	5,080,144	961,463	283,339	414,318	5,234,035	-	1,354,393	8,247,548

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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
31 December 2020							
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
31 December 2019							
Equity securities	9,781	-	-	-	-	9,781	9,781
Real estate investment trusts	172	-	-	-	-	172	172
Unit trust funds	65,989	-	-	-	-	65,989	65,989
Loans receivable	1	1	-	-	-	-	1
Fixed and call deposits	997	997	-	-	-	-	997
Other receivables	11,745	11,745	-	-	-	-	11,745
Cash and cash equivalents	1,178	1,178	-	-	-	-	1,178
Total financial assets	89,863	13,921	-	-	-	75,942	89,863
Other payables	14,379	14,379	-	-	-	-	14,379
Total financial liabilities	14,379	14,379	-	-	-	-	14,379

(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.

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39. CAPITAL AND OTHER COMMITMENTS

		Group 2020 RM'000	2019 RM'000	Company 2020 RM'000	2019 RM'000
Other commitments					
Exclusive bancassurance agreement					
- Authorised but not provided for	(i)	7,500	10,500	-	-
Distribution agreement					
- Authorised but not provided for	(ii)	5,363	8,293	-	-

- (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.

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 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
Financial assets					
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).

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40. ADDITIONAL DISCLOSURES UNDER AMENDMENTS TO MFRS 4 INSURANCE CONTRACT LIABILITIES (CONTINUED)

For the financial year ended 31 December 2019	Fair value as at 1 January 2019 RM'000	Change in fair value* RM'000	Fair value as at 31 December 2019 RM'000	Result of the cash flows characteristics test	Classification and measurement under MFRS 9
Financial assets					
Equity securities					
- Quoted in Malaysia	1,239,825	168,543	1,408,368	Non-SPPI	FVTPL
- Quoted outside Malaysia	114,225	(10,432)	103,793	Non-SPPI	FVTPL
- Unquoted	2,516	-	2,516	Non-SPPI	FVTPL
Real estate investment trusts	14,377	9,506	23,883	Non-SPPI	FVTPL
Unit trust funds	196,120	49,264	245,384	Non-SPPI	FVTPL
Malaysian Government Securities	362,441	60,670	423,111	SPPI	FVOCI
Government Investment Issues	160,624	116,372	276,996	SPPI	FVOCI
Corporate debt securities					
- Unquoted	2,026,939	58,523	2,085,462	SPPI	FVOCI
- Quoted outside Malaysia	5,076	35,659	40,735	SPPI	FVOCI
Mutual funds	496,354	(58,236)	438,118	Non-SPPI	FVTPL
Forward foreign exchange contract	3,958	(156)	3,802	Non-SPPI	FVTPL
Accrued interest	28,815	1,650	30,465	SPPI	FVOCI
Loans and receivables	474,368	(115,638)	358,730	SPPI	Amortised cost
Insurance receivables	24,344	1,450	25,794	SPPI	Amortised cost
Cash and cash equivalents	130,893	76,252	207,145	SPPI	Amortised cost
	5,280,875	393,427	5,674,302		

* Includes purchases, disposals, maturities and realised/unrealised gains/(losses).

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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
As at 31 December 2020						
Financial assets						
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

	AAA RM'000	AA RM'000	A RM'000	BBB RM'000	Non-rated RM'000	Total RM'000
As at 31 December 2019						
Financial assets						
Malaysian Government Securities	-	-	-	-	423,111	423,111
Government Investment Issues	-	-	-	-	276,996	276,996
Corporate debt securities						
- Unquoted	1,045,572	554,206	9,721	-	475,963	2,085,462
- Quoted outside Malaysia*	16,564	-	6,913	16,195	1,063	40,735
Accrued interest	12,986	5,174	118	194	11,993	30,465
Loans and receivables	143,736	2,946	14,738	-	197,310	358,730
Insurance receivables	-	-	-	-	25,794	25,794
Cash and cash equivalents	168,463	7,828	3,800	-	53	180,144
Cash and cash equivalents*	-	27,001	-	-	-	27,001
	1,387,321	597,155	35,290	16,389	1,412,283	3,448,438

* Rated by international rating agencies.

