AXA CHINA REGION INSURANCE COMPANY (BERMUDA) LIMITED

Directors' Report and Consolidated Financial Statements
For the year ended 31 December 2023

AXA CHINA REGION INSURANCE COMPANY (BERMUDA) LIMITED

REPORTS AND FINANCIAL INFORMATION
FOR THE YEAR ENDED 31 DECEMBER 2023

CONTENTS

DIRECTORS' REPORT

The directors of AXA China Region Insurance Company (Bermuda) Limited (the "Company") have pleasure in presenting their annual report and the audited financial information of the Company and its subsidiaries (collectively, the "Group") for the year ended 31 December 2023 prepared in accordance with the Hong Kong Financial Reporting Standards ("HKFRSs"), the provisions of the Companies Act 1981 of Bermuda.

PRINCIPAL ACTIVITY

The principal activity of the Company is underwriting insurance business and its subsidiaries are insurance agency and unit trust.

During the year, the Group has carried on employee compensation, motor vehicle and liability insurance business relating to liabilities or risks in respect of which persons are required by law to be insured.

RESULTS AND APPROPRIATIONS

The results of the Group, prepared in accordance with accounting principles generally accepted in Hong Kong, for the year ended 31 December 2023 are set out in the consolidated statement of profit or loss and other comprehensive income on pages 10 and 11 of the consolidated financial statements.

During the year, dividends of US$0.73 per ordinary share, totalling US$127,600,000 (2022: US$178,346,326) were paid to the ordinary shareholder.

SHARE CAPITAL

Details of movements in the Company's share capital during the year are set out in note 20 to the financial statements.

RESERVES

Movements in the reserves of the Group during the year are set out in the consolidated statement of changes in equity.

PLANT AND EQUIPMENT

Details of the movements in plant and equipment of the Group during the year are set out in note 14 to the consolidated financial statements.

SUBSIDIARIES AND ASSOCIATES

Details of the Company's subsidiaries and associates as at 31 December 2023 are set out in notes 33 and 16 respectively to the consolidated financial statements.

REINSURANCE ARRANGEMENTS

The Company has reinsurance arrangements with various reputable reinsurers. They are summarised by line of business as follows:

Line of business	Retention	Type of treaty
Individual business	US$125,000 for policies effective before 1 September 2008 US$350,000 for policies effective on or after 1 September 2008	Surplus
	1% share of guaranteed death benefit less guaranteed surrender value less other reinsurance payable under any other treaty for in-force policies as at 31 Dec 2016	Quota share
	US$70,000	Surplus
	50% Share	Quota share
	US$34,000	Surplus
	1% share	Quota share
	1% of surrender value in death benefit	Quota share
	50% Share	Quota share
	40% Share	Quota share
	10% share of life benefit	Quota share
	HK$ 5m	Excess of loss
	4.3% share of all benefits	Coinsurance
	4.3% share of death benefit	Quota share
	1% share	Quota share
	81%/76%/71%/70%/61% share	Quota share
	25% share of the initial sum assured	Quota share
	1% share	Quota share
	50% Share	Quota share
Individual business (accepted)	100% share	Quota share
Medical & Critical illness (accepted)	80% share	Quota share
	50% share	Quota share
	20% share	Quota share
Critical illness	US$125,000 for policies effective before 1 September 2008 US$250,000 for policies effective on or after 1 September 2008	Surplus
	Retain the same proportion of risk as basic life benefit	Surplus
	HK$ 300,000	Surplus
	25% share up to HK$300,000 per life	Quota share
	20% share up to HK$300,000 per life	Quota share
	10% share up to HK$300,000 per life	Quota share
	26.2% share of all insurance risks	Modified coinsurance
	15% share of all insurance risks	Modified coinsurance

REINSURANCE ARRANGEMENTS - continued

Line of business	Retention		Type of treaty
Disability Income	Effective Time		Surplus
	1983	HK$5,000	
	1 Jan 1986	HK$8,000	
	1 Jan 1987	HK$10,000	
	1 Jan 1989	HK$16,000	
	1 Mar 1996	HK$40,000	
	US$2,500 per month		Surplus
Individual business - medical	1% of insurance		Quota share
	25% of insurance		Quota share
	60% of insurance		Quota share
Deferred Annuity	40% share under accumulation phase		Quota Share
Life and Personal Accident	USD 40,000,000		Catastrophe excess of loss
Group life	70% Sum Insured to HK$560,000 for death		Quota share
	70% Sum Insured to HK$240,000 for critical Illness		Quota share
	MOP2,800,000 Sum Insured for death		Surplus
Group Business under pooling arrangement	Range from 90% share to 50% share of the risk retained		
General Insurance - Combined Liability a) Motor own damage, third party property damage and third party bodily injury b) Employee's compensation and employer's liability c) Public liability/engineering liability	HK$8 million		Excess of loss
Marine	US$12 million for Cargo US$3 million for Marine hull, Builders risks, Marine liabilities, Pleasure craft hull, and Pleasure craft third party liability		Surplus
	US$350,000		Excess of loss
Property Cat	HK$14 million		Excess of loss
Property	HK$6 million		Excess of loss
	HK$110 million		Surplus
Personal Accident	HK$2.9 million		Excess of loss
General Insurance Business (Travel, Home Contents, Business Insurance, Domestic Helper, Commercial Vehicle and Private Motor Car)	0% share for Travel, Home Contents, Business Insurance, Domestic Helper and Commercial Vehicle 60% share for Private Motor Car		Quota share

DIRECTORS' REPORT- continued

DIRECTORS

The directors of the Company during the year and up to the date of this report were:

G.T. Watson	
Y.W. Wan	
C.J. Ryan	
P.J. Fishwick	
C.S.H. Tong	(appointed on 13 September 2023)
G.N. Jones	(appointed on 29 September 2023)
K.M. Wong	(resigned on 13 September 2023)
C. Feathers	(resigned on 29 September 2023)

In accordance with Bye-Law 74 of the Company's Bye-Laws, all remaining directors retire and, being eligible, offer themselves for re-election.

CONTROLLERS

The controllers of the Company, within the meaning of Section 9(1) of the Hong Kong Insurance Ordinance, during the year and up to the date of this report were:

AXA Assurances IARD Mutuelle	
AXA SA ("AXA")	
AXA ASIA SAS	
AXA China Region Limited	
T. Buberl	
Y.W. Wan	
C.S.H. Tong	(became a controller on 1 July 2023)
G.T. Watson	(ceased to be a controller on 1 July 2023)

DIRECTORS' AND CONTROLLERS' INTERESTS

No contracts of significance to which the Company, its subsidiaries, its holding companies or any of its fellow subsidiaries was a party and in which a director or a controller of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

No properties were transferred, loans advanced to or obligations assumed by or for a director or a controller of the Company, his nominees or associates (within the meaning of section 9 of the Insurance Ordinance) during the year. Amount paid or payable to the directors or controllers of the Company for the year are shown in notes 9 and 30 to the consolidated financial statements.

ARRANGEMENTS TO ACQUIRE SHARES OR DEBENTURES

During the year, certain directors and controllers of the Company who were directors and controllers during the year held options to subscribe for shares at fixed prices in AXA, the ultimate holding company of the Company, granted under the AXA SA Stock Option Plan. Mr. T. Buberl and Mr. G.T. Watson partially exercised their options under the AXA SA Stock Option Plan to subscribe for AXA shares.

During the year, certain directors and the controllers of the Company who were directors and controllers during the year held performance shares granted under the International Performance Share Plan of AXA. Under this Plan, AXA grants to certain executives performance shares to acquire AXA shares at the end of the acquisition period without any exercise price. Mr. T. Buberl, Mr. G.T. Watson, Ms. Y.W. Wan, Ms. C.S.H. Tong and Ms. K.M. Wong acquired AXA shares under this Plan.

During the year, a controller of the Company who was a controller during the year held performance shares dedicated to retirement granted under the Performance Share Retirement Plan of AXA. Under this Plan, AXA grants to certain executives performance shares to acquire AXA shares at the end of the acquisition period without any exercise price. Mr. T. Buberl acquired AXA shares under this Plan.

During the year, Mr. T. Buberl, Mr. G.T. Watson, Ms. Y.W. Wan, Ms. C.S.H. Tong and Ms. K.M. Wong participated in the AXA Shareplan. Under this Shareplan, AXA offers employees of the AXA Group opportunity to invest and hold units in funds in this Shareplan which in turn hold AXA shares. This Shareplan enables such employees to purchase AXA shares indirectly through the funds at fixed discounts to AXA share prices.

Apart from the above, at no time during the year was the Company, its subsidiaries, its holding companies or any of its fellow subsidiaries a party to any arrangements to enable the directors and controllers of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

AUDITORS

The auditors, Messrs. PricewaterhouseCoopers, will retire at the forthcoming annual general meeting.

A resolution for the appointment of Messrs. KPMG as auditors of the Company will be submitted at the forthcoming annual general meeting.

On behalf of the Board

Y.W. Wan
DIRECTOR

羅兵咸永道

Independent Auditor's Report

To the Board of Directors of
AXA China Region Insurance Company (Bermuda) Limited
(incorporated in Bermuda with limited liability)

Opinion

What we have audited

The consolidated financial statements of AXA China Region Insurance Company (Bermuda) Limited (the "Company") and its subsidiaries (the "Group"), which are set out on pages 10 to 105, comprise:

- the consolidated statement of financial position as at 31 December 2023;
- the consolidated statement of profit or loss for the year then ended;
- the consolidated statement of other comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, comprising material accounting policy information and other explanatory information.

Our opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2023, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

Basis for Opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated 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 opinion.

PricewaterhouseCoopers, 22/F Prince's Building, Central, Hong Kong SAR, China
T: +852 2289 8888, F: +852 2810 9888, www.pwchk.com

Independent Auditor's Report

To the Board of Directors of
AXA China Region Insurance Company (Bermuda) Limited - continued
(incorporated in Bermuda with limited liability)

Basis for Opinion - continued

Independence

We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code.

Other Information

The directors of the Company are responsible for the other information. The other information comprises the information included in the directors' report on pages 1 to 5, but does not include the consolidated financial statements and our auditor's report thereon.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements 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 Directors and Those Charged with Governance for the Consolidated Financial Statements

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Independent Auditor's Report

To the Board of Directors of
AXA China Region Insurance Company (Bermuda) Limited - continued
(incorporated in Bermuda with limited liability)

Responsibilities of Directors and Those Charged with Governance for the Consolidated Financial Statements - continued

In preparing the consolidated financial statements, the directors are responsible for assessing the Group'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 to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion solely to you, as a body, in accordance with Section 90 of the Companies Act 1981 of Bermuda, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs 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 consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal 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 internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

Independent Auditor's Report

To the Board of Directors of
AXA China Region Insurance Company (Bermuda) Limited - continued
(incorporated in Bermuda with limited liability)

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements – continued

- 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 ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements 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 consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance 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.

PricewaterhouseCoopers

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 26 June 2024

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED 31 DECEMBER 2023

	Notes	Year ended 31.12.2023 US$000	Year ended 31.12.2022 US$000 (Restated)
CONSOLIDATED STATEMENT OF PROFIT OR LOSS			
Insurance revenue	7	1,435,713	1,347,988
Insurance service expenses		(917,818)	(857,206)
Net expenses from reinsurance contracts held		(93,661)	(112,337)
Insurance service result		**424,234**	**378,445**
Interest revenue		682,331	679,895
Other investment return		492,367	(93,381)
Net impairment loss on financial assets		(1,501)	(16,532)
Investment return	8	**1,173,197**	**569,982**
Net finance expenses from insurance contracts issued		(831,379)	(386,719)
Net finance income from reinsurance contracts held		104,722	59,457
Net change in investment contract liabilities		(116,696)	96,333
Net investment result	8	**329,844**	**339,053**
Fee income		73,495	92,091
Other finance costs		(1,688)	(641)
Other expense		(4,804)	(10,436)
Other operating expense		(22,853)	(21,218)
Profit before taxation	9	**798,228**	**777,294**
Taxation	10	(45,613)	(27,380)
Profit for the year		**752,615**	**749,914**
Profit for the year attributable to:			
Non-controlling interest		569	(146)
Shareholders of the company		752,046	750,060
		752,615	749,914

The notes on pages 17 to 105 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2023

	Notes	Year ended 31.12.2023 US$000	Year ended 31.12.2022 US$000 (Restated)
Profit for the year		752,615	749,914
Items that may be reclassified subsequently to profit or loss			
Change in fair value of financial instruments		463,867	(4,264,358)
Net finance (expenses)/income from insurance contracts issued		(506,787)	4,232,686
Net finance income/(expenses) from reinsurance contracts held		179,213	(1,887,824)
Taxation related to these items		5,214	4,160
Items that may not be reclassified subsequently to Profit or Loss			
Realized capital gains on equity instruments, without recycling in Profit or Loss		(19,041)	(15,715)
Change in fair value of equity instruments, without recycling in Profit or Loss		391,692	(784,241)
Net finance (expenses)/income from insurance contracts, without recycling in Profit or Loss		(408,314)	716,076
Taxation related to these items		1,317	(3,268)
Exchange difference on translation of foreign operations		154	(2,865)
OTHER COMPREHENSIVE INCOME/ (LOSS) FOR THE YEAR, NET OF TAX		107,315	(2,005,349)
TOTAL COMPREHENSIVE INCOME/ (LOSS) FOR THE YEAR		859,930	(1,255,435)
TOTAL COMPREHENSIVE INCOME/ (LOSS) FOR THE YEAR ATTRIBUTABLE TO:			
Non-controlling interest		569	(146)
Shareholders of the company		859,361	(1,255,289)
		859,930	(1,255,435)
DIVIDENDS	11	(127,600)	(178,346)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 31 DECEMBER 2023

	Notes	At 31.12.2023 US$000	At 31.12.2022 US$000 (Restated)	At 1.1.2022 US$000 (Restated)
ASSETS				
GOODWILL	12	7,256	-	-
INTANGIBLE ASSETS	13	340,309	356,391	411,191
PLANT AND EQUIPMENT	14	8,069	10,737	13,424
RIGHT-OF-USE ASSETS	15	53,659	67,214	72,361
INVESTMENTS IN ASSOCIATES	16	103,298	101,233	127,095
INVESTMENTS IN SECURITIES	17	27,203,112	24,469,337	30,282,329
INSURANCE CONTRACT ASSETS	21	612,003	487,772	1,222,852
REINSURANCE CONTRACT ASSETS	21	5,224,846	5,126,017	6,980,023
LOANS	18	1,187	7,770	979
DEFERRED TAX ASSETS	19	18,674	7,719	183
OTHER ASSETS				
Debtors and prepayments, unsecured	24	439,945	650,266	188,501
Amount due from the immediate holding company	24	90,061	85,516	81,028
Amounts due from fellow subsidiaries	24	32,406	48,089	71,649
Amount due from intermediate holding company	24	32,704	25,486	8,320
Derivative financial instruments	28	704,274	1,134,844	338,031
Pledged bank deposits	27,29	60,351	58,523	44,802
Fixed term bank deposits	27	81,564	68,336	64,272
Cash and cash equivalents	27	1,497,255	1,504,392	953,063
TOTAL ASSETS		36,510,973	34,209,642	40,860,103

CONSOLIDATED STATEMENT OF FINANCIAL POSITION – continued
AT 31 DECEMBER 2023

	Notes	At 31.12.2023	At 31.12.2022	At 1.1.2022
		US$000	US$000 (Restated)	US$000 (Restated)
EQUITY AND LIABILITIES				
CAPITAL AND RESERVES				
Share capital	20	175,783	175,783	175,783
RESERVES				
Share premium		383,257	383,257	383,257
Fair value reserve		(2,475,527)	(3,334,502)	1,703,411
Insurance finance reserve		1,392,991	2,124,293	(926,426)
Translation reserve		(4,213)	(4,367)	(1,502)
Retained profits		3,300,949	2,697,015	2,140,591
TOTAL EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE GROUP		2,773,240	2,041,479	3,475,114
Non-controlling interest		447	20,805	698
TOTAL EQUITY		2,773,687	2,062,284	3,475,812
INSURANCE CONTRACT LIABILITIES	21	28,125,414	25,050,872	29,293,166
REINSURANCE CONTRACT LIABILITIES	21	99,540	111,170	184,625
INVESTMENT CONTRACT LIABILITIES	22	1,284,049	1,429,084	1,764,280
DEFERRED TAX LIABILITIES	19	-	-	11,163
SUBORDINATED LOAN	31	32,067	32,067	32,067
OTHER LIABILITIES				
Derivative financial instruments	28	1,321,944	1,497,447	1,236,382
Deferred revenue	30	12,781	13,170	13,727
Debt instruments liabilities	24	2,148,560	2,880,251	4,155,400
Creditors and accrued charges	24	607,943	1,019,161	573,942
Lease Payable	15	56,904	70,346	75,018
Amounts due to fellow subsidiaries	24	25,184	32,464	32,204
Amount due to intermediate holding company	24	2,988	2,990	2,993
Current tax payables		19,912	8,336	9,324
TOTAL LIABILITIES		33,737,286	32,147,358	37,384,291
TOTAL EQUITY AND LIABILITIES		36,510,973	34,209,642	40,860,103

The notes on pages 17 to 105 are an integral part of these consolidated financial statements.

The financial statements on pages 10 to 105 were approved by the Board of Directors for issue on
and were signed on its behalf by:

Y.W. Wan
DIRECTOR

G.T. Watson
DIRECTOR

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2023

	NOTES	Attributable to shareholders of the Group								
		Share capital	Share premium	Retained profits	Fair value reserve	Insurance finance reserve	Translation reserve	Total	Non-controlling interest	Total equity
		US$000	US$000	US$000	US$000	US$000	US$000	US$000	US$000	US$000
Balance at 1 January 2022, as previously reported		175,783	383,257	3,607,223	(39,319)	-	(1,502)	4,125,442	698	4,126,140
Adjustment on initial application of HKFRS9, net of tax		-	-	(1,512,258)	1,742,730	-	-	230,472	-	230,472
Adjustment on initial application of HKFRS17, net of tax		-	-	45,626	-	(926,426)	-	(880,800)	-	(880,800)
Restated balance at 1 January 2022		175,783	383,257	2,140,591	1,703,411	(926,426)	(1,502)	3,475,114	698	3,475,812
Acquisition of a subsidiary company		-	-	-	-	-	-	-	20,379	20,379
Capital change		-	-	-	-	-	-	-	(126)	(126)
Profit for the year		-	-	750,060	-	-	-	750,060	(146)	749,914
Other comprehensive (loss)/profit for the year		-	-	(15,290)	(5,037,913)	3,050,719	(2,865)	(2,005,349)	-	(2,005,349)
Dividends	11	-	-	(178,346)	-	-	-	(178,346)	-	(178,346)
Restated balance at 31 December 2022		175,783	383,257	2,697,015	(3,334,502)	2,124,293	(4,367)	2,041,479	20,805	2,062,284
Disposal of subsidiaries		-	-	-	-	-	-	-	(20,927)	(20,927)
Profit for the year		-	-	752,046	-	-	-	752,046	569	752,615
Other comprehensive (loss)/profit for the year		-	-	(20,512)	858,975	(731,302)	154	107,315	-	107,315
Dividends	11	-	-	(127,600)	-	-	-	(127,600)	-	(127,600)
Balance at 31 December 2023		175,783	383,257	3,300,949	(2,475,527)	1,392,991	(4,213)	2,773,240	447	2,773,687

The notes on pages 17 to 105 are an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2023

	Notes	Year ended 31.12.2023 US$000	Year ended 31.12.2022 US$000 (Restated)
CASH FLOW FROM OPERATING ACTIVITIES			
Profit before taxation		798,228	777,294
Adjustments for:			
Interest revenue		(682,331)	(679,895)
Interest income on amount due from a fellow subsidiary		-	(77)
Net realised and unrealised (gain)/losses on investments		(284,262)	461,760
Amortisation of intangible assets		16,205	54,563
Depreciation of plant and equipment		2,725	2,758
Depreciation of right-of-use assets		21,690	22,486
Loss on disposal of intangible assets		15	47
Loss on disposal of plant and equipment		47	-
Addition of right-of-use assets		(4,874)	(17,483)
Expected credit loss – Impairment loss		1,501	16,532
Increase expenses on leases payable		1,517	1,628
Exchange difference		392	(2,308)
Cash flows from operations before working capital changes		(129,147)	637,305
Decrease/(increase) in debtors and prepayments		239,809	(445,888)
Increase in amount due from the immediate holding company		(2,131)	(3,182)
Increase in amount due from an intermediate holding company		(7,218)	(17,166)
Decrease in amounts due from fellow subsidiaries		15,683	23,637
Increase in pledged bank deposits		(1,828)	(13,721)
Increase in insurance and reinsurance contract		2,363,336	1,384,113
Decrease in debt instruments liabilities		(731,691)	(1,275,149)
(Decrease)/increase in creditors and accrued charges		(411,218)	445,219
(Decrease)/increase in amount due to an intermediate holding company		(29,476)	29,471
Increase/(decrease) in amounts due to fellow subsidiaries		22,194	(29,214)
Decrease in deferred revenue		(389)	(557)
Decrease in financial liabilities – investment contracts		(145,035)	(335,196)
Capitalisation of intangible assets		(304)	(267)
Net cash generated from operations		1,182,585	399,405
Hong Kong profits tax paid		(18,784)	(25,225)
Overseas withholding tax paid		(19,677)	(20,950)
NET CASH GENERATED FROM OPERATING ACTIVITIES		1,144,124	353,230

CONSOLIDATED STATEMENT OF CASH FLOWS - continued
FOR THE YEAR ENDED 31 DECEMBER 2023

	Notes	Year ended 31.12.2023 US$000	Year ended 31.12.2022 US$000 (Restated)
CASH FLOW FROM INVESTING ACTIVITIES			
Interest received		577,041	464,312
Increase in fixed term bank deposits		(13,228)	(4,064)
Proceeds from sale of investments in securities		81,213,606	65,059,090
Purchase of investments in securities and subsidiary		(83,095,888)	(65,402,032)
Purchase of derivative (net)		306,621	272,257
Decrease/(increase) in loan to a fellow subsidiary		6,383	(6,383)
Decrease/(increase) in other loans		200	(408)
Purchase of plant and equipment		(117)	(95)
NET CASH GENERATED (USED IN)/FROM INVESTING ACTIVITIES		(1,005,382)	382,677
CASH FLOW FROM FINANCING ACTIVITIES			
Additions to leases		4,984	17,375
Payment of lease payable		(23,263)	(23,607)
Dividends paid	11	(127,600)	(178,346)
NET CASH USED IN FINANCING ACTIVITIES		(145,879)	(184,578)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(7,137)	551,329
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		1,504,392	953,063
CASH AND CASH EQUIVALENTS AT END OF YEAR	27	1,497,255	1,504,392

The notes on pages 17 to 105 are an integral part of these consolidated financial statements.