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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

	Shareholder's fund	Insurance funds		Elimination	Total
		Life fund	Investment- linked funds		
31 December 2020	RM'000	RM'000	RM'000	RM'000	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
Total assets	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
Total equity	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
Total equity, policyholders' funds and liabilities	666,831	4,001,884	1,393,063	(148,650)	5,913,128

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41. LIFE INSURANCE BUSINESS (CONTINUED)

Statement of Financial Position by Funds (continued)

		Insurance funds			Elimination	Total
		Shareholder's fund	Life fund	Investment-linked funds		
31 December 2019	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Assets						
Property and equipment	-	16,642	-	-	-	16,642
Investment properties	-	51,290	-	-	-	51,290
Intangible assets	38,668	4,871	-	-	-	43,539
Loans and receivables	98,676	165,148	56,200	(89,867)	-	230,157
Available-for-sale financial assets	440,613	2,907,240	-	-	-	3,347,853
Financial assets at fair value through profit or loss	-	402,829	1,296,480	-	-	1,699,309
Reinsurance assets	-	3,403	-	-	-	3,403
Insurance receivables	-	25,794	-	-	-	25,794
Right-of-use assets	1,859	-	-	-	-	1,859
Current tax assets	9,950	(1,387)	(337)	-	-	8,226
Cash and cash equivalents	15,225	41,280	5,422	-	-	61,927
Total assets	604,991	3,617,110	1,357,765	(89,867)		5,489,999
Equity, Policyholders' Funds and Liabilities						
Share capital	200,000	-	-	-	-	200,000
Retained earnings	327,856	-	-	-	-	327,856
Fair value reserve	12,763	-	-	-	-	12,763
Total equity	540,619	-	-	-		540,619
Insurance contract liabilities	-	2,779,586	1,345,740	-	-	4,125,326
Insurance claims liabilities	-	53,464	-	-	-	53,464
Financial liabilities at fair value through profit or loss	22,089	9,154	3,372	-	-	34,615
Deferred tax liabilities	-	5,412	-	-	-	5,412
Insurance payables	-	601,023	-	-	-	601,023
Lease liabilities	1,999	-	-	-	-	1,999
Other payables	40,284	168,471	8,653	(89,867)	-	127,541
Total equity, policyholders' funds and liabilities	604,991	3,617,110	1,357,765	(89,867)		5,489,999

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41. LIFE INSURANCE BUSINESS (CONTINUED)

Statement of Profit or Loss by Funds

	Shareholder's fund	Insurance funds			Total
		Life fund	Investment-linked funds	Elimination	
2020	RM'000	RM'000	RM'000	RM'000	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
Total revenue	16,095	670,512	488,913	(16,465)	1,159,055
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
Net claims	-	(429,117)	(452,970)	-	(882,087)
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)
Other expenses	(21,977)	(199,969)	(35,943)	16,465	(241,424)
(Loss)/profit from operations	(5,882)	41,426	-	-	35,544
Transfer from/(to) revenue account	41,426	(41,426)	-	-	-
Profit before taxation	35,544	-	-	-	35,544
Taxation	(6,267)	-	-	-	(6,267)
Net profit for the financial year	29,277	-	-	-	29,277

Notes to the Financial Statements

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41. LIFE INSURANCE BUSINESS (CONTINUED)

Statement of Profit or Loss by Funds (continued)

		Insurance funds			Total
		Shareholder's fund	Life fund	Investment-linked funds	
2019	RM'000	RM'000	RM'000	Elimination RM'000	RM'000
Premium income					
Gross premiums	-	600,432	294,331	(1,235)	893,528
Premiums ceded to reinsurers	-	(69,173)	-	-	(69,173)
Net premiums	-	531,259	294,331	(1,235)	824,355
Investment income	14,985	141,978	34,693	-	191,656
Net realised gains	19,329	23,262	-	-	42,591
Net fair value (losses)/gains	(802)	2,919	78,575	-	80,692
Fee income	-	19,246	-	(15,457)	3,789
Other operating income	-	388	2,558	-	2,946
Total revenue	33,512	719,052	410,157	(16,692)	1,146,029
Gross benefits and claims paid and payable	-	(400,095)	(335,221)	-	(735,316)
Claims ceded to reinsurers	-	23,766	-	-	23,766
Gross change in contract liabilities	-	(126,675)	(44,111)	-	(170,786)
Change in insurance contract liabilities ceded to reinsurers	-	(7,702)	-	-	(7,702)
Net claims	-	(510,706)	(379,332)	-	(890,038)
Fee and commission expenses	-	(49,739)	-	-	(49,739)
Investment expenses	(810)	(9,543)	-	-	(10,353)
Management expenses	(14,939)	(125,099)	(20,041)	16,703	(143,376)
Other operating expenses	(8,463)	(10,947)	(10,784)	(11)	(30,205)
Other expenses	(24,212)	(195,328)	(30,825)	16,692	(233,673)
Profit from operations	9,300	13,018	-	-	22,318
Transfer from/(to) revenue account	13,018	(13,018)	-	-	-
Profit before taxation	22,318	-	-	-	22,318
Taxation	(9,188)	-	-	-	(9,188)
Net profit for the financial year	13,130	-	-	-	13,130

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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	
2020				
Cash flows from:				
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
2019				
Cash flows from:				
Operating activities	(41,768)	9,667	(4,833)	(36,934)
Investing activities	-	(4,642)	-	(4,642)
Financing activities	50,000	(734)	-	49,266
Net increase/(decrease) in cash and cash equivalents	8,232	4,291	(4,833)	7,690
At beginning of financial year	6,993	36,989	10,255	54,237
At end of financial year	15,225	41,280	5,422	61,927

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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	Elimination	Total
	Shareholder's fund	Life fund			
	RM'000	RM'000	RM'000	RM'000	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

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42. LABUAN LIFE INSURANCE BUSINESS AND LIFE INSURANCE BROKING BUSINESS (CONTINUED)

Statement of Financial Position by Business Segment (continued)

	Life Insurance		Insurance broker	Elimination	Total
	Shareholder's fund	Life fund			
	RM'000	RM'000	RM'000	RM'000	RM'000
31 December 2019					
Assets					
Property and equipment	15	2	18	-	35
Intangible assets	515	734	-	-	1,249
Financial assets at fair value through profit or loss	-	41,069	-	-	41,069
Reinsurance assets	-	2,535	-	-	2,535
Loans and receivables	3,129	4	405	(3,528)	10
Cash and cash equivalents	23,207	54,161	2,907	-	80,275
Total assets	26,866	98,505	3,330	(3,528)	125,173
Equity and Liabilities					
Share capital	31,677	-	2,026	-	33,703
Accumulated losses	(4,359)	-	(904)	-	(5,263)
Other reserve	(1,058)	-	23	-	(1,035)
Total equity	26,260	-	1,145	-	27,405
Insurance contract liabilities	-	90,542	-	-	90,542
Insurance payables	-	704	696	(405)	995
Other payables	607	7,258	1,489	(3,123)	6,231
Total equity and liabilities	26,867	98,504	3,330	(3,528)	125,173

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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			
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
Total revenue	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
Net claims	-	(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 expenses	40	(144)	(8)	14	(98)
Other expenses	(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)	-	-	-
Net profit for the financial year	3,636	-	(82)	-	3,554

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42. LABUAN LIFE INSURANCE BUSINESS AND LIFE INSURANCE BROKING BUSINESS (CONTINUED)

Statement of Profit or Loss by Business Segment (continued)

	Life Insurance		Insurance broker	Elimination	Total
	Shareholder's fund	Life fund			
	RM'000	RM'000	RM'000	RM'000	RM'000
31 December 2019					
Premium income					
Gross premiums	-	94,479	-	-	94,479
Premiums ceded to reinsurers	-	(266)	-	-	(266)
Net premiums	-	94,213	-	-	94,213
Fee income	-	-	3,479	(3,479)	-
Investment income	162	679	25	-	866
Net fair value gain	-	730	-	-	730
Total revenue	162	95,622	3,504	(3,479)	95,809
Gross change in insurance contract liabilities	-	(83,560)	-	-	(83,560)
Change in insurance contract liabilities ceded to reinsurers	-	2,012	-	-	2,012
Net claims	-	(81,548)	-	-	(81,548)
Fee and commission expenses	-	(8,703)	(2,748)	3,164	(8,287)
Investment expenses	-	(30)	-	-	(30)
Management expenses	(133)	(5,916)	(923)	314	(6,658)
Other operating expenses	(875)	(102)	(4)	1	(980)
Other expenses	(1,008)	(14,751)	(3,675)	3,479	(15,955)
Loss from operations before taxation	(846)	(677)	(171)	-	(1,694)
Taxation	-	-	-	-	-
Loss from operations after taxation	(846)	(677)	(171)	-	(1,694)
Unallocated deficits of Non-participating life fund	(677)	677	-	-	-
Net loss for the financial year	(1,523)	-	(171)	-	(1,694)

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42. LABUAN LIFE INSURANCE BUSINESS AND LIFE INSURANCE BROKING BUSINESS (CONTINUED)

Information on cash flows by Business Segment

	Life Insurance		Insurance broker	Total
	Shareholder's fund	Life fund		
	RM'000	RM'000	RM'000	RM'000
2020				
Cash flows from:				
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
2019				
Cash flows from:				
Operating activities	(6,443)	49,157	856	43,570
Investing activities	(15)	(2)	-	(17)
Financing activities	15,442	-	920	16,362
Net increase in cash and cash equivalents	8,984	49,155	1,776	59,915
At beginning of financial year	14,360	5,057	1,143	20,560
Effects of exchange difference	(137)	(51)	(12)	(200)
At end of financial year	23,207	54,161	2,907	80,275



Notes to the Financial Statements

31 December 2020

43. SIGNIFICANT EVENT AND SUBSEQUENT EVENT

COVID-19 Impact

The COVID-19 pandemic has significantly disrupted many business operations around the world and resultant in a volatile financial market throughout 2020. Since the COVID-19 crisis, the global GDP has fallen by 4.2%. Nonetheless, with the rollout of vaccine in most of the countries, including Malaysia, have brought hope and a recovery path to the people.