1. GENERAL

The Company is an "Exempted Company" under Bermuda Companies Act 1981, which is incorporated under the laws of the Islands of Bermuda with limited liability. Its parent company is AXA China Region Limited, incorporated in Bermuda and its ultimate controlling party is AXA, incorporated in France. The address of the registered office of the Company is Victoria Place, 5th Floor, 31 Victoria Street, Hamilton HM 10, Bermuda and the principal place of business of the Company is 20th Floor, Vertical Sq, 28 Heung Yip Road, Wong Chuk Hang, Hong Kong.

The principal activity of the Company is underwriting insurance business and its subsidiaries are insurance agency and unit trust.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

(a) New and amended standards adopted by the Group with significant accounting changes

The Group has applied the following standards and amendments from 1 January 2023.

- HKFRS 17, Insurance Contracts, replaces HKFRS 4, Insurance Contracts.
- HKFRS 9, Financial Instruments, addresses the classification, measurement and recognition of financial assets and financial liabilities.

The restated consolidated statement of financial position as at 1 January 2022 are provided on pages 12 to 13.

Main changes resulting from the adoption of HKFRS 17

HKFRS 17 establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts and supersedes HKFRS 4 - Insurance Contracts. It aims at being more economic and better reflecting the underlying profitability of the business, while increasing comparability across the industry.

The main changes in the measurement of insurance contracts compared to HKFRS 4 are as follows:

- the present value of future cash flows (PVFCF) is a forward looking and market consistent best estimate of future cash inflows and outflows that are now discounted;
- the recognition of a risk adjustment for non-financial risk ("RA") under HKFRS reflects the compensation required by the Company for bearing the uncertainty around the amount and timing of the future cash flows that arises from non-financial risk as insurance contracts are fulfilled. In this respect, the Company considers the 60th-70th percentile range as the adequate level of prudence on underlying insurance liabilities;
- the introduction of the Contractual Service margin ("CSM") is a major change; the CSM represents the present value of estimated future profits attributable to the shareholders for non-onerous contracts, and is released through the consolidated statement of profit or loss over the coverage period of the contracts, as the Company provides services to policyholders;
- compared to the level at which the liability adequacy test was performed under HKFRS 4, the level of aggregation of the contracts under HKFRS 17 is more granular and can therefore result in more contracts being identified as onerous and losses on onerous contracts being recognized in profit or loss sooner.

HKFRS 17 does not change the underlying profitability of any given insurance contract. It can only change the pattern of earnings recognition over the life of the contracts:

- for Life and Savings and long-tail Health businesses, the CSM amortization profile can differ from the previous timing of profit recognition under HKFRS 4 and the CSM mechanism is expected to absorb small to medium technical variances and also financial variances for direct participating contracts. However, in case of significant technical or financial shocks, some group of contracts may become onerous and trigger the recognition of a loss in profit or loss;
- for Property and Casualty business, the changes relative to HKFRS 4 are limited and mainly linked to the discounting of all claims reserves, a more granular onerous contract testing based on facts and circumstances, and the inclusion of a risk adjustment for non-financial risk. Earnings of this line of business are more sensitive to interest rates level (e.g. positive impact from discounting claims reserves, net of the unwind of the discount, in a rising interest environment).

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") - continued

(a) New and amended standards adopted by the Group with significant accounting changes - continued

As a result of applying HKFRS 17, the shareholders' share in the unrealized capital gains and losses on underlying items related to direct participating contracts is recognized in CSM instead of equity under the previous accounting framework. Therefore, shadow accounting (i.e. recognition of policyholders participation in unrealized capital gains and losses as it was allowed by HKFRS 4 for insurance and investment contracts with discretionary participating features) no longer applies under HKFRS 17.

In respect of the presentation of the consolidated statement of financial position, the other changes compared to HKFRS 4 relate notably to the following:

- intangible assets decreased as a result of the removal of deferred acquisition costs ("DAC"); these assets are implicitly embedded within the CSM under HKFRS 17;
- insurance and reinsurance related receivables and payables are no longer presented separately from technical liabilities and reinsurance assets, leading to a reduction of total assets and liabilities;
- policy loans, presented within the investments under HKAS 39, are reclassified within insurance liabilities;
- portfolios of contracts that have asset balances and those that have liability balances are presented separately on each side of the consolidated statement of financial position.

Furthermore, in the consolidated statement of profit or loss, insurance revenue will not reflect the premiums underwritten during the year, but the premiums earned during the period, net of any investment component, corresponding to the release of the fulfilment cash flows (i.e. the expected cash flows of the period plus the related release of the RA) and the CSM.

Transition methods

The transition to HKFRS 17 involved determining the methodology to be used for measuring the insurance contracts in force at the transition date, which is the beginning of the annual reporting period immediately preceding the date of initial application, namely 1 January 2022.

Theoretically, the transition from HKFRS 4 to HKFRS 17 requires applying the new standard fully retrospectively, as if it was applied from the inception of insurance contracts in force. However, if the application of this full retrospective approach ("FRA") is impracticable, the two following options are possible:

- either the modified retrospective approach ("MRA"), which consists in applying certain modifications of general requirements, to the extent that the full retrospective application is impracticable, but still with the objective to achieve the outcome as close as possible to the retrospective application, based on reasonable and supportable information available without undue cost and effort; or
- the fair value approach ("FVA"), which consists in repricing the contracts in the light of actuarial and financial parameters seen at the transition date by calculating the CSM as the positive difference between (i) the fair value of liabilities determined in accordance with HKFRS 13 – Fair Value Measurement [1], corresponding to the price that would be required by an external party to acquire the liabilities, and (ii) the fulfilment cash flows of insurance contracts.

In practice, the Company has applied the FRA only to the liabilities for remaining coverage ("LRC") of insurance contracts measured using the Premium Allocation Approach ("PAA") and to the liabilities for incurred claims ("LIC") occurred since 2016.

For other groups of insurance contracts, different factors (such as the impossibility of running models since the inception of the contracts, the availability of yield curves, the lack of historical data) have made the application of the FRA impracticable. For these groups of contracts, the Company has applied the MRA or the FVA, namely:

- for individual health contracts, the MRA was used, which mainly consisted in calculating an approximate CSM by reusing past information coming from European Embedded Value ("EEV") or Solvency II, and the analyses of movements leading to get results close to those that would have been obtained using a FRA, whereas the FVA being applied only on a more limited basis;

[1] *Excluding paragraph 47 of HKFRS 13 relating to demand features as required by HKFRS17.C20.*

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") - continued

(a) New and amended standards adopted by the Group with significant accounting changes – continued

Transition methods - continued

- for LIC occurred before 2016 related to Property & Casualty contracts, in the absence of reasonable and supportable information (under HKFRS 4, claims reserves were generally not discounted and determining the correct locked-in discount yield curves was not possible without hindsight for periods before the adoption of Solvency II), the FVA was applied with the option taken to set the OCI to zero on transition (i.e. discounting the liabilities with the transition yield curve instead of an historical accident year yield curve);
- for the remaining contracts, the FVA was used.

Other information related to transition

- Yield curves

The yield curves used to calculate the fulfilment cash-flows at transition date, i.e. as at 1 January 2022, by main currencies were as follows:

Maturity	HKD spot	USD spot
1	0.6%	0.8%
2	1.0%	1.2%
3	1.2%	1.4%
5	1.4%	1.7%
7	1.5%	1.9%
10	1.6%	1.9%
15	1.8%	2.1%
20	1.9%	2.4%
25	2.1%	2.4%
30	2.3%	2.4%

Besides, when retrospective approaches were used to measure the CSM and the OCI on technical liabilities at transition, yield curves have been rebuilt for all years prior to 2022, including average yield curves (accident year) for LIC occurred after 2015. For LIC occurred before 2016 for which the Company applied the FVA, average yield curves were not applicable.

Main changes resulting from the adoption of HKFRS 9, Financial Instruments

HKFRS 9 – Financial Instruments provides accounting requirements related to the classification and measurement of financial instruments and replaces HKAS 39 – Financial Instruments: Recognition and Measurement. Changes in accounting policies resulting from the adoption of HKFRS 9 are applied retrospectively, excluding the changes in hedge accounting that are applied prospectively from 1 January 2023, with the exception of the "cost of hedging approach" (see below) applied retrospectively. The comparative period has been restated.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") - continued

(a) New and amended standards adopted by the Group with significant accounting changes - continued

Classification and measurement of financial assets

On adoption of HKFRS 9, the previous HKAS 39 categories of financial assets are replaced by the HKFRS 9 classification categories based on how financial assets are subsequently measured (at cost, at fair value through other comprehensive value ("FVOCI") or at fair value through profit or loss ("FVTPL")) and determined depending on both the business model in which those financial assets are managed and their contractual cash flow characteristics. The new HKFRS 9 classification requirements notably led to reclassifying most debt instruments from FVTPL to FVOCI and equity instruments from FVTPL to FVOCI without recycling.

Regarding the classification options for financial assets, HKFRS 9

Narrows the scope of the optional designation of financial assets at fair value through profit or loss by limiting it to the only situations when doing so eliminates or significantly reduces accounting mismatches that would otherwise arise from measuring those financial assets at amortized cost or at FVOCI;

- introduces the optional FV OCI designation for qualifying investments in equity instruments, referred to as "FV OCI without recycling"; and
- provides an option to designate a credit exposure as measured at FV P&L when an entity uses a credit derivative measured at FV P&L to manage the credit risk of this credit exposure.

Another change compared to HKAS 39 lies in derivatives embedded in hybrid contracts that are not separated when the host is a financial asset in the scope of HKFRS 9. Instead, the hybrid financial instrument as a whole is assessed for classification applying the general HKFRS 9 approach for financial assets.

The following table sets out the reclassifications from the original categories under HKAS 39 to the new categories under HKFRS 9 for each class of financial assets in the Company's consolidated statement of financial position on 1 January 2022 and 2023.

(in USD '000)	31 December 2021 HKAS 39	HKFRS Remeasurement	1 January 2022 HKFRS9
Debt investments			
FVTPL HKAS 39 / FVOCI HKFRS 9	17,041,934	-	17,041,934
FVOCI HKAS 39 / FVOCI HKFRS9	470,745	-	470,745
FVTPL HKAS 39 / FVTPL HKFRS9	2,378,541	-	2,378,541
Listed equity shares			
FVTPL HKAS 39 / FVOCI without recycling HKFRS9	4,192,664	-	4,192,664
FVTPL HKAS 39 / FVTPL HKFRS9	166,426	-	166,426
Unlisted unit trust investments			
FVTPL HKAS 39 / FVTPL HKFRS9	5,882,034	-	5,882,034
Private companies			
FVTPL HKAS 39 / FVTPL HKFRS9	149,985	-	149,985
Total	**30,282,329**	-	**30,282,329**

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") - continued

(a) New and amended standards adopted by the Group with significant accounting changes – continued

Regarding the classification options for financial assets, HKFRS 9 - continued

(in USD '000)	31 December 2022 HKAS 39	HKFRS Remeasurement	1 January 2023 HKFRS9
Debt investments			
FVTPL HKAS 39 / FVOCI HKFRS 9	13,694,224	-	13,694,224
FVOCI HKAS 39 / FVOCI HKFRS9	297,437	-	297,437
	743,584	-	743,584
FVTPL HKAS 39 / FVTPL HKFRS9			
Listed equity shares	3,437,778	-	3,437,778
FVTPL HKAS 39 / FVOCI without recycling HKFRS9	124,980	-	124,980
FVTPL HKAS 39 / FVTPL HKFRS9			
Unlisted unit trust investments	6,033,344	-	6,033,344
FVTPL HKAS 39 / FVTPL HKFRS9			
Private companies			
FVTPL HKAS 39 / FVTPL HKFRS9	137,990	-	137,990
Total	**24,469,337**	-	**24,469,337**

Impairment of financial assets

The impairment model under HKFRS 9 reflects expected credit losses ("ECL"), as opposed to incurred credit losses under HKAS 39. Under the HKFRS 9 impairment approach, it is no longer necessary for a credit event to have occurred before credit losses are recognized. Instead, an entity always accounts for expected credit losses and changes in those expected credit losses. The Company's HKFRS 9 impairment approach is detailed in note 3.3 (d).

Classification and measurement of financial liabilities

HKFRS 9 requirements for financial liabilities remain largely unchanged compared to HKAS 39, except for the changes in fair value of financial liabilities that are optionally designated at fair value through profit or loss.

Under HKAS 39, the entire amount of those changes was recorded in profit or loss, whereas HKFRS 9 requires an entity to recognize the portion thereof attributable to changes in the credit risk of that liability in other comprehensive income, unless this treatment would create or enlarge an accounting mismatch in profit or loss.

Hedge accounting

When first applying HKFRS 9, an entity may make an accounting policy choice to continue applying the hedge accounting requirements in HKAS 39, instead of those in HKFRS 9.

HKFRS 9 establishes a more principle-based approach for the general hedge accounting model and aligns hedge accounting more closely with the risk management.

In particular, HKFRS 9 introduces the possibility to apply prospectively from 1 January 2023 the hedge accounting for fair value hedges of equity instruments designated at fair value through OCI, that implies to record in OCI, without recycling into profit or loss, the changes in fair value of both the hedged equity instrument and the derivative.

In addition, HKFRS 9 provides a new accounting mechanism, applicable retrospectively from 1 January 2023, designed to reduce the volatility in profit or loss and referred to as "cost of hedging approach", for the situations where only a part of a derivative is designated as the hedging instrument (for example, changes in intrinsic value of a purchased option or changes in the spot element of a forward contract).

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") - continued

(b) Other new and amended standards adopted by the Company

The Group has applied the following amendments for the first time for their annual reporting period commencing 1 January 2023. The amendments listed below did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

- HKAS 1, Presentation of Financial Statements and HKFRS Practice Statement 2. The amendments to HKAS 1 require entities to disclose their "material accounting policy information" rather than their "significant accounting policies". HKFRS Practice Statement 2 Making Materiality Judgements is modified accordingly to support these amendments.
- HKAS 8, Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates. The amendments introduce a definition of "accounting estimates" and other changes to distinguish changes in accounting policies from changes in accounting estimates.
- HKAS 12, Income taxes, "Deferred tax related to assets and liabilities arising from a single transaction – amendments to HKAS 12".

  Amendments to HKAS 12 - Income Taxes published on May 7, 2021 narrow the scope of the exemption from the recognition of deferred tax liabilities and assets. This exemption no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences. These amendments mainly concern lease transactions of the Group. As a result, on initial recognition of a lease, AXA needs to assess the tax bases of the right-of-use and the lease liability by identifying the amounts attributable to them for tax purposes. Then, if the taxable and the deductible temporary differences are equal, a deferred tax liability related to the right-of-use and a deferred tax asset related to the lease liability are recognized.

(c) Change in accounting policies

HKAS 19, Employee benefits, "Change in accounting policy on offsetting arrangement in long service payment scheme in Hong Kong".

In June 2022, the Hong Kong Government enacted the Employment and Retirement Schemes Legislation (Offsetting Arrangement) (Amendment) Ordinance 2022 (the "Amendment Ordinance") which will be effective from 1 May 2025 (the "Transition Date"). Under the Amendment Ordinance, any accrued benefits attributable to the employer's mandatory contributions under mandatory provident fund scheme ("MPF Benefits") of an entity would no longer be eligible to offset against its obligations on long service payment ("LSP") for the portion of the LSP accrued on or after the Transition Date. There is also a change in the calculation basis of last monthly wages for the portion of the LSP accrued before the Transition Date.

Prior to 1 January 2023, the Group applied practical expedient in HKAS 19 paragraph 93(b) (the "practical expedient") to account for the offsetable MPF Benefits as deemed employee contributions to reduce the current service costs in the period in which the related services were rendered.

In July 2023, the HKICPA published "Accounting implications of the abolition of the MPF-LSP offsetting mechanism in Hong Kong" (the "Guidance") which provides clarified and detailed guidance on the accounting considerations relating to the abolition of the offsetting mechanism. The Guidance clarified that following the enactment of the Amendment Ordinance, LSP is no longer a 'simple type of contributory plans' to which the practical expedient had been intended to apply.

By following the Guidance, the Group has therefore changed its accounting policy and ceased to apply the practical expedient and reattribute the deemed employee contributions on a straight-line basis from the date when services by employees first lead to their benefits in terms of the LSP legislation in accordance with HKAS 19 paragraph 93(a). The Group has assessed this change in accounting policy and it did not have material impact to year ended 31 December 2022."

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") - continued

(d) New standards and interpretations not early adopted

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2023 reporting periods and have not been early adopted by the Group. The Group does not expect the following amendments have a material impact on the Financial Statements.

- HKAS 1, Presentation of Financial Statements. The amendments clarify requirements in HKAS 1 for the presentation of liabilities in the consolidated statement of financial position and improve the information an entity provides when its right to defer settlement of a liability for at least twelve months is subject to compliance with covenants.
- HKFRS 16, Leases. The amendments introduce specific subsequent measurement requirements for sale and leaseback transactions.
- HKAS 7, Statement of Cash Flows and HKFRS 7 – Financial Instruments: Disclosures. The amendments introduce specific disclosure requirements relating to the effects of supplier finance arrangements on the entity's liabilities, cash flows and its exposure to liquidity risk.
- HKAS 21, The effects of changes in foreign exchange rates, "Lack of exchangeability – amendments to HKAS 21". Amendments to HKAS 21 – Lack of exchangeability require an entity to apply a consistent approach to assessing whether a currency is exchangeable into another currency and, when it is not, to determining the exchange rate to use and the disclosures to provide.

3. MATERIAL ACCOUNTING POLICY INFORMATION

The consolidated financial statements have been prepared in accordance with all applicable HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the Companies Act 1981 of Bermuda.

Basis of preparation

The Group has taken advantage of the exemption under HKFRS 10 from the requirement to prepare consolidated financial statements as it and its subsidiaries are included in the consolidated financial statements of its parent, AXA SA. AXA SA was incorporated in France. It has prepared the consolidated financial statements for public use in accordance with IFRS. The address where these consolidated financial statements are obtainable is www.axa.com.

The material accounting policies adopted are as follows:

3.1 Insurance contracts, investment contracts with discretionary participation features (DPF) and Reinsurance contracts held

In the consolidated statement of financial position, (i) insurance contracts and investment contracts with discretionary participation features issued and (ii) reinsurance contracts held are aggregated by portfolios and presented separately, depending on their balances at the end of the reporting period, leading to the four following categories:

- the carrying amount of portfolios of insurance contracts and investment contracts with discretionary participation features that are assets;
- the carrying amount of portfolios of insurance contracts and investment contracts with discretionary participation features that are liabilities;
- the carrying amount of portfolios of reinsurance contracts held that are assets; and
- the carrying amount of portfolios of reinsurance contracts held that are liabilities.

HKFRS 17 – Insurance Contracts applies to these contracts as detailed in this note.

Significant judgements and estimates are made by the Group in applying HKFRS 17. The judgements that have the most significant effects on the amounts recognized in the consolidated financial statements relate to the classification of contracts, their level of aggregation and their measurement.

In particular, the Group makes significant judgments regarding inputs, assumptions concerning the future and other sources of uncertainty at the reporting date and uses estimation techniques to measure the insurance contracts. These assumptions and estimates are reviewed on an ongoing basis, based on changes in facts and circumstances (including market changes), which leads to adjustments in the measurement of contracts.

The Group uses notably assumptions to project future cash flows and ensures to design them to adequately reflect any uncertainty underlying the cash flows. Non-market assumptions, based on latest best estimate assumptions (historical data and expert judgment), include the following information: loss ratios, best estimate schedule of lapses, policyholder behavior (e.g. dynamic lapses, election to guaranteed annuity), and management actions (e.g. discretionary benefits distribution policy).

In respect of estimation techniques used to measure the non-Life insurance contracts, different actuarial projection models are applied, based on (i) the portfolios' main features (in terms of risk drivers, underwriting and claims policies), (ii) quality, relevance and consistency over time of available statistical data, (iii) selection of relevant actuarial assumptions and models, and (iv) ability to economically interpret and justify the projected range of results, both quantitatively and qualitatively.

3. MATERIAL ACCOUNTING POLICY INFORMATION – continued

3.1 Insurance contracts, investment contracts with discretionary participation features (DPF) and Reinsurance contracts held - continued

In respect of estimation techniques used to measure the Life and Savings contracts, they are based on projections of the key components of statutory financial statements, namely income or expenses that relate to policyholders, beneficiary obligations and assets backing those liabilities.

The main assumptions that may generate material changes in the estimate of the future cash flows relate to (i) mortality, morbidity, and longevity rates, (ii) policyholder behavior (due to lapse and surrender), and (iii) overhead expenses.

(a) Definition and classification

An insurance contract is a contract under which an issuer accepts significant insurance risk from a policyholder by agreeing to compensate the policyholder if a specified uncertain future event (an "insured event") adversely affects this policyholder. The assessment whether a contract transfers a significant insurance risk considers all substantive rights and obligations (including those arising from law or regulation) and is based on the use of judgement. In substance, insurance contract services provided to a policyholder include the insurance coverage and may also include an investment-return service, corresponding to the generation of an investment return for the policyholder having underwritten an insurance contract without direct participation features, and an investment-related service corresponding to the management of underlying items on behalf of the policyholder having underwritten an insurance contracts with direct participation features.

Insurance contracts with direct participation features

The Group classifies as insurance contract with direct participation features (i.e. direct participating contract) a contract for which (i) the contractual terms specify that the policyholder participates in a share of a clearly identified pool of underlying items, (ii) the Group expects to pay to the policyholder an amount equal to a substantial share of the fair value returns on the underlying items; and (iii) the Group expects a substantial proportion of any change in the amounts to be paid to the policyholder to vary with the change in fair value of the underlying items. In addition to the transfer of significant insurance risk to the issuer, a direct participating contract is therefore based on a substantially investment-related service under which an entity promises an investment return on underlying items (the link must be enforceable), as well as on a contractually specified participation. The underlying items determine some of the amounts payable to a policyholder and can comprise any items (e.g. a reference portfolio of assets, technical items, the net assets of the entity, or a specified subset of the net assets of the entity). The Group assesses whether the conditions above are met using its expectations at inception of the contract and needs not reassess the conditions afterwards unless the contract is modified.

Insurance contracts without direct participation features

The Group classifies as insurance contract without direct participation features an insurance contract that is not an insurance contract with direct participation features, namely:

- an insurance contract with indirect participation features (i.e. indirect participating contract) because the payment to policyholders depends upon the return on underlying items, without meeting the criteria defined for insurance contracts with direct participation features; or
- an insurance contract without any participation features (i.e. non-participating contract) as the payment to policyholders does not depend upon the return on underlying items.

Investment contracts with discretionary participation features

The Group classifies as investment contract with discretionary participation features a financial instrument that provides a particular investor with the contractual right to receive both an amount not subject to the discretion of the issuer (usually the account value or the value of the unit-linked) and an additional amount subject to the discretion of the issuer, which is expected to be a significant portion of the total contractual benefits. Even though these contracts do not meet the definition of an insurance contract (as they do not include a transfer of significant insurance risk), HKFRS 17 applies to those contracts as the Group also issues insurance contracts. Following HKFRS 17 guidance, the investment contracts with discretionary participation features issued by the Group have been assessed as meeting the criteria of insurance contracts with direct participation features.

Furthermore, as described in Note 3.2, the Group holds investments contracts with no discretionary participation features for which HKFRS 9 – Financial Instruments applies

3. MATERIAL ACCOUNTING POLICY INFORMATION - continued

3.1 Insurance contracts, investment contracts with discretionary participation features (DPF) and Reinsurance contracts held - continued

(b) Separating components from insurance and reinsurance contracts

The following components are separated from contracts: (i) distinct embedded derivatives, if they meet certain specified criteria, (ii) distinct investment components, and (iii) distinct performance obligations to provide noninsurance goods and services. These components are accounted for separately by the Group in accordance with the related standards.

After having performed this separation, the Group applies HKFRS 17 to all remaining components of the host insurance contract. All these remaining components, including embedded derivatives and investment components that have not been separated from the host contract, are considered as a single insurance contract in substance.

(c) Level of aggregation

The level of aggregation of contracts is the basis for measuring the contracts and their corresponding profitability. To define the level of aggregation to be used, the Group applies the process hereafter:

- first, portfolios of contracts are identified, each of them only comprising contracts that are subject to similar risks and managed together;
- then, these portfolios are broken down by annual cohort (HKFRS 17 as issued by the HKICPA preventing contracts issued more than one year apart from being included in the same group);
- finally, a further split is performed depending on the level of profitability, with notably a separate group for contracts that are onerous at initial recognition.

(d) Initial recognition

The groups of insurance contracts issued are recognized from the earliest of (i) the beginning of the coverage period of the group of contracts, which is the general case, (ii) the date when the first payment from a policyholder in the group becomes due, and (iii) for a group of onerous contracts, the date when this group becomes onerous.

For investment contracts with discretionary participation features, the date of initial recognition is the date when the Company becomes party to the contract

(e) The General Measurement Model or "BBA"

HKFRS 17 requires applying by default the General Measurement Model of insurance contracts, called the "Building Block Approach" ("BBA") as it is based on the following building blocks:

- the Fulfilment Cash Flows ("FCF"), which comprise:
  - probability-weighted estimates of future cash flows;
  - an adjustment to reflect the time value of money (i.e. discounting) and the financial risks associated with those future cash flows; and
  - a risk adjustment for non-financial risk;
- the CSM, which is calculated at inception as the difference between the premium paid by the policyholder and the expected FCF, and corresponds to the present value of future expected profits.

The BBA mainly applies to the long-term health business, some life & savings contracts which do not qualify for the use of VFA and long term reinsurance treaties.

(i) Insurance acquisition cash flows ("IACF")

The insurance acquisition cash flows arise from the costs of selling, underwriting and starting a group of insurance contracts. When these IACF are incurred prior to the date of initial recognition of the group of insurance contracts, such IACF are recognized as an asset, which is deducted from the carrying amounts of insurance contracts. The recoverability of assets for IACF is assessed at the end of each reporting period, if facts and circumstances indicate that the asset may be impaired. If an impairment loss is identified, the carrying amount of the asset for IACF is adjusted and the impairment loss is recognized in the consolidated statement of profit or loss. When the group of insurance contract is recognized, the corresponding asset for IACF is derecognized and included in the measurement of that group.

3. MATERIAL ACCOUNTING POLICY INFORMATION - continued

3.1 Insurance contracts, investment contracts with discretionary participation features (DPF) and Reinsurance contracts held - continued

(e) The General Measurement Model or "BBA" - continued

(ii) Estimates of future cash flows

The FCF notably include all the probability-weighted estimates of future cash flows within the boundary of each contract already recognized. Cash flows are within the boundary of an insurance contract if they arise from substantive rights and obligations that exist during the reporting period in which the Group can compel the policyholder to pay the premiums or in which the Group has a substantive obligation to provide the policyholder with services. A substantive obligation to provide services ends notably when the Group has the practical ability to reassess the risks of the policyholder and, as a result, can set a price or level of benefits that fully reflects those risks.

The unbiased estimate of the expected future cash flows within the boundary of insurance contracts, including the cost of options and guarantees, are based on a probability-weighted mean of the full range of possible outcomes to factor the uncertainty about the timing and amounts of the cash flows, determined from the perspective of the Group, provided that the estimates are consistent with observable market prices for market variables reflecting conditions existing at the measurement date.

The cash flows attributable to the group of insurance contracts include premiums from the policyholders, claim payments (including reported, incurred and all the future claims for which the Group has a substantive obligation net of recoveries from claims), profit sharing to policyholders, as well as payments arising from the policyholders exercising options, expenses and commissions, costs related to investment activities performed for the benefit of policyholders (i.e. including investment-return services and investment-related services).

The following cash flows are not included in the contracts boundary: investment returns as they are recognized, measured and presented separately under other applicable HKFRSs, costs of investment activities performed for the benefit of shareholders, payments or receipts that arise under reinsurance contracts held (as they are accounted for separately), those that may arise from future insurance contracts, overheads that do not provide any economic benefits to fulfilling insurance contracts, income tax payments and receipts the Group does not pay or receive in a fiduciary capacity, cash flows arising from components separated from the insurance contracts and accounted for using other applicable HKFRSs.

If insurance premiums are first collected by an intermediary and then transferred to the Group at a later date, the premium receivables from the intermediary are generally accounted for as future cash flows within the boundary of insurance contracts included in the measurement of the corresponding group of insurance contracts applying HKFRS 17.

3. MATERIAL ACCOUNTING POLICY INFORMATION - continued

3.1 Insurance contracts, investment contracts with discretionary participation features (DPF) and Reinsurance contracts held - continued

(e) The General Measurement Model or "BBA" - continued

(iii) Time value of money and financial risks related to the future cash flows

The Group applies discount rates to the estimates of the future cash flows to reflect the time value of money and financial risks related to the future cash flows. The method of estimating the discount rates is detailed in Note 4.

(iv) RA

The measurement of the risk adjustment reflects the compensation required by the Group for bearing the uncertainty around the amount and timing of the future cash flows that arises from non-financial risk as the Group fulfils insurance contracts. The changes in the risk adjustment for non-financial risk are presented in the insurance service result (i.e. they are not disaggregated into an insurance service component and an insurance finance component).

The method of determining the RA is detailed in Note 4.

(v) CSM

For a group of insurance contracts, the CSM represents the unearned profit attributable to the shareholders. At inception, the CSM is the amount that offsets the FCF, less the derecognition of any IACF (see above), or the value of the Group's rights in excess of the value of its obligations under the insurance contracts. On the other hand, the CSM cannot be negative. Consequently, if the expected cash outflows exceed the expected cash inflows, the group of contracts is onerous and the loss, which corresponds to the expected net cash outflow, is expensed immediately in the consolidated statement of profit or loss.

At the end of each subsequent reporting period, the Group remeasures the LRC, which comprises the FCF related to future services and the CSM of the group of contracts at that date. Hence, the CSM is adjusted at each subsequent reporting period for changes in expected future cash flows driven by changes in technical assumptions (death, morbidity, longevity, surrenders, expenses, future premiums…). Interest is also accreted on the CSM at rates locked in at initial recognition of a contract (i.e. discount rate used at inception to determine the present value of the estimated cash flows).

Moreover, the CSM is progressively recognized and included in insurance revenue in the consolidated statement of profit or loss over the coverage period of insurance contracts (refer to Note 3.20). The portion of the CSM to be released as part of insurance revenue for a reporting period, which reflects the performance of insurance contract services, is based on coverage units. In practice, the Group:

- identifies the total number of coverage units for each group of contracts, which is the quantity of services provided for the insurance contracts belonging to the group over the expected coverage period;
- allocates the CSM at the end of the reporting period (before having recognized any amounts in the consolidated statement of profit or loss to reflect the services provided in the period) equally to each coverage unit provided in the current reporting period and expected to be provided in the future; and
- recognizes the amount of CSM allocated to the coverage units provided in the current reporting period in the consolidated statement of profit or loss.

Given the variety of insurance contracts, the Group exercises its judgment to define coverage units, considering both the level of coverage defined within the contract (e.g. a death benefit over a fixed term, the policyholders' account value, or a combination of guarantees) and the expected coverage duration of the contract.

However, this release of the CSM is not applicable if there are adverse changes in future cash flows greater than the remaining CSM. In this case, the group of contracts becomes onerous, and the loss is immediately recognized in the consolidated statement of profit or loss.

When a group of insurance contracts is onerous, on initial recognition or subsequently, the LRC includes a loss component reflecting the loss recognized in the consolidated statement of profit or loss. As long as the group of contracts remains onerous, subsequent changes in the amount of loss component are immediately allocated to the consolidated statement of profit or loss.

3. MATERIAL ACCOUNTING POLICY INFORMATION - continued

3.1 Insurance contracts, investment contracts with discretionary participation features (DPF) and Reinsurance contracts held - continued

(e) The General Measurement Model or "BBA" - continued

(vi) LIC

After initial recognition of a group of insurance contracts, the carrying amount of the group at each reporting date is the sum of two different components: the LRC, that relates to the remaining coverage (see above) and the LIC, which corresponds to the FCF related to past services allocated to the group.

The LIC reflects the the Company's obligation to investigate and pay valid claims for insured events that have already occurred, including events that have occurred but for which claims have not been reported, and other incurred insurance expenses, as well as to pay amounts relating to other insurance contract services already provided or any investment components or other amounts that are not related to the provision of insurance contract services and that are not in the LRC.

(f) PAA

The Premium Allocation Approach is used for the Property and Casualty business and for some short-term Protection and Health businesses.

This is a simplified model permitted for the measurement of the LRC provided that the measurement of the LRC does not differ materially from the BBA or the coverage period is one year or less. With the PAA, the LRC corresponds to premiums received at initial recognition less acquisition costs and amounts already recognized on a prorata temporis basis as insurance revenue at the closing date. However, the BBA remains applicable for the measurement of incurred claims.

IACF incurred before the recognition of a group of contracts measured with the PAA are recognized as an asset allocated to that group and future groups of insurance contracts that will include contracts arising from expected renewals. In practice, the recognition of a portion relating to the expected renewals is limited to the groups of insurance contracts with up front or extra-commissions paid for acquiring new business

(g) Measurement with the VFA

The VFA applies to a large part of the Life and Savings businesses (both General Account and Unit-Linked contracts). This measurement model is mandatory for insurance contracts with direct participation features and investment contracts with discretionary participation features and aims at adjusting the CSM to reflect the variable nature of the fee. The adjustment equals to the entity's share of the change in fair value of the underlying items as explained below.

The VFA is derived from the BBA to the extent that it is also based on a building block approach. As such, the principles described here above for the BBA also apply, meaning that the liabilities are also made of FCF and a CSM. At initial recognition, there are no differences between the BBA and the VFA. However, the methodology is different for subsequent measurement since the CSM under the VFA absorbs (excluding the company's share):

- the experience variance of the period generated by underlying items;
- the consequences of changes in both technical and financial assumptions;
- the effect of changes in financial risks not arising from underlying items (such as options and guarantees).

In order to allow an appropriate pattern of the CSM release in the consolidated statement of profit or loss over the coverage period, consistently with the HKFRS 17 definition of the investment-related service, the number of coverage units is determined by considering the expected return of underlying items resulting from Real World ("RW") deterministic assumptions. The estimation of the RW assumptions is detailed in Note 4.

3. MATERIAL ACCOUNTING POLICY INFORMATION - continued

3.1 Insurance contracts, investment contracts with discretionary participation features (DPF) and Reinsurance contracts held - continued

(g) Measurement with the VFA - continued

The "risk mitigation" accounting option is applied to some group of contracts and allows to reduce or remove any accounting mismatch arising from the mitigation of financial risks impacting the CSM by using (i) derivatives, (ii) financial assets measured at fair value through profit and loss, held within shareholders' fund or (iii) reinsurance contracts. Under this option, it is allowed (on a prospective basis from the transition date to HKFRS 17 as of January 1, 2022) not to adjust the CSM but instead affect the consolidated statement of profit or loss for the changes in the FCF and the entity's share in the fair value return on the underlying items that the hedged items are intended to mitigate. This option is allowed only when the Group has previously documented a risk-management objective and strategy for mitigating financial risk. In particular, an economic offset should exist between the insurance contracts and the hedging instruments, and credit risk should not dominate the economic offset. If, and only if, these conditions cease to be subsequently met, the risk mitigation option is stopped (with no restatement of previous adjustments).

(h) Derecognition of insurance contracts

An insurance contract is derecognized from the group of contracts to which it belongs in case of extinguishment, transfer, or a modification of its terms in a such a way that a new contract is recognized in a new group. The derecognition of insurance contracts leads to eliminate their FCF and adjust the CSM of the group of contracts instead of generating a direct and immediate effect in the consolidated statement of profit or loss, unless the group of contracts becomes onerous or empty. Depending on the cause of derecognition, the CSM of the group of contracts is adjusted:

- in case of extinguishment of an insurance contract, by the same amount eliminated from the FCF;
- in case of a portfolio transfer to a third party, by the difference between the amount eliminated from the FCF and the premium charged by the third party;
- in case of a modification of insurance contracts (requiring a derecognition followed by a recognition in a new group of contracts), by the difference between the amount eliminated from the FCF and any additional premium charged to the policyholder as a result of the modification. In practice, this means that the global adjustments of CSM generated by the modification is split between the initial group of contracts and the new one, depending on the hypothetical premium that the entity would have charged had it entered into a contract with equivalent terms as the new contract at the date of the contract modification.

Finally, if an insurance contract is derecognized because of its transfer to a third party or a modification, the remaining amount previously recognized in Other Comprehensive Income ("OCI") is reclassified in the consolidated statement of profit or loss when the Building Block Approach applies but maintained in OCI when the VFA applies.

(i) Reinsurance contracts

The Group assumes and cedes reinsurance in the normal course of business. Assumed reinsurance refers to the Company's acceptance of certain insurance risks that other companies have underwritten leading to the recognition of groups of reinsurance contracts issued. Ceded reinsurance refers to the transfer of insurance risks, along with the related premiums, to other reinsurers who will assume the risks as the Company seeks to reduce the potential amount of loss arising from claims events by reinsuring certain levels of risk underwritten, leading to the recognition of groups of reinsurance contracts held.

Both groups of reinsurance contracts issued and groups of reinsurance contracts held are subject to the BBA or the PAA described in the previous paragraphs provided that there is a transfer of significant insurance risk; in any case, they are not eligible to the VFA as they are not insurance contracts with direct participation features. As the specificities of the treaties can affect their classification, each reinsurance contract is subject to a detailed analysis by the Company in order to determine the appropriate accounting treatment.