The pandemic has undoubtedly impacted the Group, which dampened its business operations as well as investments. The Management have closely monitored the situation and positioning the Group to preserve and strengthen our business operations and responded to business uncertainty as well as to support our communities.

Based on the assessment performed by the management, and based on available information, the COVID-19 thus far has no material financial impact to the financial results for the year ended 31 December 2020. The management also believes the Group has sufficient capital to withstand the impact of COVID-19 on the business.

The extent and duration of the impact of COVID-19 pandemic remain uncertain and depend on future developments that cannot be accurately predicted at this stage. Therefore, a reliable estimate of such an impact beyond the reporting date cannot be made at the date of the authorisation of the financial statements.

Head Office Management

LIST OF OFFICERS

MANULIFE HOLDINGS BERHAD

Group Chief Executive Officer/ Executive Director

VIBHA HAMS COBURN
B.Com (Hons), MBA,
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

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

JASON LIM YEONG TAH
B.A (Computer Science), FLMI

Chief Operations Officer

LEE TAT FATT
B.A (Political Science), FLMI

Chief Compliance Officer

IDARIAH MOHD IDRIS
B.A. (Hons) (Business Management),
MSc Management Consultancy

Head of Information Technology

TAN YONG NIEN
MSc (Information Systems and
Technology)

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 Operations

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) Malaya

Head of Marketing, Communications & Sales Management

LINDA WONG
PGDip BA

Head of Total Solutions & Equities Investment

TOCK CHIN HUI
Bachelor of Business (majoring in
Accounting), CFA

Head of Fixed Income, Investment

ANDY LUK CHEE VUI
ACIS, CFP

Head of Information Technology

BEH CHEE KHEONG
Bachelor of Information Technology
(Major in Computer Software
Development)

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 2020

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	17	105,000	Dec-20

The above property is for office and commercial use.

Analysis of Shareholdings

As at 2 April 2021

Issued Share Capital : 206,983,965 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	267	12.38	6,298	0.00
100 to 1,000	577	26.75	409,491	0.20
1,001 to 10,000	996	46.18	3,888,792	1.88
10,001 to 100,000	258	11.96	7,543,382	3.64
100,001 to less than 5% of issued shares	58	2.69	70,461,610	34.04
5% of issued shares and above	1	0.05	124,674,392	60.23
Total	2,157	100.00	206,983,965	100.00

SUBSTANTIAL SHAREHOLDERS' SHAREHOLDING ACCORDING TO THE REGISTER OF SUBSTANTIAL SHAREHOLDERS

Name	Direct	%	Indirect	%
Manulife Century Holdings (Netherlands) B.V.	124,674,392	60.23	-	-
Manulife Financial Corporation	-	-	*124,674,392	60.23
The Manufacturers Life Insurance Company	-	-	*124,674,392	60.23
Manulife Financial Asia Limited	-	-	*124,674,392	60.23
Manulife Holdings (Bermuda) Limited	-	-	*124,674,392	60.23

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.