Whereas the recognition and measurement of reinsurance contracts issued is similar to insurance contracts issued, the reinsurance contracts held have some specificities which are described hereafter.

3. MATERIAL ACCOUNTING POLICY INFORMATION - continued

3.1 Insurance contracts, investment contracts with discretionary participation features (DPF) and Reinsurance contracts held - continued

(h) Derecognition of insurance contracts - continued

(ii) Date of initial recognition

The recognition of groups of reinsurance contracts held depends on the type of coverage. When the reinsurance contract held provides proportionate coverage, the date of recognition of the group corresponds to the date when any underlying insurance contract is recognized by the Group. When the reinsurance contract held does not provide proportionate coverage, the group of reinsurance contracts is recognized at the earliest of the beginning of the coverage period of the group of underlying insurance contracts and the date when the entity recognizes an onerous group of underlying insurance contracts.

(iii) Boundary of contract

For reinsurance contracts held, the cash flows are within the boundary of the reinsurance contract if the Group has a substantive right to receive services from the reinsurer or a substantive obligation to pay premiums to the reinsurer. Depending on the relationship between the contract boundary of the direct insurance contracts and that of the reinsurance contracts held, in some cases, the reinsurance treaty might offer protection for underlying insurance contracts that the Group has not issued yet. However, the carrying amount of a reinsurance contract held is nil before any cash flows occur or any service is received.

(iv) Measurement

Similarly to underlying insurance contracts, PAA is used for short term reinsurance coverages, while long term coverages are measured with the BBA.

The measurement of reinsurance contracts held follows a mirroring principle of the underlying insurance contracts leading to estimate the present value of the future cash flows of the reinsurance contract held using assumptions consistent with those used for the underlying insurance contracts. Thus, the reinsurance asset is derived using the same assumptions as those used by the Group for the underlying insurance contracts as these are the ones used to determine the expected reinsurance recoveries. In practice, some reinsurance contracts held by AXA provide cover for underlying contracts that are included in different groups.

However, using consistent assumptions does not imply the use of the same assumptions as those used for measuring the underlying contracts if those assumptions are not valid for the reinsurance contract held. In practice, the use of the same discount rate might not be appropriate, especially if the reinsurance contract is entered into during the coverage period of the underlying contracts. In addition, the cash flows from the reinsurance contract held include an adjustment for the effect of any risk of non-performance by the issuer of the reinsurance contract, including the effects of collateral and losses from disputes.

At inception, the reinsurance coverage, in exchange of a reinsurance premium, is measured as:

- the reinsurer's share of the expected present value of the cash flows generated under the underlying insurance contracts, including an adjustment to reflect the fact that the reinsurer might dispute coverage or fail to satisfy its obligations under the contract (risk of non-performance / counterparty risk) ; and
- typically a "net cost" (a "net gain" can however occur in some cases), which is in substance a negative Contractual Service Margin ("CSM") corresponding to the cost paid to the reinsurer, depending on the pricing of the reinsurance contract held and assessed independently to the CSM arising from the underlying insurance contracts.

The mechanics of the measurement models are the same for the underlying insurance contracts with the difference that the concept of CSM is replaced by the concept of net cost / net gain. This net loss or net gain is deferred and released in profit or loss throughout the coverage period, in line with the provision of reinsurance services. However, if the net cost of purchasing reinsurance relates to past events, i.e. retrospective reinsurance contracts covering such as adverse development covers for incurred claims, any net cost occurring at inception is immediately recognized in the consolidated statement of profit or loss.

3. MATERIAL ACCOUNTING POLICY INFORMATION - continued

3.1 Insurance contracts, investment contracts with discretionary participation features (DPF) and Reinsurance contracts held - continued

(h) Derecognition of insurance contracts - continued

(iv) Measurement - continued

Subsequently, at the end of each reporting period, the carrying amount of the net deferred cost or gain for reinsurance contracts held is adjusted to reflect changes in estimates. However, if the Group recognizes losses in the consolidated statement of profit or loss on underlying contracts because of adverse changes in estimates of fulfilment cash flows, the corresponding changes in cash inflows for reinsurance contracts held are also recognized in profit or loss and therefore do not adjust the net deferred loss or gain of the group of reinsurance contracts held. As a result, there is no net effect in the profit or loss for the period to the extent that the change in the fulfilment cash flows of the underlying contracts is matched with a change in the fulfilment cash flows on the reinsurance contracts held.

3.2 Investment contracts without DPF

Liabilities arising from these contracts are financial liabilities within the scope of IFRS 9. They mainly include Unit-Linked contracts that do not meet the definition of insurance contracts or investment contracts with discretionary participation features. For these Unit-Linked contracts, the liabilities are measured at current unit value, i.e. on the basis of the fair value of the financial investments backing those contracts at the end of the reporting period together with rights to future management fees, also known as Deferred Origination Costs ("DOC").

In accordance with IFRS 9, these contracts are accounted for using "deposit accounting". Fees received at inception to cover future services are recognized as liabilities and accounted for in the consolidated statement of profit or loss based on the same amortization pattern as the one used for DOC.

3.3 Financial instruments

(a) Classification

Financial assets are classified in the three following measurement categories, based on the business model in which those financial assets are held and on the characteristics of their contractual cash flows:

- a financial asset is measured at amortized cost if both (i) the asset is held within a business model whose objective is achieved by collecting contractual cash flows from the assets held, and (ii) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding ("SPPI");
- if both (i) the asset is held within a business model whose objective is achieved by collecting contractual cash flows and selling financial assets (which is the major business model for AXA's investments in debt instruments), and (ii) the contractual terms of cash flows are SPPI, the financial asset is measured at fair value through other comprehensive income ("FVOCI") and realized gains or losses are recycled through profit or loss upon sale;
- assets not fitting either of these categories are measured at fair value through profit or loss ("FVTPL")

In addition to the general classification guidance above, the Company uses the following classification options:

- optional FV OCI designation for investments in equity instruments (other than those held for trading), also referred to as "FV OCI without recycling". The Group applies this optional designation for most of equity securities held except those backing contracts where the financial risk is borne by policyholders, measured at a FV P&L basis;
- optional FV P&L designation (Fair Value Option for financial assets). The Group applies this option for some financial assets that otherwise meet the requirements to be measured at amortized cost or at FV OCI, if doing so eliminates or significantly reduces an accounting mismatch in profit or loss, for example, for some loans backing insurance contracts measured using the VFA.

3. MATERIAL ACCOUNTING POLICY INFORMATION - continued

3.3 Financial instruments - continued

(a) Classification - continued

Financial assets are not reclassified subsequent to their initial recognition, unless the Group changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

(b) Initial recognition and measurement

Regular-way purchases and sales of financial assets are recognised on trade-date - the date on which the Group commits to purchase or sell the asset.

Financial assets are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in the consolidated statement of profit or loss. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or where the Group has transferred substantially all risks and rewards of ownership.

(c) Subsequent measurement

(i) Debt instruments measured at amortised cost

After initial measurement, debt instruments are measured at amortised cost, using the effective interest rate ("EIR") method, less allowance for impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fee or costs that are an integral part of the EIR. Expected credit losses are recognised in the consolidated statement of profit or loss when the investments are impaired.

(ii) Debt instruments at fair value through other comprehensive income

FVOCI debt instruments are subsequently measured at fair value with gains and losses arising due to changes in fair value recognised in OCI. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. On derecognition, cumulative gains or losses previously recognised in OCI are reclassified from OCI to profit or loss.

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

Financial assets at FVTPL are recorded in the consolidated statement of financial position at fair value. Net gains and losses, including any interest or dividend income and foreign exchange gains and losses, are recognised in profit or loss, unless they arise from derivatives designated as hedging instruments in net investment hedges.

(iv) Equity investments at fair value through other comprehensive income

Equity investments at fair value through other comprehensive income are measured at fair value. Dividends are recognised as income in profit or loss when the Group's right to receive payment is established unless they clearly represent a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss. Cumulative gains and losses recognised in OCI are transferred to retained earnings on disposal of an investment

3. MATERIAL ACCOUNTING POLICY INFORMATION - continued

3.3 Financial instruments - continued

(d) Impairment

The impairment applies to debt instruments, loans and receivables measured at amortized cost or at FV OCI and reflects Expected Credit Losses ("ECL") on those financial assets.

The Group measures ECL allowances at an amount equal to:

- 12-month ECL resulting from default events that are possible within the 12 months after the reporting date and recognized for financial instruments for which the credit risk has not increased significantly since initial recognition (it is also assumed that the credit risk has not increased significantly since initial recognition if the financial instrument has low credit risk at the reporting date); or
- lifetime ECL resulting from all possible default events over the expected life of the financial instrument and calculated for financial instruments for which there have been significant increases in credit risk since initial recognition, as well as for financial instruments for which a credit event has occurred since their initial recognition.

ECL for receivables that are within the scope of HKFRS 9, typically outstanding for a relatively short period of time, are always measured at an amount equal to lifetime ECL.

Financial instruments for which 12-month ECL are recognized referred to as "Stage 1" financial instruments. Financial instruments for which lifetime ECL are recognized but for which no credit event has occurred are referred to as "Stage 2" financial instruments. Finally, financial instruments for which a credit event has occurred since their initial recognition are referred to as credit-impaired, or "Stage 3" financial instruments.

To perform the impairment stage allocation, at each reporting date, The Group assesses, for each financial instrument within the scope of the ECL calculation:

- whether the financial instrument has low credit risk;
- whether the credit risk on the financial instrument has increased significantly since initial recognition;
- whether the credit risk on the financial instrument previously classified in Stage 2 has improved since the previous reporting date; and
- whether a credit event (default) has occurred.

The approach used by AXA to perform the impairment stage allocation includes the following components:

- the quantitative assessment designed to detect, for all financial assets within the scope of the ECL calculation, significant increases and decreases in credit risk. This quantitative assessment is based on the AXA's HKFRS 9 rating which captures all relevant information, including forward-looking information, required to identify significant changes in credit risk since initial recognition based on fact and circumstances specific to the financial asset; and
- the qualitative assessment, based on expert judgment, performed to confirm transfers between Stage 1 and Stages 2 or 3 for material exposures within the scope derived from the quantitative assessment.

ECL is defined at each financial reporting date based on the key inputs which are the probability of the default, the magnitude of the potential credit loss after any potential recovery and the exposure to the risk of default determined as the financial instrument's gross carrying amount plus the accrued interests at the closing date.

The amount of ECL is updated at each reporting date to reflect changes in credit risk on the concerned financial instruments. Any increase in credit risk gives rise to an additional ECL allowance. Previously recognized ECL allowances are reversed when the corresponding credit risk improves. ECL allowances and reversals are recognized in profit or loss and, as a counterpart, affect:

- for the financial instruments measured at amortized cost, their carrying value in the consolidated statement of financial position;
- for the financial instruments measured at FV OCI, the amount of unrealized gains or losses on those instruments accumulated in the OCI.

3. MATERIAL ACCOUNTING POLICY INFORMATION - continued

3.3 Financial instruments - continued

(d) Impairment - continued

The following tables explain the changes in the ECL allowances for FVOCI debts instruments.

	Stage 1		Stage 2		Stage 3		Total	
	Carrying amount	Related ECL allowance	Carrying amount	Related ECL allowance	Carrying amount	Related ECL allowance	Carrying amount	Related ECL allowance
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
Balance as at 01.01.2022	17,506,279	(5,478)	2,643	(470)	3,757	(9,944)	17,512,679	(15,892)
Transfer to Stage 2	(3,143)	491	3,143	(491)	-	-	-	-
Transfer to Stage 3	(1,887)	11,877	(42)	2,012	1,929	(13,889)	-	-
Originated or purchased	56,611,827	(1,705)	650	(151)	1,169	(3,129)	56,613,646	(4,985)
Matured or sold	(55,523,676)	1,275	(500)	-	(1,685)	1,537	(55,525,861)	2,812
Remeasurements	(4,587,426)	(11,123)	(643)	(1,617)	(1,287)	1,193	(4,589,356)	(11,547)
Total impairment charged	(19,442)	6	(2)	1	(4)	11	(19,448)	18
Balance as at 31.12.2022	13,982,532	(4,657)	5,249	(716)	3,879	(24,221)	13,991,660	(29,594)

	Stage 1		Stage 2		Stage 3		Total	
	Carrying amount	Related ECL allowance	Carrying amount	Related ECL allowance	Carrying amount	Related ECL allowance	Carrying amount	Related ECL allowance
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
Balance as at 01.01.2023	13,982,533	(4,657)	5,249	(716)	3,879	(24,221)	13,991,661	(29,594)
Transfer to Stage 2	(1,760)	272	1760	(272)	-	-	-	-
Transfer to Stage 3	(250)	288	(56)	103	306	(391)	-	-
Originated or purchased	74,856,445	(1,723)	178	(341)	124	(9)	74,856,747	(2,073)
Matured or sold	(72,351,406)	1,241	(2,247)	387	(1,111)	16,381	(72,354,764)	18,009
Remeasurements	326,239	(595)	(2,532)	(39)	(2,221)	1,194	321,486	560
Total impairment charged	(6,474)	2	(2)	-	(2)	11	(6,478)	13
Balance as at 31.12.2023	16,805,327	(5,172)	2,350	(878)	975	(7,035)	16,808,652	(13,085)

(e) Derecognition, contract modification and offset

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or where the Group has transferred substantially all risks and rewards of ownership. If the Group neither transfers nor retains substantially all the risks and rewards of ownership of a financial asset, it derecognises the financial asset if it no longer has control over the asset. In transfers where control over the asset is retained, the Group continues to recognise the asset to the extent of its continuing involvement. The extent of continuing involvement is determined by the extent to which the Group is exposed to changes in the fair value of the asset.

3.4 Financial liabilities

Financial liabilities are classified into two categories: financial liabilities at fair value through profit or loss and other financial liabilities. All financial liabilities are classified at inception and recognised initially at fair value.

3. MATERIAL ACCOUNTING POLICY INFORMATION - continued

3.4 Financial liabilities - continued

(i) Financial liabilities at fair value through profit or loss

A financial liability is typically classified as fair value through profit or loss if it meets the following criteria:

- The designation eliminates or significantly reduces a measurement or recognition inconsistency (sometimes referred to as an "accounting mismatch") that would otherwise arise from measuring the financial liabilities or recognising the gains and losses on them on different bases; or
- Part of a group of financial liabilities that are managed and evaluated on a fair value basis in accordance with a documented risk management or investment strategy and reported to key management personnel on that basis; and
- Financial instruments, such as debt securities issued, containing one or more embedded derivatives significantly modify the cash flows.

Financial liabilities designated at fair value through profit or loss are carried at fair value and any gains and losses from changes in fair value are recognised as increase / decrease in investment liabilities in the consolidated statement of profit or loss.

Financial liabilities are derecognised when they are extinguished - that is, when the obligation is discharged, cancelled or expires.

(ii) Other financial liabilities

Other financial liabilities are recognised initially at fair value net of transaction costs incurred and subsequently stated at amortised cost using the effective interest method. Interest expense calculated using the effective interest rate method is recognised as investment expenses in the consolidated statement of profit or loss.

3.5 Derivative instruments

Derivatives are initially recognized at fair value at purchase date and are subsequently re-measured at their fair value at the reporting date. Unrealized gains and losses are recognized in the consolidated statement of profit or loss unless they relate to a qualifying hedge relationship as described below.

In the consolidated statement of financial position, derivatives are presented in separate line items, as either an asset or a liability depending upon the fair value position at the reporting date, with no offsetting, regardless of whether these derivatives meet the criteria for hedge accounting.

The Group designates certain derivatives as either: (i) hedging of highly probable expected future transactions (cash flow hedge), or (ii) hedging of the fair value of recognized assets or liabilities or of a firm commitment (fair value hedge), or (iii) hedging of net investments in foreign operations.

(i) Cash flow hedge

A separate component of equity, referred to as cash flow hedge reserve, is adjusted through other comprehensive income ("OCI") for the lower of the following amounts:

- gain or loss on the hedging instrument cumulated since inception of the hedge, and
- change in fair value of the hedged item cumulated since inception of the hedge (i.e. the present value of the cumulative change in the hedged expected future cash flows).

If the cumulative gain or loss on the hedging instrument exceeds the change in fair value of the hedged item (sometimes referred to as an 'over-hedge'), the related ineffectiveness is recognized in profit or loss. If the cumulative gain or loss on the hedging instrument is lower than the change in fair value the hedged item (sometimes referred to as an 'under-hedge'), no ineffectiveness appears.

3. MATERIAL ACCOUNTING POLICY INFORMATION - continued

3.5 Derivative instruments - continued

(i) Cash flow hedge - continued

Cumulative gain or loss in shareholders' equity is recycled in the consolidated statement of profit or loss when the hedged underlying item impacts the profit or loss for the period (for example when the hedged future transaction is recognized. When a hedging instrument reaches its maturity date or is sold, or when a hedge no longer qualifies for hedge accounting, the cumulative gains or losses in shareholders' equity are released in profit or loss when the initially hedged future transaction ultimately impacts the consolidated statement of profit or loss. If the hedged future cash flows are no longer expected to occur, the cumulative gains or losses are immediately reclassified from shareholders' equity to profit or loss.

(ii) Fair value hedge

Changes in the fair value of derivatives designated and qualifying as fair value hedges of equity instruments designated at FV OCI are recorded in OCI, without recycling into profit or loss, together with changes in fair value of the hedged equity instrument.

Changes in the fair value of derivatives designated and qualifying as fair value hedges of other financial instruments are recorded in the consolidated statement of profit or loss, together with any changes in the fair value of the hedged asset or liability. Therefore, the gain or loss relating to any ineffective portion is directly recognized in the consolidated statement of profit or loss.

(iii) Net investment hedge

The accounting of net investments in foreign operations hedge is similar to the accounting of cash flow hedge. Any gain or loss on the hedging instrument relating to the effective portion of the hedge is recognized in shareholders' equity; the gain or loss relating to the ineffective portion is recognized in the consolidated statement of profit or loss. Cumulative gains and losses in shareholders' equity impact the consolidated statement of profit or loss only on disposal of the foreign operations.

(iv) Derivatives not qualifying for hedge accounting

Most of the derivatives used by the Company are purchased with a view to hedge, or for example to use such instruments as an alternative to gain exposure to certain asset classes through "synthetic positions". However, given HKFRS 9 constraints, only qualifying hedges are eligible to hedge accounting provisions described above. Changes in the fair value of derivative instruments that do not qualify for hedge accounting are recognized in the consolidated statement of profit or loss.

The Group holds financial investments that also include embedded derivatives. A derivative embedded in a contract where the host is a financial asset in the scope of HKFRS 9 is not separated. Instead, the hybrid financial instrument as a whole is assessed for classification applying the guidance described in paragraph 3.6. Conversely, if the host contract is a financial liability within the scope of HKFRS 9 and is not measured at FV P&L, the embedded derivative is separated from the host contract to the extent that the impact is deemed material, unless the economic characteristics and risks of both the embedded derivative and the host contract are closely related. In this case, the host contract is accounted for as a financial liability within the scope of HKFRS 9, and the separated derivative is accounted for at FV P&L and might be eligible as a hedging instrument.

3.6 Subsidiaries

A subsidiary is an entity (including a structured entity) over which the Company has control. The Company controls an entity when the Company is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

Investments in subsidiaries other than unit trusts are stated at cost as reduced by any identified impairment loss. Investments in unit trusts are classified as financial assets and are stated at fair value through profit or loss.

3. MATERIAL ACCOUNTING POLICY INFORMATION - continued

3.6 Subsidiaries - continued

Income from the subsidiaries other than unit trusts is accounted for by the Company on the basis of dividends received or receivable during the year. Dividends are receivable when the right to receive has been established.

Impairment testing of the investments in subsidiaries is required upon receiving dividends from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the financial statements exceeds the net asset value of the investee's financial statements.

3.7 Leases

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date
- amounts expected to be payable by the company under residual value guarantees
- the exercise price of a purchase option if the company is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the company exercising that option.
- lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the company, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.
To determine the incremental borrowing rate, the company:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the Group, which does not have recent third party financing, and
- makes adjustments specific to the lease, eg term, country, currency and security.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the company is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Payments associated with short-term leases and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

3. MATERIAL ACCOUNTING POLICY INFORMATION - continued

3.8 Associates

Associates are all entities over which the Company has significant influence but no control, generally accompanying a shareholding of between 20% and 50% of the voting rights.

In the Company's consolidated statement of financial position, investments in associates other than unit trusts are stated at cost, as reduced by any identified impairment loss. Results of the associates are accounted for by the Company on the basis of dividends received or receivable during the year.

Investments in unit trusts are classified as financial assets and are stated at fair value through profit or loss.

3.9 Plant and equipment

Plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the consolidated statement of profit or loss during the financial period in which they are incurred.

Depreciation is provided to write off the cost of items of plant and equipment over their estimated useful lives to the Company after taking into account of their estimated residual value, using the straight-line method, at the following annual rates:

Leasehold improvements	10-20%
Furniture, fixtures and equipment	10-20%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the consolidated statement of profit or loss.

3.10 Impairment of non-financial assets

Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

3.11 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation.

3. MATERIAL ACCOUNTING POLICY INFORMATION - continued

3.12 Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Company's financial statements in the period in which the dividends are declared by the Board of Directors of the Company.

3.13 Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Group operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

3.14 Foreign currency translation

(a) Functional and presentation currency

The consolidated financial information is presented in United States dollars, which is the same as the functional currency of the Company.

(b) Transactions and balances

Foreign currency transactions that are transactions denominated, or that require settlement, in a foreign currency are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated statement of profit or loss except for foreign exchange changes related to amortised cost or FVOCI, which is recorded in OCI.

Monetary items denominated in foreign currency are translated with the closing rate as at the reporting date. If several exchange rates are available, the forward rate is used at which the future cash flows represented by the transaction or balance could have been settled if those cash flows had occurred. Non-monetary items measured at historical cost denominated in a foreign currency are translated with the exchange rate as at the date of initial recognition; non-monetary items in a foreign currency that are measured at fair value are translated using the exchange rates at the date when the fair value was determined.

3. MATERIAL ACCOUNTING POLICY INFORMATION - continued

3.14 Foreign currency translation - continued

(b) Transactions and balances - continued

Translation differences on financial assets and liabilities held at fair value through income are reported as part of the fair value gain or loss.

3.15 Employee benefits

(a) Pension obligations

The Group operates a number of defined contribution plans. The schemes are generally funded through payments to separate trustee-administered funds. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

(b) Bonus plans

The Group recognises a liability and an expense for bonuses, based on a formula that takes into consideration the profit attributable to the Group's shareholders after certain adjustments. The Group recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

(c) Share-based payments

AXA operates a number of equity-settled, share-based compensation plans, under which the Group receives services from directors and employees as consideration for equity instruments of AXA. The fair value of the directors and employees services received in exchange for the grant of the equity instruments is recognised as an expense being absorbed by an intermediate holding company. The total amount to be recognised as an expense in the intermediate holding company's consolidated statement of profit or loss is determined by reference to the fair value of the options granted:

- including any market performance conditions;
- excluding the impact of any service and non-market performance vesting conditions; and
- including the impact of any non-vesting conditions.

3.16 Cash and cash equivalents

In the consolidated statement of cash flows, cash and cash equivalents includes cash in hand, deposits held at call with banks, and other short-term highly liquid investments with original maturities of three months or less.

3.17 Share capital

Ordinary shares are classified as equity

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

3. MATERIAL ACCOUNTING POLICY INFORMATION - continued

3.18 Fair value of financial instruments

Financial instruments traded in other than active markets or that do not have quoted prices have less observability and are measured at fair value using valuation models or other pricing techniques that require more judgment. An active market is one in which transactions for the asset or liability being valued occur with sufficient frequency and volume to provide pricing information on an ongoing basis. An other than active market is one in which there are few transactions, the prices are not current, price quotations vary substantially either over time or among market makers, or in which little information is released publicly for the asset or liability being valued. Pricing observability is affected by a number of factors, including the type of financial instrument, whether the financial instrument is new to the market and not yet established, the characteristics specific to the transaction and general market conditions. The Group uses its judgement to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of each reporting period.

Unobservable inputs are only used to measure fair value to the extent that relevant observable inputs are not available, allowing for circumstances in which there is little, if any, market activity for the asset or liability.

3.19 Insurance revenue

The insurance revenue reflects the insurance contract services provided by the Group over the period, which is derived from the reduction in the LRC during the reporting period, subject to corrections (adjustment of premiums, loss components) and excluding investment components (i.e. amounts to be paid to a policyholder even if an insured event does not occur).

The way these changes are reflected in the insurance revenue differs by measurement model.

For the contracts measured under the PAA, the insurance revenue corresponds to the amount of expected insurance coverage during the period (or passage of time if not significantly different), excluding any investment components.

For the contracts measured under the BBA and the VFA, the insurance revenue corresponds to the release of the LRC, depending on the quantity of provided services, and an allocation of insurance acquisition cash flows.

In substance, the amounts related to the provision of insurance contract services include:

- the expected claims, including expenses other than insurance acquisition cash flows, but excluding those not contributing to the fulfilment of insurance contracts (i.e. non-attributable expenses);
- the release of the risk adjustment for non-financial risk;
- the allocation of the CSM to the period.

The allocation of insurance acquisition cash flows represents the portion of premiums that corresponds to the recovering of those cash flows to each reporting period in a systematic way based on the passage of time, the same amount being recognized as insurance service expenses. This mechanism enables to add back the part of the premium corresponding to the coverage of insurance acquisition cash flows. This means that insurance acquisition cash flows are not recognized in the consolidated statement of profit or loss when the acquisition cash flows occur but when the CSM is released.

3.20 Insurance service expenses

Insurance service expenses arising from groups of contracts issued by the Group are recognized in the consolidated statement of profit or loss as they are incurred, excluding amounts allocated to refunds of premiums and payment of policy loans. Symmetrically to insurance revenue, the payments relating to investment components are excluded from insurance service expenses.

All insurance service expenses correspond to actual cash outflows within the boundary of contracts identified when projecting and calculating the present value of future cash flows. These cash flows are:

- those that relate directly to the fulfilment of insurance contract; and
- those over which the Group has discretion over the amount or timing. In this respect, the change in discretionary cash flows is determined at inception of the contract (e.g. by identifying the minimum guarantees and defining its profit-sharing policy).

3. MATERIAL ACCOUNTING POLICY INFORMATION - continued

3.21 Net expenses from reinsurance contracts held

In the consolidated statement of profit or loss, net expenses from reinsurance contracts held (net income in some cases) are presented separately from the insurance service expenses and included in a single aggregate, corresponding to the net between reinsurance service expenses and amounts recovered from the reinsurers.

3.22 Net finance income or expenses from insurance and reinsurance contracts held

The net finance income or expenses from insurance and reinsurance contracts is presented in the consolidated statement of profit or loss with a split between insurance contracts issued and reinsurance contracts held.

This aggregate comprises the changes in the carrying amount of the groups of contracts that relate to financial risk arising from both (i) the effect of the time value of money and changes in the time value of money, (ii) the effect of financial risk and changes in financial risk (i.e. effect of changes in discount rates, exchange rate, the time value of options and guarantees).

However, the option to disaggregate insurance (and reinsurance) financial income or expense between the consolidated statement of profit or loss and the OCI is applied by the Company in order to limit the volatility in profit or loss (considering that many of the supporting financial assets are measured at fair value through OCI under HKFRS 9).

Under this option, for contracts without direct participation features, the difference between the valuation of the liabilities at locked-in rates (used for the unwind in the finance income or expenses) and their valuation at current rates is recognized in OCI. In the same way, when changes in liabilities arise from a contractual link (indexation) between inflation and the payments to policyholders, the changes due to inflation that relate to future services shall also be considered as resulting from a financial risk and therefore are recognized through OCI with a release over the duration of the payments to the policyholders. The amount included in the consolidated statement of profit or loss is determined by a systematic allocation of the expected total insurance (and reinsurance) finance income or expenses over the duration of the group of contracts. This systematic allocation is based on the characteristics of the contracts, depending on whether the changes in assumptions relating to financial risk have a substantial effect on the amount paid to the policyholder or not:

- when the changes in financial risk assumptions do not have a substantial effect on amounts paid to the policyholders, the systematic allocation is determined using the discount rates at the date of initial recognition of the groups of contracts measured with the BBA and at the date of the incurred claims for groups of contracts applying the PAA;
- when the changes in financial risk assumptions do have a substantial effect on amounts paid to the policyholder, the systematic allocation is determined by using a rate that allocates the remaining revised expected finance income or expenses over the remaining duration of the group of contracts at a constant rate (i.e. the effective yield approach) or a crediting rate based on the amounts credited to the policyholders in the period and expected to be credited in future periods (i.e. the projected crediting approach).

The Company also applies the OCI option for direct participating contracts. It consists in recognizing in finance income or expenses (with OCI as a balance) an amount that exactly matches the income or expenses included in profit or loss on the underlying items held, resulting in the net of the separately presented items being nil.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

The Group makes estimates and assumptions that may affect the reported amounts of assets and liabilities. Estimates and judgements are continually evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results can always differ from estimates, possibly significantly.

Estimate of future cash flows arising from long-term insurance contracts

The determination of the liabilities under long-term insurance contracts is dependent on estimates made by the Group, which primarily includes the probabilities of the following events:

- Mortality and morbidity

  The Group sets assumptions on mortality and morbidity with reference to historical experience and standard industry experience tables if available. Where appropriate, the Group also makes reference to other sources, including but not limited to market data and experience for similar products, to develop the best estimate expectation of the future experience.

  Mortality assumptions:

Group of insured	Portfolio	Rate table	% applied (Female / Male) 2023	% applied (Female / Male) 2022
Mainland Chinese Visitors	Simplified underwriting	CIRC10-13	62.5% / 43.75%	68.75% / 62.5%
	Other life business	CIRC10-13	50% / 35%	55% / 50%
Other	National Life	HKA18 (adjusted)	90% / 85%	90% / 85%
	Simplified underwriting	HKA18 (adjusted)	112.5% / 106.25%	112.5% / 106.25%
	Business formerly transferred from AXA (HK) Life Insurance Company Limited	HKA18 (adjusted)	85% / 95%	95% / 90%
	Other life business	HKA18 (adjusted)	75% / 75%	75% / 75%

  Morbidity assumptions:

Portfolio	Group of insured	Rate table	% applied (Female / Male) 2023	% applied (Female / Male) 2022
CI basic	Mainland Chinese Visitors	In-house CI rate table	105% / 80%	100% / 80%
	Other	In-house CI rate table	95% / 105%	100% / 105%
Accelerated CI	All	In-house CI rate table	100% / 90%	105% / 90%
Additional CI	All	In-house CI rate table	135% / 125%	130% / 135%
Business formerly transferred from AXA (HK) Life Insurance Company Limited	All	In-house CI rate table	95% / 95%	90% / 90%

- Persistency

  Persistency includes various policyholders' behaviours, such as lapse, surrender, premium holiday, partial withdrawal, etc. where relevant. The Group sets assumptions on persistency with reference to historical experience. Where appropriate, the Group also makes reference to other sources, including but not limited to market data and experience for similar products, to develop the best estimate expectation of the future experience.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS IN APPLYING ACCOUNTING POLICIES - continued

Estimate of future cash flows arising from long-term insurance contracts - continued

- Expenses

  The Group regularly conducts expense analysis and projection to forecast and categorise the expenses spent into various categories. Products are grouped according to their nature of risk and expenses are allocated to the product groups. The allocated expenses are further unitised based on policy count, premium amount, etc. to form the best estimate assumption of expenses.

These assumptions are reviewed on an annual basis to ensure that they remain relevant and appropriate.

Discount rate

AXA Group has defined a Group methodology for the calibration and the generation of "HKFRS 17 yield curves" used to discount the estimate of future cash flows within the boundary of contracts, consistent with the HKFRS 17 requirements and applied homogeneously across all AXA entities. The Group applies the same HKFRS 17 yield curves for the purpose of the measurement under HKFRS 17.

A bottom-up approach is adopted as it has been widely used for many years in the EEV and Solvency II frameworks. This approach consists in using a basic Risk-Free Rate ("RFR"), based on swaps for most currencies and government bonds for others, adjusted by adding on a liquidity premium ("LP") allowance to reflect the remuneration of illiquidity observed on traded assets until the Last Liquid Point ("LLP"), meaning the longest maturity for which there are enough traded bonds. An Ultimate Forward Rate ("UFR") macro-economically defined as the sum of the average of past real interest rates and central bank's target inflation is also considered. Discount rates between the LLP and the UFR maturities are obtained by extrapolation.

The yield curves used by the Group for main currencies are summarized in the below table.

	2023		**2022**	
Maturity	**HKD spot**	**USD spot**	**HKD spot**	**USD spot**
1	4.5%	5.4%	5.0%	5.5%
2	3.9%	4.8%	4.7%	5.2%
3	3.7%	4.6%	4.4%	4.9%
5	3.5%	4.4%	4.2%	4.7%
7	3.5%	4.4%	4.1%	4.6%
10	3.5%	4.4%	4.0%	4.5%
15	3.6%	4.6%	4.0%	4.6%
20	3.6%	4.9%	4.0%	5.0%
25	3.6%	4.7%	3.9%	4.7%
30	3.6%	4.5%	3.8%	4.6%

The Group has chosen to apply the "OCI option" (refer to Note 3.22) to all portfolio of insurance contracts, allowing to recognize the impact of changes in discount rates through Other Comprehensive Income.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS IN APPLYING ACCOUNTING POLICIES - continued

Real World (RW) deterministic assumptions

The Group sets the RW deterministic assumptions to estimate the expected return of the underlying items and determine the appropriate pattern of the CSM release. The main Real World assumptions used by the Group are summarized in the below table.

Asset class	2024	2028	2033
10-year government bond	4.0%	3.6%	3.5%
5-year single-A credit spread	1.0%	1.0%	0.9%
U.S. equities	6.7%	7.7%	6.5%
H.K. equities	6.2%	6.3%	6.4%

RW assumptions are based on AXA Group's Chief Economist studies that rely on AXA IM's Research and Investment Strategy team for the short term and on academic literature, international organizations (e.g. IMF, World Bank) studies and dedicated structural models for the long term. Then, RW assumptions are reviewed and validated by the Group Economic Assumptions Committee, in charge of determining economic assumptions to be used for a variety of local and Group processes. This Committee is co-chaired by the Group Chief Financial Officer and the Group Chief Risk Officer.

Risk adjustment for non-financial risks

In respect of determining the compensation the Group requires for bearing the non-financial risks, the Group considers the 60th-70th percentile range as the adequate level of prudence on underlying insurance liabilities.

The determination of the risk adjustment follows a value-at-risk type approach, reflecting a retained confidence level with reference to the risk drivers of reserves. The value-at-risk is the maximum loss within a certain confidence level. The implementation is slightly different between Life and Savings and Property and Casualty businesses. For Life and Savings, groups of contracts are first shocked, risk factor by risk factor, up to the retained confidence level to assess the change in the present value of future cash flows. Then, diversification benefits between risks implicit to the Company's portfolio are considered by applying correlation factors between risks. For Property and Casualty liabilities for incurred claims, a direct value-at-risk calculation, reflecting the retained confidence level, is applied to the full probability distribution of the reserves. Finally, the Company, as a member of the AXA Group, measures the compensation required taking into account the risk appetite of AXA Group, so a diversification effect between AXA entities is considered to reflect the fact that a same risk is unlikely to impact all the Group's entities at the same time.

Impairment of assets

The Group recognises loss allowance for ECL on debt instruments, loans and receivables measured at amortized cost or at FV OCI. The measurement of ECL require both quantitative assessments based on AXA's HKFRS9 rating which include forward-looking information and qualitative assessment based on expert judgement. Details of the inputs, assumptions and estimation techniques used for estimating ECL are explained in note 3.3(d).

Fair value of financial assets/liabilities

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. Valuation techniques include the use of recent arm's length transactions, net asset value reported to general partners or managers by fund administrators, discounted cash flow analysis / option pricing models, and other valuation techniques commonly used by market participants.

5. MANAGEMENT OF INSURANCE AND FINANCIAL RISKS

Insurance and financial risk management objectives and policies

The Group issues contracts that transfer insurance risk or financial risk or both. This section summarises these risks, including other market risks, that the Group identifies and the way it manages them.

5.1 Insurance risk

The risk under any one insurance contract is the possibility that the insured event occurs and the amount of the resulting claim is uncertain. By the very nature of an insurance contract, this risk is random and therefore unpredictable.

For a portfolio of insurance contracts where the theory of probability is applied to pricing and reserving, the principal risk that the Group faces under its insurance contracts is that the actual claims and benefit payments exceed the carrying amount of the insurance liabilities. This could occur when the frequency or severity of claims and benefits is greater than estimated. Insurance events are random and the actual number and amount of claims and benefits will vary from year to year from the level established using statistical techniques.

Factors that could potentially aggravate insurance risk include lack of risk diversification in terms of type and amount of risk, geographical location and type of industry covered.

Both experience and theory show that the larger the portfolio of similar insurance contracts, the smaller the relative variability about the expected outcome will be. In addition, a more diversified portfolio is less likely to be affected across the board by a change in any subset of the portfolio. The Group has developed its insurance underwriting strategy to diversify the type of insurance risks accepted and within each of these categories to achieve a sufficiently large population of risks to reduce the variability of the expected outcome.

(a) Casualty and property insurance risks

(i) Frequency and severity of claims

The frequency and severity of claims can be affected by several factors. These include weather, society's sentiment towards claims and increasing court awards for bodily injury compensation.

The Group manages these risks through its underwriting strategy, product design, adequate reinsurance arrangements and proactive claims handling.

The underwriting strategy attempts to ensure that the underwritten risks are well diversified in terms of type and amount of risk, industry and geography. Prior to the acceptance of major risk, site visits by in-house assessor and pre-risk surveys will be performed to ensure risks are only accepted within the Group's capacity.

Underwriting limits are in place to enforce appropriate risk selection criteria and ensure that the Group is protected adequately by the reinsurance arrangements. In addition, the Group has the right not to renew individual policies, impose deductibles where applicable and reject the payment of a fraudulent claim. Insurance contracts also entitle the Group to pursue third parties for payment of some or all costs (i.e., subrogation).

5. MANAGEMENT OF INSURANCE AND FINANCIAL RISKS - continued

5.1 Insurance risk – continued

(a) Casualty and property insurance risks - continued

(ii) Sources of uncertainty in the estimation of future claim payments

Claims on casualty and property contracts are payable on a claims-occurrence basis. The Group is liable for all insured events that occur during the term of the contract, even if the loss is discovered after the end of the contract term.

For casualty risks, claims can be settled over a long period of time and a larger element of the claims provision relates to incurred but not reported ("IBNR") claims. There are several variables that affect the amount and timing of cash flows from these contracts. These mainly relate to the inherent risks of the business activities carried out by individual contract holders and their risk management procedures. The compensation paid on these contracts is the monetary awards granted for bodily injury suffered by employees (for employer's liability covers) or members of the public (for public liability covers). Such awards are lump-sum payments that are calculated as the present value of the lost earnings and rehabilitation expenses that the injured party will incur as a result of the accident. For property risks, claims are usually of a much shorter duration and relatively fewer IBNR claims are held at year-end.

The estimated cost of claims includes direct expenses to be incurred in settling claims, net of the expected subrogation value and other recoveries. The Group takes all reasonable steps to ensure that it has appropriate information regarding its claims exposures. However, given the uncertainty in establishing claims provisions, it is likely that the final outcome will prove to be different from the original liability established. The liability for these contracts comprises a provision for IBNR, a provision for reported claims not yet paid and a provision for unexpired risks at the end of the reporting period.

(b) Long-term insurance contracts

(i) Frequency and severity of claims

The Group manages these risks through its underwriting strategy and reinsurance arrangements.

The underwriting strategy is intended to ensure that the risks underwritten are well diversified in terms of type of risk and the level of insured benefits. For example, medical selection is included in the Group's underwriting procedures with premiums varied to reflect the health condition and family medical history of the applicants. The Group also underwrites using geographical, nationality and occupation rating.