Analysis of Shareholdings

As at 2 April 2021

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.	124,674,392	60.23
2	AMANAHRAYA TRUSTEES BERHAD PUBLIC SMALLCAP FUND	9,167,500	4.43
3	MAYBANK NOMINEES (TEMPATAN) SDN. BHD. MAYBANK TRUSTEES BERHAD FOR PUBLIC REGULAR SAVINGS FUND	9,078,333	4.39
4	AMANAHRAYA TRUSTEES BERHAD PUBLIC SAVINGS FUND	5,018,000	2.42
5	AMANAHRAYA TRUSTEES BERHAD PUBLIC SECTOR SELECT FUND	4,338,700	2.10
6	HSBC NOMINEES (ASING) SDN. BHD. BPSS LDN FOR ABERDEEN STANDARD ASIA FOCUS PLC	4,200,000	2.03
7	CITIGROUP NOMINEES (TEMPATAN) SDN. BHD. EMPLOYEES PROVIDENT FUND BOARD (ABERDEEN)	3,891,000	1.88
8	MAYBANK NOMINEES (TEMPATAN) SDN. BHD. MAYBANK TRUSTEES BERHAD FOR PUBLIC AGGRESSIVE GROWTH FUND	3,465,266	1.67
9	AMANAHRAYA TRUSTEES BERHAD PUBLIC DIVIDEND SELECT FUND	2,971,200	1.44
10	AMANAHRAYA TRUSTEES BERHAD PUBLIC GROWTH FUND	2,839,200	1.37
11	MAYBANK NOMINEES (TEMPATAN) SDN. BHD. MAYBANK TRUSTEES BERHAD FOR PUBLIC BALANCED FUND	2,555,000	1.23
12	AMANAHRAYA TRUSTEES BERHAD PUBLIC EQUITY FUND	2,523,500	1.22
13	AMANAHRAYA TRUSTEES BERHAD PUBLIC ENHANCED BOND FUND	2,268,300	1.10
14	AMANAHRAYA TRUSTEES BERHAD PUBLIC SOUTH-EAST ASIA SELECT FUND	2,064,200	1.00



30 LARGEST SECURITIES ACCOUNT HOLDERS (CONTINUED)

	Name	No. of Shareholding	% of Issued Capital
15	CHAI BENG HWA	1,114,900	0.54
16	YEOH PHEK LENG	1,106,000	0.53
17	CHENG, CHIEN-MING	1,063,600	0.51
18	FU, CHEN SHU-CHEN	1,002,000	0.48
19	MAYBANK NOMINEES (TEMPATAN) SDN. BHD. CHUA ENG HO WA'A @ CHUA ENG WAH	948,212	0.46
20	MAYBANK NOMINEES (TEMPATAN) SDN. BHD. ABERDEEN STANDARD INVESTMENTS (MALAYSIA) SDN. BHD. FOR MALAYSIAN TIMBER COUNCIL (OPERATING FUND)	934,500	0.45
21	AFFIN HWANG NOMINEES (ASING) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR HSU, CHUN-TSANG	700,000	0.34
22	CGS-CIMB NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR ARSHAD BIN AYUB	622,668	0.30
23	CIMB GROUP NOMINEES (ASING) SDN. BHD. EXEMPT AN FOR DBS BANK LTD	600,000	0.29
24	OLIVE LIM SWEE LIAN	529,800	0.26
25	PUBLIC NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR LEE LAK CHYE @ LI CHOY HIN (E-IMO)	514,735	0.25
26	CHAN SHIEK CHIN @ CHAN SHICK CHIN	430,632	0.21
27	NG POH CHENG	406,100	0.20
28	MAYBANK NOMINEES (TEMPATAN) SDN. BHD. ABERDEEN STANDARD INVESTMENTS (MALAYSIA) SDN. BHD. FOR MALAYSIAN TIMBER COUNCIL (ENDOWMENT FUND)	404,400	0.20
29	YEO KHEE HUAT	370,000	0.18
30	HUNG, WEN-CHIH	322,000	0.16

Proxy Form

I/We (full name in block letters), _____

bearing NRIC/Passport/Registration 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		

*and

*Second Proxy "B"

Full Name (in Block)	NRIC/ Passport No.	Proportion of Shareholdings Represented	
		No. of Shares	%
Full Address	Email		
	Contact		

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-Fifth Annual General Meeting of the Company to be held on a fully 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, 4 June 2021 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 Mrs. Vijayam A/P Nadarajah		
3.	Re-election of Ms. Vibha Hamsi Coburn		
4.	Re-election of Mr. Renzo Christopher Viegas		
5.	Directors' fees in respect of period from 5 June 2021 until the next Annual General Meeting held in year 2022		
6.	Directors' benefits from 5 June 2021 until the next Annual General Meeting held in year 2022		
7.	Re-appointment of Auditors		
8.	Special Business – Ordinary Resolution 1		
9.	Special Business – Ordinary Resolution 2		
10.	Special Business – Ordinary Resolution 3		
11.	Special Business – Ordinary Resolution 4		

*strike out whichever not applicable

Dated this _____ day of _____ 2021

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 28 May 2021 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's Guidance and FAQs on the Conduct of General Meetings for Listed Issuers that was issued on 18 April 2020 and its subsequently 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 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 via email.
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/>. 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.
7. The Board wishes to highlight that the Meeting may be re-scheduled and/or postponed in view of the current COVID-19 pandemic and the Malaysia Government's announcements or guidelines made from time to time. Please rest assured that all members/proxies including attendees shall be kept informed in the event of any unexpected changes.

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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