For contracts where death is the insured risk, the most significant factors that could increase the overall frequency of claims are epidemics (such as AIDS or SARS) or widespread changes in lifestyle, such as eating, smoking and exercise habits, resulting in earlier or more claims than expected. Undue concentration by amounts could have an impact on the severity of benefit payments on a portfolio basis.

For contracts with only fixed and guaranteed benefits and fixed future premiums, there are no mitigating terms and conditions that reduce the insurance risk once it has been accepted. For contracts with DPF, insurance risk can be shared with the contract holder.

For unit-linked business, the Group charges for mortality risk on a monthly basis. It has the right to alter these charges based on its mortality experience and hence minimise its exposure to mortality risk. Delays in implementing increases in charges and market or regulatory restraints over the extent of the increases may reduce its mitigating effect.

5. MANAGEMENT OF INSURANCE AND FINANCIAL RISKS - continued

5.1 Insurance risk - continued

(b) Long-term insurance contracts - continued

(ii) Sources of uncertainty in the estimation of future cash flows

Uncertainty in the estimation of future cash flows for long-term insurance contracts arises from the unpredictability of changes in overall levels of mortality / morbidity and the variability in persistency.

An investigation into the actual experience of the Group over the last three to five years is carried out on annual basis, and statistical methods are used to produce a best estimate of expected mortality and morbidity for the future. The impact of any historical evidence of selective termination behaviour will be reflected in this experience.

(iii) Guaranteed annuity options

The amount of insurance risk under contracts with guaranteed annuity options is also dependent on the number of contract holders that will exercise their option ('option take-up rate'). This will depend significantly on the investment conditions that apply when the options can be exercised. The lower the current market interest rates in relation to the rates implicit in the guaranteed annuity rates, the more likely it is that contract holders will exercise their options. Continuing improvements in longevity reflected in current annuity rates will increase the likelihood of contract holders exercising their options as well as increasing the level of insurance risk borne by the Group under the annuities issued. To date, a very small number of the contract holders have exercised this option and hence the Group does not have sufficient historical data on which to base its estimate of the number of contract holders who will exercise their options. As a result of this, the Group estimates the cost of this option to be insignificant under the current economic environment.

(c) Short-duration life insurance contracts

(i) Frequency and severity of claims

These contracts are mainly issued to employers to insure their commitments to their employees in terms of their pension fund and other employee benefit plans. The risk is affected by the nature of the industry in which the employer operates, in addition to the factors described above. The risk of death and disability will vary by industry. Undue concentration of risk by industry will therefore increase the risk of a change in the underlying average mortality or morbidity of employees in a given industry, with significant effects on the overall insurance risk.

Insurance risk under disability contracts is also dependent on economic conditions in the industry. Historical data indicates that recession and unemployment in an industry will increase the number of claims for disability benefits as well as reducing the rate of recovery from disability. The Group attempts to manage this risk through its underwriting, claims handling and reinsurance policy. The amount of disability benefit cover provided per individual is restricted to a maximum of 70% of the individual's monthly income for individual life business. Surplus reinsurance contracts have been purchased by the Group, the retention is HK$40,000 per month on any one life.

(ii) Sources of uncertainty in the estimation of future claim payments

There is no need to estimate mortality rates or morbidity rates for future years because these contracts have short duration. However, for incurred disability income claims, it is necessary to estimate the rates of recovery from disability for future years.

5. MANAGEMENT OF INSURANCE AND FINANCIAL RISKS - continued

5.2 Financial risk

The Group is exposed to financial risk through its financial assets, financial liabilities (investment contracts and borrowings), reinsurance assets and insurance liabilities. In particular the key financial risk is that the proceeds from its financial assets are not sufficient to fund the obligations arising from its insurance and investment contracts. The most important components of financial risk are liquidity risk and market risks, which include interest rate risk, equity price risk, credit risk and currency risk.

These risks arise from open positions in interest rate, currency and equity products, all of which are exposed to general and specific market movements. The risks that the Group primarily faces due to the nature of its investments and liabilities are interest rate risk and equity price risk.

The Group manages these positions within an asset liability management ("ALM") framework that has been developed to achieve long-term investment returns in excess of its obligations under insurance and investment contracts.

The Risk Committee of the Group identifies the risk appetite of the Group and assesses the Group's risk exposure regularly. The Group has a Management Investment Committee that determines the investment strategy accordingly. A set of the Group's investment mandate is then distributed to the Group's fund managers, which provides appropriate guidelines with respect to the portfolio they manage. These investment instructions within specify limits for each portfolio with respect to authorised securities (including derivatives), gearing, free liquidity, concentration, currency, duration and credit limits (where applicable). Each fund manager regularly monitors its portfolios against these criteria and reports breaches.

5.3 Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting its obligations associated with its financial liabilities due to shortage of liquid funds. In particular to the Company, the risk that the Group's financial assets are insufficient to fund the guaranteed benefit payments required under its insurance and investment contracts when they fall due.

The Group manages the liquidity risk by holding sufficient liquid assets such as cash and short-term deposits. The underlying investments backing the liabilities that are traded in an active market and are readily disposed of can also meet the requirement of benefit payments as needed. For the underlying investment backing the liabilities that are not traded in an active market, the Group has the contractual right to proceed to payment upon surrender/settlement when and only when the underlying asset itself is settled.

5. MANAGEMENT OF INSURANCE AND FINANCIAL RISKS - continued

5.3 Liquidity risk – continued

The following table summarises the maturity analysis of carrying value of financial assets and financial liabilities

At 31.12.2023	Carrying Value US$'000	Less than or equal to one year US$'000	1-2 years US$'000	2-3 years US$'000	3-4 years US$'000	4-5 years US$'000	Greater than five years US$'000	No fixed maturity US$'000	Total US$'000
Financial assets:									
Investments in associates	103,298	-	-	-	-	-	-	103,298	103,298
Government bonds	5,948,540	1,378,370	169	40,242	26,231	67,356	4,436,172	-	5,948,540
Other debt securities	11,273,618	124,003	304,187	797,902	553,710	700,823	8,792,993	-	11,273,618
Equity securities	3,481,327	-	-	-	-	-	-	3,481,327	3,481,327
Unit trust investment	6,385,591	-	-	-	-	-	-	6,385,591	6,385,591
Private companies	114,036	-	-	-	-	-	-	114,036	114,036
Loans	1,187	1,187	-	-	-	-	-	-	1,187
Debtors, unsecured	433,936	433,936	-	-	-	-	-	-	433,936
Amount due from the immediate holding company	90,061	90,061	-	-	-	-	-	-	90,061
Amounts due form fellow subsidiaries	32,406	32,406	-	-	-	-	-	-	32,406
Amounts due from intermediate holding companies	32,704	32,704	-	-	-	-	-	-	32,704
Derivative financial instruments	704,274	85,476	10,887	11,882	10,305	20,070	565,654	-	704,274
Pledged bank deposits	60,351	59,999	-	352	-	-	-	-	60,351
Fixed term bank deposits	81,564	81,564	-	-	-	-	-	-	81,564
Cash and cash equivalents	1,497,255	1,497,255	-	-	-	-	-	-	1,497,255
	30,240,148	3,816,961	315,243	850,378	590,246	788,249	13,794,819	10,084,252	30,240,148

5. MANAGEMENT OF INSURANCE AND FINANCIAL RISKS - continued

5.3 Liquidity risk - continued

At 31.12.2023	Carrying Value US$'000	Less than or equal to one year US$'000	1-2 years US$'000	2-3 years US$'000	3-4 years US$'000	4-5 years US$'000	Greater than five years US$'000	No fixed maturity US$'000	Total US$'000
Financial liabilities:									
Derivative financial instruments	1,321,944	108,475	5,475	-	720	-	1,207,274	-	1,321,944
Debt instruments liabilities	2,148,560	990,003	503,958	654,599	-	-	-	-	2,148,560
Creditors and accrued charges	607,943	607,943	-	-	-	-	-	-	607,943
Lease Payable	56,904	21,716	13,871	10,652	6,518	4,147	-	-	56,904
Amounts due to fellow subsidiaries	25,184	25,184	-	-	-	-	-	-	25,184
Amount due to intermediate holding company	2,988	2,988	-	-	-	-	-	-	2,988
Subordinated loan	32,067	32,067	-	-	-	-	-	-	32,067
Deferred revenue	12,781	12,781	-	-	-	-	-	-	12,781
Current tax payables	19,912	19,912	-	-	-	-	-	-	19,912
	4,228,283	1,821,069	523,304	665,251	7,238	4,147	1,207,274	-	4,228,283

5. MANAGEMENT OF INSURANCE AND FINANCIAL RISKS - continued

5.3 Liquidity risk - continued

At 31.12.2022	Carrying Value	Less than or equal to one year	1-2 years	2-3 years	3-4 years	4-5 years	Greater than five years	No fixed maturity	Total
	US$'000 (restated)	US$'000 (restated)	US$'000 (restated)	US$'000 (restated)	US$'000 (restated)	US$'000 (restated)	US$'000 (restated)	US$'000 (restated)	US$'000 (restated)
Financial assets:									
Investments in associates	101,233	-	-	-	-	-	-	101,233	101,233
Government bonds	6,175,641	586,966	292	9,580	54,464	42,500	5,481,839	-	6,175,641
Other debt securities	8,559,604	72,475	112,352	190,845	678,168	465,900	7,039,864	-	8,559,604
Equity securities	3,562,758	-	-	-	-	-	-	3,562,758	3,562,758
Unit trust investment	6,033,344	-	-	-	-	-	-	6,033,344	6,033,344
Private companies	137,990	-	-	-	-	-	-	137,990	137,990
Loans	7,770	1,388	-	-	6,382	-	-	-	7,770
Debtors, unsecured	644,131	644,131	-	-	-	-	-	-	644,131
Amount due from the immediate holding company	85,516	85,516	-	-	-	-	-	-	85,516
Amounts due form fellow subsidiaries	48,089	48,089	-	-	-	-	-	-	48,089
Amount due from an intermediate holding company	25,486	25,486	-	-	-	-	-	-	25,486
Derivative financial instruments	1,134,844	212,185	102,641	4,806	5,124	1,794	808,294	-	1,134,844
Pledged bank deposits	58,523	58,523	-	-	-	-	-	-	58,523
Fixed term bank deposits	68,336	68,336	-	-	-	-	-	-	68,336
Cash and cash equivalents	1,504,392	1,504,392	-	-	-	-	-	-	1,504,392
	28,147,657	3,307,487	215,285	205,231	744,138	510,194	13,329,997	9,835,325	28,147,657

5. MANAGEMENT OF INSURANCE AND FINANCIAL RISKS - continued

5.3 Liquidity risk - continued

At 31.12.2022	Carrying Value US$'000 (restated)	Less than or equal to one year US$'000 (restated)	1-2 years US$'000 (restated)	2-3 years US$'000 (restated)	3-4 years US$'000 (restated)	4-5 years US$'000 (restated)	Greater than five years US$'000 (restated)	No fixed maturity US$'000 (restated)	Total US$'000 (restated)
Financial liabilities:									
Derivative financial instruments	1,497,447	49,124	12,282	1,948	-	220	1,138,750	295,123	1,497,447
Debt instruments liabilities	2,880,251	1,279,680	108,699	725,167	766,705	-	-	-	2,880,251
Creditors and accrued charges	1,019,161	1,019,161	-	-	-	-	-	-	1,019,161
Lease Payable	70,346	19,448	18,766	13,281	9,164	5,538	4,149	-	70,346
Amounts due to fellow subsidiaries	32,464	32,464	-	-	-	-	-	-	32,464
Amount due to intermediate holding company	2,990	2,990	-	-	-	-	-	-	2,990
Subordinated loan	32,067	32,067	-	-	-	-	-	-	32,067
Deferred revenue	13,170	13,170	-	-	-	-	-	-	13,170
Current tax payables	8,336	8,336	-	-	-	-	-	-	8,336
	5,556,232	2,456,440	139,747	740,396	775,869	5,758	1,142,899	295,123	5,556,232

5. MANAGEMENT OF INSURANCE AND FINANCIAL RISKS - continued

5.3 Liquidity risk - continued

The following tables provides an analysis of the remaining undiscounted net cash flows by estimated timing for the insurance contracts, reinsurance contract and investment contract.

At 31.12.2023	Carrying value US$'000	Less than or equal to one year US$'000	1-2 years US$'000	2-3 years US$'000	3-4 years US$'000	4-5 years US$'000	Greater than five years US$'000	No fixed maturity US$'000	Total US$'000
Insurance contract assets	612,003	122,288	109,185	107,790	108,456	109,553	4,060,140	-	4,617,412
Reinsurance contract assets	5,224,846	160,146	139,028	146,439	471,791	157,864	10,915,324	-	11,990,592
	5,836,849	282,434	248,213	254,229	580,247	267,417	14,975,464	-	16,608,004
Insurance contract liabilities	28,125,414	(646,000)	(687,142)	(309,856)	(34,366)	198,086	84,300,133	-	82,820,855
Reinsurance contract liabilities	99,540	140,338	15,363	8,754	6,298	3,695	(194,750)	-	(20,302)
Investment contract liabilities	1,284,049	76,544	80,054	105,968	74,915	68,040	794,495	-	1,200,016
	29,509,003	(429,118)	(591,725)	(195,134)	46,847	269,821	84,899,878	-	84,000,569

At 31.12.2022	Carrying value US$'000 (restated)	Less than or equal to one year US$'000 (restated)	1-2 years US$'000 (restated)	2-3 years US$'000 (restated)	3-4 years US$'000 (restated)	4-5 years US$'000 (restated)	Greater than five years US$'000 (restated)	No fixed maturity US$'000 (restated)	Total US$'000 (restated)
Insurance contract assets	487,772	125,745	114,064	111,785	112,589	113,897	4,311,719	-	4,889,799
Reinsurance contract assets	5,126,017	164,586	127,325	140,889	147,265	481,940	10,766,987	-	11,828,992
	5,613,789	290,331	241,389	252,674	259,854	595,837	15,078,706	-	16,718,791
Insurance contract liabilities	25,050,872	(1,341,861)	(834,993)	(502,535)	(110,814)	165,245	79,201,972	-	76,577,014
Reinsurance contract liabilities	111,170	134,506	13,702	10,373	2,593	(1,486)	(256,043)	-	(96,355)
Investment contract liabilities	1,429,084	66,999	81,271	91,521	120,089	89,170	946,382	-	1,395,432
	26,591,126	(1,140,356)	(740,020)	(400,641)	11,868	252,929	79,892,311	-	77,876,091

5. MANAGEMENT OF INSURANCE AND FINANCIAL RISKS - continued

5.4 Interest rate risk

(a) Long-term insurance contracts and investment contracts with DPF

Insurance and investment contracts with DPF have benefit payments whose financial component is usually a guaranteed fixed interest rate (for the insurance contracts, this rate may apply to maturity and/or death benefits) and hence the Group's primary financial risk on these contracts is the risk that interest income and capital redemptions from the financial assets backing the liabilities are insufficient to fund the guaranteed benefits payable. There are also supplemental benefits payable (which are not guaranteed) to holders of these contracts. These are based on historic and current rates of return on the assets in which the funds are invested, as well as the Group's expectations of future investment returns.

The Group mainly bears financial risk in relation to the guaranteed benefits payable under these contracts. In addition, the Group bears partially the financial risk in relation to the non-guaranteed benefits payable due to the profit sharing mechanism between policyholders and shareholders.

(b) Investment contracts without DPF

For linked contracts, the financial risks are borne by the policyholder. Therefore, the Group does not have any market risk exposure in relation to these contracts.

The Group's primary exposure to financial risk from these contracts is the risk of volatility in asset management fees due to the impact of interest rate and market price movements on the fair value of the assets held in the linked funds, on which investment management fees are based.

(c) Short-term insurance contracts

No material interest rate risk exists for short term insurance liabilities, as they are not directly sensitive to the level of market interest rates since they are undiscounted and contractually non-interest-bearing.

(d) Interest rate swap and step up swap

The Group entered into interest rate swap to obtain economic benefit and manage its duration gap.

(e) Investment portfolio

The Group is exposed to interest rate risk on the investment portfolio because any changes in interest rates would affect the value of fixed interest debt investments carried at fair value and which may differ from corresponding changes, if any, in the value of the liabilities. The group mitigates interest rate risk through its asset liability management process.

5. MANAGEMENT OF INSURANCE AND FINANCIAL RISKS - continued

5.5 Credit risk

The Group has exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Key areas where the Group is exposed to credit risk are:
- reinsurers' share of insurance liabilities,
- amounts due from reinsurers in respect of claims already paid,
- amounts due from insurance contract holders,
- amounts due from insurance intermediaries,
- investments in debt securities, and
- counterparty risk with respect to derivative transactions.

The Group structures the levels of credit risk it accepts by placing limits on its exposure to a single counterparty, or groups of counterparty. Such risks are subject to an annual or more frequent review. Limits on the level of credit risk are subject to approval from the Local Management Investment Committee.

Reinsurance is used to manage insurance risk. This does not, however, discharge the Group's liability as a primary insurer. If a reinsurer fails to pay a claim for any reason, the Group remains liable for the payment to the policyholder. The creditworthiness of reinsurers is considered on an annual basis by reviewing their financial strength prior to finalisation of any contract and to ensure ongoing creditworthiness of the reinsurer.

The maximum credit risk for financial assets recognised on the consolidated statement of financial position is the carrying amount less, where applicable, any provision for doubtful debts.

(i) Analysis of underlying credit exposure:

	Issue Credit ratings per Standard & Poor's and Fitch							
	AAA	AA+ to AA-	A+ to A-	BBB+ to BBB-	BB+ to BB-	B+ to B- or below	Not rated	Total
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
As at 31 December 2023:								
Debt securities	1,360,594	5,921,160	4,663,636	4,613,187	123,834	33,362	506,385	17,222,158
Reinsurance assets	-	790,717	4,425,536	-	-	-	8,593	5,224,846
Other financial assets	-	-	-	-	-	-	1,294,568	1,294,568
Total assets bearing credit risk	1,360,594	6,711,877	9,089,172	4,613,187	123,834	33,362	1,809,546	23,741,572
As at 31 December 2022:								
Debt securities	444,729	5,687,694	3,887,303	3,781,392	143,931	57,918	732,278	14,735,245
Reinsurance assets	-	710,365	4,410,493	-	-	-	5,159	5,126,017
Other financial assets	-	-	-	-	-	-	1,945,836	1,945,836
Total assets bearing credit risk	444,729	6,398,059	8,297,796	3,781,392	143,931	57,918	2,683,273	21,807,098

5. MANAGEMENT OF INSURANCE AND FINANCIAL RISKS - continued

5.5 Credit risk - continued

(ii) Collateral under derivative transaction

At 31 December 2023, the Group had posted cash collateral of US$ 174m (2022: US$381m) and pledged debt securities with carrying value of US$ 1,687m (2022: US$2,686m) for liabilities, and held cash collateral of US$228m (2022: US$ 573m) and debt securities collateral with carrying value of US$59m (2022: US$484m) for assets in respect of derivatives transactions.

5.6 Price risk

To manage its price risk arising from investments in equity securities, the Group diversifies its portfolio. Diversification of the portfolio is done accordance with the limits set by the Group.

5.7 Currency risk

The Group monitors overall currency exposure and decides on hedging implementations within the constraints of the mandates. Foreign currency exposure, arising from assets, liabilities and derivatives is monitored regularly and hedged when deemed appropriate and to the extent practicable.

The Group operates in Hong Kong and issues Hong Kong dollar and United States dollar denominated policies. The Group's policy is to generally invest in assets denominated in the same currencies and / or assets in foreign currencies hedged back to the currencies of the insurance liabilities, which mitigate the Group's foreign currency exchange rate risk. As at 31 December 2023, the majority of the Group's assets are denominated in United States dollars and Hong Kong dollars. Since the Hong Kong dollars are currently pegged to the United States dollars, the impact of exchange rate fluctuation is insignificant to the results of the Group.

Within the constraints of the investment mandates, the Company hedge its foreign currency exchange rate risk using foreign exchange forward contracts in order to mitigate the impact of fluctuations in fair value of the investments as a result of changes in foreign exchange rates.

The following table analyses the Group's insurance and financial liabilities and the financial assets backing these liabilities into relevant currency groupings based on the currency in which these insurance and financial liabilities and financial assets are denominated. The financial assets in the following table include amounts recoverable from reinsurers. Where the value of the insurance and financial liabilities are linked to the value of its backing assets and the currency risk is not borne by the Group, these insurance and financial liabilities and their backing assets are not included in the analysis. The value of the insurance and financial liabilities that are linked to the value of its backing assets amounted to US$3,135,958,604 (2022: US$3,155,966,735).

At 31 December 2023

	HK Dollars	US Dollars	Other currencies	Total
	US$'000	US$'000	US$'000	US$'000
Financial assets	736,589	22,484,602	3,882,998	27,104,189
Financial liabilities	(738,701)	(3,472,084)	(17,498)	(4,228,283)
Insurance contract and reinsurance contract assets	2,099,533	3,737,104	212	5,836,849
Insurance contract and reinsurance contract liabilities	(11,502,402)	(14,866,940)	(3,702)	(26,373,044)
Net on-balance sheet position	(9,404,981)	7,882,682	3,862,010	2,339,711
Off-balance sheet net notional position*	5,073,696	(3,967,260)	(1,107,640)	(1,204)
	(4,331,285)	3,915,422	2,754,370	2,338,507

5. MANAGEMENT OF INSURANCE AND FINANCIAL RISKS - continued

5.7 Currency risk - continued

At 31 December 2022

	HK Dollars	US Dollars	Other currencies	Total
	US$'000	US$'000	US$'000	US$'000
Financial assets	1,018,381	20,240,421	3,732,888	24,991,690
Financial liabilities	(707,312)	(4,732,591)	(116,329)	(5,556,232)
Insurance contract and reinsurance contract assets	1,910,295	3,703,494	-	5,613,789
Insurance contract and reinsurance contract liabilities	(10,639,133)	(12,790,150)	(5,876)	(23,435,159)
Net on-balance sheet position	(8,417,769)	6,421,174	3,610,683	1,614,088
Off-balance sheet net notional position*	3,133,688	(775,636)	(2,266,418)	91,634
	(5,284,081)	5,645,538	1,344,265	1,705,722

*Off- balance sheet net notional position represents the net notional amounts of foreign currency derivative financial instruments, which are principally used to reduce the Group's exposure to currency movements.

5.8 Sensitivity analysis

The Group uses a number of sensitivity test-based risk management tools to understand the volatility of earnings, the volatility of its capital requirements, and to manage its capital more efficiently. Sensitivities to economic and operating experience are regularly produced to inform the Group's decision making and planning process.

Some results of sensitivity testing for long-term business are set out below. For each sensitivity test the impact of a reasonably possible change in a single factor is shown, with other assumptions left unchanged.

Sensitivity factor	Description of sensitivity factor applied
(i) Interest rate and investment return	The impact of a change in market interest rates by 0.5% (e.g. current interest rate is 5%, the impact of an immediate change to 4.5% and 5.5%). The test allows consistently for similar changes to (i) investment returns; (ii) movements in the market value of fixed interest securities; and (iii) insurance and investment liabilities.
(ii) Equity market values	The impact of a change in equity market values by 5%
(iii) Mortality	The impact of a change in mortality assumption by 10% (e.g. current mortality rate is 5%, the impact of an immediate change to 5.5%).
(iv) Morbidity	The impact of a change in morbidity assumption by 10% (e.g. current morbidity rate is 5%, the impact of an immediate change to 5.5%).
(v) Persistency	The impact of a change in persistency assumption, such as lapse, surrender, premium holiday, partial withdrawal, etc. by 10% (e.g. current lapse rate is 5%, the impact of an immediate change to 5.5%).
(vi) Expenses	The impact of a change in expense assumption by 10%.

5. MANAGEMENT OF INSURANCE AND FINANCIAL RISKS - continued

5.8 Sensitivity analysis - continued

The following tables disclose details of the sensitivities for the relevant period

	Impact on profit after tax increase/(decrease)			
	Year ended 31.12.2023		Year ended 31.12.2022	
	in profit or loss US$'000	in shareholders' equity US$'000	in profit or loss US$'000	in shareholders' equity US$'000
Assumed future return on debt securities + 0.5%	93,950	(118,660)	155,673	(60,829)
Assumed future return on debt securities – 0.5%	(93,035)	139,878	(173,003)	65,125
Assumed future equity securities return rate + 5%	64	(14,124)	(11,653)	(3,348)
Assumed future equity securities return rate – 5%	34	14,024	12,612	4,109
Assumed mortality assumption +10%	(6,937)	(15,663)	(7,427)	(14,712)
Assumed morbidity assumption +10%	(5,825)	(238,361)	(5,638)	(232,084)
Assumed persistency assumption +10%	(23,651)	41,666	(26,408)	55,533
Assumed expense assumption +10%	(7,572)	(3,280)	(7,458)	(1,291)

5.9 Capital management

Capital Management Approach

The Group's objectives when managing capital are to safeguard the ability to continue as a going concern and to comply with capital requirements specified in the Insurance Ordinance, so that it can continue to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders or return capital to shareholders.

Regulatory Solvency

The Group is in compliance with the solvency and capital adequacy requirements applied by its regulators. The Group's primary insurance regulators are the Bermuda Monetary Authority ("BMA"), and the Hong Kong Insurance Authority ("HKIA"). The HKIA requires that the Group meets the solvency margin requirements of the Hong Kong Insurance Ordinance ("HKIO"). The HKIO (among other matters) sets minimum solvency margin requirements that an insurer must meet in order to be authorised to carry on insurance business in or from Hong Kong. The Group is subject to regulation in each of the geographical markets in which it operates. The Group is also regulated in Bermuda by the BMA as the Company is licensed as a Class 3 general business and as a Class E long-term insurer under the Insurance Act 1978 and related regulations in Bermuda.

The capital positions of the Company and its subsidiary as of 31 December 2023 and 31 December 2022 are as follows:

The Company

	At 31.12.2023 US$'000	At 31.12.2022 US$'000
Capital and surplus (including unassigned surplus)	3,202,213	2,438,003
Minimum solvency margin	736,346	675,976
Solvency ratio	435%	361%

5.9 Capital management – continued

AXA China Region Insurance Company Limited

	At 31.12.2023 US$000	At 31.12.2022 US$000
Capital and surplus (including unassigned surplus)	568,952	616,948
Minimum solvency margin	210,366	204,029
Solvency ratio	270%	302%

For these purposes. the Group defines total available capital as the amount of assets in excess of liabilities measured in accordance with the HKIO and "regulatory minimum capital" as the required minimum margin of solvency calculated in accordance with the HKIO. The solvency ratio is the ratio of total available capital to regulatory minimum capital.

6. FINANCIAL INSTRUMENTS IN THREE LEVEL FAIR VALUE HIERARCHY

6.1 Fair value hierarchy

The table analyses the financial instruments carried at fair value by valuation method. The different levels have been defined as follows:

- Level 1 (highest level): fair values measured using quoted prices (unadjusted) in active markets for identical financial instruments
- Level 2: fair values measured using inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. quoted prices in active markets for similar financial instruments, quoted prices in not active markets for identical or similar financial instruments), or indirectly (i.e. valuation techniques in which all significant inputs are based on observable market data)
- Level 3 (lowest level): fair values measured using valuation techniques in which the inputs are not based on observable market data

6. FINANCIAL INSTRUMENTS IN THREE LEVEL FAIR VALUE HIERARCHY - continued

6.1 Fair value hierarchy - continued

The carrying value of financial instruments measured at fair value at the end of the reporting period across the above three levels of the fair value measurements hierarchy is presented in the following tables:

At 31.12.2023	Level 1 US$'000	Level 2 US$'000	Level 3 US$'000	Total US$'000
ASSETS				
Investment assets at FVOCI				
Government bonds	4,990,249	752,403	-	5,742,652
Other debt securities	6,476,956	4,589,042	-	11,065,998
Equities securities	2,745,899	607,960	-	3,353,859
Investment assets at FVTPL				
Investment in associates				
- Unit trust investment	-	103,298	-	103,298
Government bonds	200,768	5,120	-	205,888
Other debt securities	-	207,620	-	207,620
Equities securities	114,051	13,417	-	127,468
Unit trust investment	2,828,038	1,442,412	2,115,141	6,385,591
Private companies	-	-	114,036	114,036
	17,355,961	7,721,272	2,229,177	27,306,410
Derivatives financial instruments				
- Forward currency option	43,920	-	-	43,920
- Equity options	-	13,241	-	13,241
- Cross currency swap	-	163,489	-	163,489
- Interest rate swap	-	31	-	31
- Forward interest rate swap	-	359,548	-	359,548
- Asset swap	-	17,506	-	17,506
- Credit default swap	670	-	-	670
- IR swaption	-	46,138	-	46,138
- Equity forward	-	3,537	-	3,537
- Bond forward	-	56,194	-	56,194
- Currency option	-	-	-	-
	17,400,551	8,380,956	2,229,177	28,010,684
LIABILITIES				
Financial liabilities				
- Investment contracts	1,082,531	8,469	193,049	1,284,049
Derivatives financial instruments				
- Forward currency option	69,291	-	-	69,291
- Equity options	-	853	-	853
- Cross currency swap	-	12,731	-	12,731
- Interest rate swap	-	954	-	954
- Forward interest rate swap	-	619,258	-	619,258
- Asset swap	-	572,657	-	572,657
- Credit default swap	572	-	-	572
- IR swaption	-	2,628	-	2,628
- Equity forward	-	28,163	-	28,163
- Bond forward	-	14,837	-	14,837
- Currency option	-	-	-	-
	1,152,394	1,260,550	193,049	2,605,993

6. FINANCIAL INSTRUMENTS IN THREE LEVEL FAIR VALUE HIERARCHY - continued

6.1 Fair value hierarchy - continued

At 31.12.2022	Level 1 US$'000	Level 2 US$'000	Level 3 US$'000	Total US$'000
ASSETS				
Investment assets at FVOCI				
Government bonds	4,574,563	1,123,754	-	5,698,317
Other debt securities	2,207,456	6,085,888	-	8,293,344
Equities securities	2,600,247	837,531	-	3,437,778
Investment assets at FVTPL				
Investment in subsidiaries				
- Unit trust investment				
Investment in associates				
- Unit trust investment	-	101,233	-	101,233
Government bonds	472,722	4,602	-	477,324
Other debt securities	-	266,260	-	266,260
Equities securities	124,980	-	-	124,980
Unit trust investment	2,707,761	1,534,832	1,790,751	6,033,344
Private companies	-	-	137,990	137,990
	12,687,729	9,954,100	1,928,741	24,570,570
Derivatives financial instruments				
- Forward currency option	143,516	-	-	143,516
- Equity options	-	30,702	-	30,702
- Cross currency swap	-	71,190	-	71,190
- Interest rate swap	-	453	-	453
- Forward interest rate swap	-	584,198	-	584,198
- Asset swap	-	40,763	-	40,763
- Credit default swap	1,808	-	-	1,808
- IR swaption	-	119,307	-	119,307
- Equity forward	-	130,094	-	130,094
- Bond forward	11,947	-	-	11,947
- Currency option	-	866	-	866
	12,845,000	10,931,673	1,928,741	25,705,414
LIABILITIES				
Financial liabilities				
- Investment contracts	1,081,581	8,185	339,318	1,429,084
Derivatives financial instruments				
- Forward currency option	51,882	-	-	51,882
- Equity options	-	1,740	-	1,740
- Cross currency swap	-	13,825	-	13,825
- Interest rate swap	-	1,845	-	1,845
- Forward interest rate swap	-	864,479	-	864,479
- Asset swap	-	553,090	-	553,090
- Credit default swap	233	-	-	233
- IR swaption	-	4,376	-	4,376
- Equity forward	-	1,557	-	1,557
- Bond forward	3,664	-	-	3,664
- Currency option	-	756	-	756
	1,137,360	1,449,853	339,318	2,926,531

6. FINANCIAL INSTRUMENTS IN THREE LEVEL FAIR VALUE HIERARCHY - continued

6.1 Fair value hierarchy - continued

As at 31 December 2023, there were US$2,583,484,231 (2022: US$338,868,498) transfers from Level 2 to Level 1 due to the market for identical bonds becoming active. There were US$127,128,548 (2022: US$1,454,864,336) transfers from Level 1 to Level 2 due to the market for identical bonds becoming inactive. The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur or change in circumstances that caused the transfer.

6.2 Financial instrument in Level 1

The fair value of financial instruments traded in active markets is based on quoted market prices at the end of the reporting period. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the current bid price.

6.3 Financial instrument in Level 2

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2.

Specific valuation techniques used to value financial instruments include:
- Quoted market prices or dealer quotes for similar instruments.
- Fair value is derived from the model based on current market parameters such as observable yield curve.

6.4 Financial instrument in Level 3

Description	**Fair value as at 31.12.2023 US$'000**	**Fair value as at 31.12.2022 US$'000**	**Valuation technique(s)**
Unlisted unit trust investments and others:			
Unlisted unit trust	2,115,141	1,790,751	Net asset value
Private companies	114,036	137,990	Net asset value

The Group has determined that (1) the reported net asset value represents fair value of unlisted unit trust investments (2) the group's net asset value represent fair value of private companies at the end of the reporting period, given the different nature of valuation in respect of each unit trust and private company, it is not practical to quota a range of key unobservable inputs.

As certain unlisted unit trust investments are backing the unit linked contracts, any change to the fair valuation of these investments is retained by the policyholder. The valuation policies and procedures for the funds are established by the fund managers or fund administrators based on the framework disclosed in the prospectus. Prospectuses for each unit trust investment is obtained from the fund managers and reviewed by management for appropriateness of fair valuation against the Group's accounting policies. Upon execution of a recent transaction, the fair value of the transaction is utilised to validate the fair valuation of the net asset value statement obtained from the fund manager. Discussions with the fund managers are held on a periodic basis to go over the high level performance of the fund to analyse changes in fair value measurements from period to period. In case of a year end valuation not being available, the Group has carried out certain additional procedures to assess a relevant fair valuation as at 31 December 2023.

For unlisted non-linked unit trust investments, valuation process controls are obtained from fund managers or fund administrators. Discussion of valuation processes and results are held between fund managers and investment team at least once every quarter. In the meeting, fund managers go over major transactions or highlights of the past period and the potential investments. Investment performance are also presented and communicated with the members of the management investment committee at regular meetings.

6. FINANCIAL INSTRUMENTS IN THREE LEVEL FAIR VALUE HIERARCHY - continued

6.4 Financial instrument in Level 3 - continued

The reconciliation from beginning to ending balance for the assets and liabilities that are classified as Level 3 is presented as follows:

Financial assets	Financial assets at fair value through profit or loss
	US$'000
At 1 January 2022	1,459,720
Payment for purchases	776,081
Proceeds from sales	(320,833)
Transfer into level 3 during the year	64
Transfer from level 3 to level 1 / level 2 during the year	(6,120)
Net total gains for the period recognised in profit or losses	
- Included in net realised and unrealised gains on investments	19,830
At 31 December 2022	1,928,742
Payment for purchases	647,870
Proceeds from sales	(323,147)
Transfer into level 3 during the year	24,094
Transfer from level 3 to level 1 / level 2 during the year	-
Net total gains for the period recognised in profit or losses	-
- Included in net realised and unrealised gains on investments	(48,382)
At 31 December 2023	2,229,177
Change in unrealised losses for 2023 recognised in profit or losses	
- Included in net realised and unrealised losses on investments	(48,382)

As at 31 December 2023, there is USD 24,094,369 transfer from level 2 into level 3 (2022: US$6,120,281 transfer from level 3 to level 1 / level 2 and US$63,545 transfer into level 3).

6. FINANCIAL INSTRUMENTS IN THREE LEVEL FAIR VALUE HIERARCHY - continued

6.4 Financial instrument in Level 3 - continued

Financial liabilities	Financial liabilities at fair value through profit or loss US$'000
At 1 January 2022	380,862
Net movement in investment contract liabilities from contributions and releases	(41,544)
At 31 December 2022	339,318
Net movement in investment contract liabilities from contributions and releases	(146,269)
At 31 December 2023	193,049

7. INSURANCE REVENUE

The table below presents an analysis of the total insurance revenue recognised in the period:

	Year ended 31.12.2023 US$000	Year ended 31.12.2022 US$000
Contracts not measured under the PAA		
Amounts relating to the changes in the LRC		
Expected incurred claims and other expenses after loss component allocation	548,689	495,328
Change in the risk adjustment for the risk expired after loss component allocation	13,748	5,997
CSM recognized in profit or loss for the services provided	474,898	492,904
Experience adjustment	-	-
Insurance acquisition cash flows recovery	132,840	106,910
Insurance revenue from contracts not measured under the PAA	1,170,175	1,101,139
Insurance revenue from contracts measured under the PAA	265,538	246,849
Total insurance revenue	1,435,713	1,347,988

8. TOTAL INVESTMENT INCOME AND NET INSURANCE FINANCIAL RESULT

(a) Group's net investment result in profit or loss and other comprehensive income

	Year ended 31.12.2023 US$000	Year ended 31.12.2022 US$000
Investment return		
Interest revenue on financial assets	682,331	679,895
Other investment return	492,367	(93,381)
Net impairment loss on financial assets	(1,501)	(16,532)
Amounts recognised in consolidated statement of profit or loss	1,173,197	569,982
Amounts recognised in other comprehensive income	577,146	(5,114,152)
Total investment return	1,750,343	(4,544,170)
Net finance income/(expenses) from insurance contracts		
Changes in fair value of underlying items of contracts with direct participation features	(1,502,527)	3,745,802
Effect of risk mitigation option	109,712	250,268
Interest accreted	(65,582)	(26,303)
Effect of measuring changes in estimates at current rates and adjusting the CSM at the rates on initial recognition	(15,468)	652,863
Net foreign exchange losses	(2,964)	(23,325)
Other	(10,279)	12,576
Total net finance (expenses) / income from insurance contracts	(1,487,108)	4,611,881
Net Finance income (expenses) from reinsurance contracts held		
Interest accreted	102,677	54,262
Effect of changes in FCF at current rates when CSM is unlocked at locked-in rates	179,324	(1,892,806)
Net foreign exchange losses	1,934	10,177
Total net finance income / (expenses) from reinsurance contracts held	283,935	(1,828,367)
Movement in investment contract liabilities	(116,696)	96,333
Net investment result	430,474	(1,664,323)
Net investment result is represented by:		
Amounts recognised in consolidated statement of profit or loss	329,844	339,053
Amounts recognised in other comprehensive income	100,630	(2,003,376)
Net investment result	430,474	(1,664,323)
Net finance income/(expenses) from insurance contracts are represented by:		
Amounts recognised in consolidated statement of profit or loss	(831,379)	(386,719)
Amounts recognised in other comprehensive income	(655,729)	4,998,600
Total net finance (expenses)/income from insurance contracts	(1,487,108)	4,611,881
Net finance income/(expenses) from reinsurance contracts held are represented by:		
Amounts recognised in consolidated statement of profit or loss	104,722	59,457
Amounts recognised in other comprehensive income	179,213	(1,887,824)
Total net finance income/(expenses) from reinsurance contracts held	283,935	(1,828,367)

8. TOTAL INVESTMENT INCOME AND NET INSURANCE FINANCIAL RESULT - continued

(b) Interest revenue on financial assets and other investment return

2023	**FVOCI**	**FVTPL**		
	US$000	**US$000**	**US$000**	**US$000**
	Mandatory	**Mandatory**	**Designated**	**Total**
Interest revenue	655,855	19,240	7,236	682,331
Other investment return				
Dividend Income	119,886	121,695	-	241,581
Net gain / (loss) of financial assets	(71,983)	8,325	215,856	152,198
Net exchange gain	19,739	77,842	1,007	98,588
Net impairment loss	(1,501)	-	-	(1,501)
Amount recognised in profit and loss	721,996	227,102	224,099	1,173,197
Amount recognised in OCI	577,146	-	-	577,146
Total investment return	1,299,142	227,102	224,099	1,750,343

2022	**FVOCI**	**FVTPL**		
	US$000	**US$000**	**US$000**	**US$000**
	Mandatory	**Mandatory**	**Designated**	**Total**
Interest revenue	669,184	4,841	5,870	679,895
Other investment return				
Dividend Income	135,594	132,708	-	268,302
Net gain / (loss) of financial assets	(306,703)	30,938	4,116	(271,649)
Net exchange gain / (loss)	11,860	(102,492)	598	(90,034)
Net impairment loss	(16,532)	-	-	(16,532)
Amount recognised in profit and loss	493,403	65,995	10,584	569,982
Amount recognised in OCI	(5,114,152)	-	-	(5,114,152)
Total investment return	(4,620,749)	65,995	10,584	(4,544,170)

9. PROFIT BEFORE TAXATION

	Year ended 31.12.2023 US$000	Year ended 31.12.2022 US$000
Profit before taxation has been arrived at after charging:		
Auditors' remuneration	2,305	2,017
Directors' remuneration	107	102
Depreciation of plant and equipment	2,725	2,758
Depreciation of right-of-use assets	21,690	22,486
Amortisation of intangible assets	16,205	54,563
Loss on disposal of intangible assets	15	47
Staff costs (note)	116,277	107,788
Pension costs – defined contribution plans (note)	7,049	6,647
and after crediting:		
Exchange losses	(4,001)	(16,745)

Note: Staff costs and pension costs for the current and prior year were borne and recharged to the Group by an insurer subsidiary. The directors received unapportioned remuneration of US$4,102,510 (2022: $4,982,937) from the Company's holding companies, fellow subsidiaries, associates or any other company for the directors' services to certain companies in the AXA China Region Group. Aggregated and unapportioned amount of top three highest-paid directors' emoluments is US$4,102,510 (2022: US$4,982,937). Estimated money value of benefits other than cash within directors' emoluments include medical premium, group life premium, staff share options, performance units and child education benefits.

10. TAXATION

	Year ended 31.12.2023 US$000	Year ended 31.12.2022 (restated) US$000
The charge comprises:		
Current tax:		
Hong Kong Profits Tax		
- Current tax on profits for the year	26,151	23,346
- Adjustments in respect of prior years	(25)	(22)
Overseas		
- Current tax on profits for the year	4,230	908
- Overseas withholding tax	19,677	20,950
Total current tax	50,033	45,182
Deferred taxation (note 19):		
Origination and reversal of temporary differences	(4,449)	(17,807)
Adjustments in respect of prior years	29	5
Total deferred tax	(4,420)	(17,802)
Taxation	45,613	27,380

10. TAXATION - continued

The tax charge for the year can be reconciled to the profit before taxation per the consolidated statement of profit or loss as follows:

	Year ended 31.12.2023 US$000	Year ended 31.12.2022 (restated) US$000
Profit before taxation	798,228	777,294
Adjustments:		
Profit from long term life business (note)	(803,539)	(774,297)
Loss/(profit) before tax for overseas branch included in profit from long term life business	32,988	(156,061)
Adjusted profit/(loss) before tax	27,677	(153,064)
Tax at the Hong Kong Profits Tax rate of 16.5% (2022: 16.5%)	4,567	(25,255)
Tax on life insurance business in Hong Kong (note)	25,739	23,344
Tax effect of non-taxable income	(1,097)	137
Tax effect of non-deductible expenses	2,896	2,197
Tax effect of tax losses not recognized	536	-
Tax effect of tax allowances	(95)	(127)
Effect of concessionary tax rate	314	(474)
Effect of different tax rate of the branch operating in other jurisdictions	(2,005)	6,426
Over/(under) provision of tax in prior years	4	(17)
Difference in accounting standards	(4,923)	199
Overseas withholding tax	19,677	20,950
Taxation	45,613	27,380

Note: Under the Hong Kong Inland Revenue Ordinance, assessable profits from the business of life insurance are deemed to be 5 percent of net premium income for the year.

Hong Kong Profits Tax is calculated at 16.5% (2022: 16.5%) of the estimated assessable profits for the year. Overseas taxation is calculated at the rate prevailing in the respective jurisdiction.

11. DIVIDENDS

	Year ended 31.12.2023 US$000	Year ended 31.12.2022 US$000
Ordinary shares		
Final paid –US$0.73 (2022: US$1.01) per share	127,600	178,346
	127,600	178,346

12. GOODWILL

	Year ended 31.12.2023 US$000	Year ended 31.12.2022 US$000
Gross value	7,256	-
Accumulated impairment	-	-
	7,256	-

13. INTANGIBLE ASSETS

	System Software	Career and production bonus	Capitalisation of project expenditures	Deferred Origination Costs (HKFRS 9 contracts)	Total
	US$000	US$000	US$000	US$000	US$000
COST					
At 1 January 2022 (restated)	-	13,232	8,021	525,339	546,592
Exchange difference	-	(1)	-	(583)	(584)
Additions	-	124	-	143	267
Disposals	-	(91)	-	-	(91)
At 31 December 2022 (restated)	-	13,264	8,021	524,899	546,184
Exchange difference	-	(6)	(4)	(243)	(253)
Additions	87	198	-	19	304
Disposals	-	(15)	-	-	(15)
At 31 December 2023	87	13,441	8,017	524,675	546,220
AMORTISATION					
At 1 January 2022 (restated)	-	11,895	8,021	115,485	135,401
Exchange difference	-	1	-	(128)	(127)
Charged for the year	-	529	-	54,034	54,563
Eliminated on disposals	-	(44)	-	-	(44)
At 31 December 2022 (restated)	-	12,381	8,021	169,391	189,793
Exchange difference	-	(5)	(4)	(78)	(87)
Charged for the year	27	379	-	15,799	16,205
At 31 December 2023	27	12,755	8,017	185,112	205,911
NET BOOK VALUES					
At 31 December 2023	60	686	-	339,563	340,309
At 31 December 2022 (restated)	-	883	-	355,508	356,391

Career bonus and production bonus are offered under an "Experience Hire Program" by the Company starting from 2009. The bonuses are then amortised on a straight line basis over 3 years.

Both career bonus and production bonus net of accumulated amortisation is subjected to an annual impairment assessment.

Deferred Origination Costs ("DOC") correspond to the deferred contract costs (such as incremental costs of obtaining a contract or costs directly related to fulfilling a contract) of investment contracts with no discretionary participation features but with an investment management service. They are amortized by taking into account projections of fees collected over the life of the contracts. The amortization of DOC is reviewed at each closing date to reflect changes in assumptions and experience. These assets are also tested for recoverability. As DOC are reported gross of unearned fees reserves, these unearned fees reserves are separately recognized as liabilities and are amortized over the contract term using the same amortization approach as the one used for DOC.

14. PLANT AND EQUIPMENT

	Furniture, fixtures and equipment USD$000	Leasehold improvement USD$000	Computer equipment USD$000	Motor vehicle USD$000	Total USD$000
COST					
At 1.1.2022	13,967	36,419	1,940	83	52,409
Exchange difference	(8)	(35)	(3)	-	(46)
Additions	65	-	30	-	95
As 31.12.2022	14,024	36,384	1,967	83	52,458
Exchange difference	(3)	(14)	(1)	-	(18)
Additions	44	-	73	-	117
Disposals	-	-	-	(83)	(83)
At 31.12.2023	14,065	36,370	2,039	-	52,474
DEPRECIATION					
At 1.1.2022	11,782	26,416	781	6	38,985
Exchange difference	(4)	(19)	1	-	(22)
Provided for the year-additions	431	1,943	367	17	2,758
At 31.12.2022	12,209	28,340	1,149	23	41,721
Exchange difference	(1)	(3)	-	(1)	(5)
Provided for the year-additions	455	1,863	393	14	2,725
Eliminated on disposals	-	-	-	(36)	(36)
At 31.12.2023	12,663	30,200	1,542	-	44,405
NET BOOK VALUES					
At 31.12.2023	1,402	6,170	497	-	8,069
At 31.12.2022	1,815	8,044	818	60	10,737

15. LEASES

(a) Amounts recognised in the consolidated statement of financial position

The consolidated statement of financial position shows the following amounts relating to leases:

	At 31.12.2023 US$000	At 31.12.2022 US$000
Right-of-use assets		
Buildings	53,659	67,214
Lease payable		
Current	21,716	19,448
Non-current	35,188	50,898
	56,904	70,346

(b) Amounts recognised in the consolidated statement of profit or loss

The consolidated statement of profit or loss shows the following amounts relating to leases:

	Year ended 31.12.2023 US$000	Year ended 31.12.2022 US$000
Depreciation charge of right-of-use assets		
Buildings	(21,690)	(22,486)
Interest expense (included in finance cost)	(1,517)	(1,628)

The total cash outflow for leases in 2023 was US$23,262,620 (2022: US$23,607,414).

(c) The Group's leasing activities and how these accounted for

The Group leases various offices. Rental contracts are typically made for fixed period 15 months to 106 months.

Lease terms are negotiated on an individual basis and contain different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Lease assets may not be used as security for borrowing purposes.

16. INVESTMENTS IN ASSOCIATES

	At 31.12.2023 US$000	At 31.12.2022 US$000
Unlisted unit trust, at fair value	103,298	101,233

Particulars of the Group's associates as at 31 December 2023 are as follows:

Name of unit trust	Place of incorporation	Class of shares held	Percentage of units held (directly)	Number of units held	Number of units in issue	Principal activities
Australian Hotels Real Estate Fund	Australia	NA	35.00%	70	200	Unit trust
Australian BTR	Australia	NA	45.02%	450	1,000	Unit trust
Moorebank Logistics Park	Australia	NA	20.00%	2,000	10,000	Unit trust

The investment in associates are not accounted for using the equity method as the ultimate holding company, AXA, prepares consolidated financial statements available for public use which comply with the International Financial Reporting Standards. These consolidated financial statements are obtainable at *www.axa.com*.

Key financial information of the Group's associates are provided as follows:

	At 31.12.2023 US$000	At 31.12.2022 US$000
Net assets	278,257	261,545

	Year ended 31.12.2023 US$000	Year ended 31.12.2022 US$000
(Loss)/profit for the year	(12,734)	9,881

17. INVESTMENTS IN SECURITIES

(a) The Group manages certain investment portfolios on behalf of its group entities. Please refer to note 29 for details. The following represents the Group's own share in the investment portfolios.

31 December 2023	AC	FVOCI	FVTPL		Total
			Designated	Mandatory	
Investments in securities	**US$'000**	**US$'000**	**US$'000**	**US$'000**	**US$'000**
Government bonds	-	5,742,652	200,768	5,120	5,948,540
Other debt securities	-	11,065,998	-	207,620	11,273,618
Equities securities	-	3,353,859	-	127,468	3,481,327
Unit trust investment	-	-	-	6,385,591	6,385,591
Private companies	-	-	-	114,036	114,036
Total Investments in securities	-	20,162,509	200,768	6,839,835	27,203,112

31 December 2022 (restated)	AC	FVOCI	FVTPL		Total
			Designated	Mandatory	
Investments in securities	**US$'000**	**US$'000**	**US$'000**	**US$'000**	**US$'000**
Government bonds	-	5,698,317	476,622	702	6,175,641
Other debt securities	-	8,293,344	-	266,260	8,559,604
Equities securities	-	3,325,398	-	237,360	3,562,758
Unit trust investment	-	-	-	6,033,344	6,033,344
Private companies	-	-	-	137,990	137,990
Total Investments in securities	-	17,317,059	476,622	6,675,656	24,469,337

The carrying amount of the financial assts by product lines is as follows:

31 December 2023	Participating funds	Other than Participating funds and Shareholder funds	Unit linked	Total
Investments in securities	**US$'000**	**US$'000**	**US$'000**	**US$'000**
Government bonds	4,334,247	1,386,175	228,118	5,948,540
Other debt securities	9,231,025	1,984,328	58,265	11,273,618
Equities securities	3,291,032	52,052	138,243	3,481,327
Unit trust investment	3,368,840	141,716	2,875,035	6,385,591
Private companies			114,036	114,036
Total Investments in securities	20,225,144	3,564,271	3,413,697	27,203,112

31 December 2022 (restated)	Participating funds	Other than Participating funds and Shareholder funds	Unit linked	Total
Investments in securities	**US$'000**	**US$'000**	**US$'000**	**US$'000**
Government bonds	4,043,478	1,876,033	256,130	6,175,641
Other debt securities	7,259,523	1,250,648	49,433	8,559,604
Equities securities	3,001,922	423,469	137,367	3,562,758
Unit trust investment	2,981,287	190,179	2,861,878	6,033,344
Private companies	-	-	137,990	137,990
Total Investments in securities	17,286,210	3,740,329	3,442,798	24,469,337

17. INVESTMENTS IN SECURITIES - continued

(b) Interests in Structured Entities

In accordance with HKFRS 12 "Disclosure of Interests in Other Entities", a structured entity ("SE") is an entity that has been designed so that voting or similar rights are not the dominant factor in deciding who controls the entity, such as when any voting rights relate to administrative tasks only and the relevant activities are directed by means of contractual arrangements.

In assessing the significance of a SE for disclosure purposes, the Group considers the nature of the Group's relationship with the SEs including whether they are sponsored by the Group. In addition, the significance of the relationship with the SE to the Group is assessed including consideration of factors such as the Group's investment in the SE as a percentage of the Group's total assets, the Group's aggregate investment return from the SE as a percentage of the Group's total revenue and the Group's exposure to any other risks from its involvement with the SE.

The Group has investment relationships with a variety of unlisted unit trusts and other entities ("Other Entities"), which result from its direct investment in their debt or equity and which have been assessed for control. This category includes, but is not limited to investments in money market fund, fixed income fund, equity fund, balance fund, power and infrastructure, private equity and real estate, organised as limited partnerships and limited liability companies. These Other Entities are not sponsored by the Group. The Group's maximum exposure to losses as a result of its relationships with Other Entities is limited to its investment and amounts committed to be invested but not yet funded. The income that the Group generates from these Other Entities is recorded in investment income and net realised and unrealised gains/ (losses) on investments. The Group provides no guarantees to other investors in these Other Entities against the risk of financial loss.

For those Other Entities backing unit linked contracts, the Group retains legal title, however, returns from these are attributable to policy holders of the unit linked contracts. This category includes, but is not limited to investments in money market fund, fixed income fund, equity fund and balance fund. The Group does not bear the risk associated with these assets.

18. LOANS

	At 31.12.2023 US$000	At 31.12.2022 US$000 (restated)
Loan to a fellow subsidiary	-	6,383
Other unsecured loans	1,187	1,387
	1,187	7,770
Current	1,187	1,387
Non-current	-	6,383

Loan to a fellow subsidiary of NIL (2022: RMB450,000,000) was issued on 26 September 2022 bears interest rate of 4.61%.

The directors consider that the fair value of the loans approximately equals to the corresponding carrying value.

19. DEFERRED TAXATION

The movement in deferred tax (liabilities)/assets during the year is as follows:

	Unrealised investment gains/losses US$000	Tax losses US$000	ECL US$000
At 1 January 2022 (restated)	(870)	3,984	-
Credit/(charge) for the year (note 10)	(351)	(3,980)	-
Exchange difference	1	(4)	-
At 31 December 2022 (restated)	(1,220)	-	-
Credit for the year (note 10)	1,343	-	30
Exchange difference	1	-	-
At 31 December 2023	124	-	30

19. DEFERRED TAXATION – continued

	Accelerated tax depreciation US$000	Provision US$000	Difference in accounting standards US$000	Total US$000
At 1 January 2022 (restated)	(18)	17	(9,779)	(6,666)
Credit/(charge) for the year (note 10)	(28)	-	22,161	17,802
Exchange difference	-	-	10	7
At 31 December 2022 (restated)	(46)	17	12,392	11,143
Credit for the year (note 10)	(22)	1	3,068	4,420
Exchange difference	-	-	(6)	(5)
At 31 December 2023	(68)	18	15,454	15,558

The deferred tax assets / (liabilities) of other comprehensive income is as follows:

	2023 US$000	2022 US$000
Fair value reserves and insurance finance reserve in other comprehensive income:		
OCI Asset – unrealised losses	7,381	3,934
OCI Asset - ECL reserve	(30)	-
OCI Liability	(3,189)	(7,783)
Equity instrument without recycling	(1,046)	425

20. SHARE CAPITAL

	Number of shares	Share capital US$000
Ordinary shares of US$1 each:		
Authorised:		
Balance at 1 January 2022, 31 December 2022 and 31 December 2023	244,000,000	244,000
Issued and fully paid:		
Balance at 1 January 2022, 31 December 2022 and 31 December 2023	175,782,800	175,783

21. INSURANCE AND REINSURANCE CONTRACTS

21.1 Reconciliation with the consolidated statement of financial position

The reconciliation of amounts presented in the consolidated statement of financial position with the carrying amount of insurance contracts and investment contracts with DPF, as disclosed below in note 21.2 to note 21.3, is formalised as follows:

Reconciliation from the consolidated statement of financial position to the notes to the consolidated financial statements – Insurance

	At 31.12.2023 US$000	At 31.12.2022 US$000
Insurance contract liabilities	28,125,414	25,050,872
Insurance contract assets	(612,003)	(487,772)
Net position	27,513,411	24,563,100
Receivables arising from direct insurance and inward reinsurance operations	627,058	671,844
Payables arising from direct insurance and inward reinsurance operations	(994,560)	(606,436)
Carrying amount of insurance contracts and investment contracts with discretionary participation features, as disclosed in notes to the financial statements	27,145,909	24,628,508

Reconciliation from the consolidated statement of financial position to the notes to the consolidated financial statements – reinsurance

	At 31.12.2023 US$000	At 31.12.2022 US$000
Reinsurance contract assets	5,224,846	5,126,017
Reinsurance contract liabilities	(99,540)	(111,170)
Net position	5,125,306	5,014,847
Payables arising from outward reinsurance operations	157,741	126,767
Receivables arising from outward reinsurance operations	(70,639)	(67,387)
Carrying amount of reinsurance contracts held, as disclosed in notes to the financial statements	5,212,408	5,074,227

21. INSURANCE AND REINSURANCE CONTRACTS - continued

21.2 Movements in the carrying amount of insurance contracts and investment contract contracts with DPF

(a) Analysis by remaining coverage and incurred claims

		Remaining coverage component		Incurred claims component			
					Contracts under PAA		
	Note	Excluding loss component US$000	Loss component US$000	Contracts not under PAA US$000	Present value of future cash flows US$000	Risk adjustment US$000	Total US$000
Opening assets		(724,959)	1,475	238,829	4,450	296	(479,909)
Opening liabilities		24,973,482	11,161	48,315	72,315	3,144	25,108,417
Net balance as at 1 January 2023		24,248,523	12,636	287,144	76,765	3,440	24,628,508
Insurance revenue		(1,435,713)	-	-	-	-	(1,435,713)
Insurance service expenses							
Incurred claims and other directly attributable expenses		-	(2,338)	517,629	205,589	628	721,508
Adjustments to liabilities for incurred claims		-	-	20,933	8,891	-	29,824
Losses on onerous contracts and reversal of those losses		-	6,819	-	-	-	6,819
Insurance acquisition cash flows amortisation		159,667	-	-	-	-	159,667
Total insurance service expenses		159,667	4,481	538,562	214,480	628	917,818
Investment components		(1,100,591)	-	1,100,591	-	-	-
Insurance service result		(2,376,637)	4,481	1,639,153	214,480	628	(517,895)
Net finance expenses from insurance contracts		1,475,220	184	19	(19)	(1)	1,475,403
Effect of movements in exchange rates		(11,222)	(6)	(119)	(32)	(2)	(11,381)
Total changes in the consolidated statement of profit or loss and shareholders' equity		(912,639)	4,659	1,639,053	214,429	625	946,127
Cash flows							
Premiums received		4,108,858	-	-	-	-	4,108,858
Claims and other directly attributable expenses paid, including investment components		-	-	(1,617,685)	(205,589)	-	(1,823,274)
Insurance acquisition cash flows paid		(714,310)	-	-	-	-	(714,310)
Total cash flows		3,394,548	-	(1,617,685)	(205,589)	-	1,571,274
Net balance as at 31 December 2023		26,730,432	17,295	308,512	85,605	4,065	27,145,909
Closing assets		(865,833)	4,586	252,957	5,106	214	(602,970)
Closing liabilities		27,596,265	12,709	55,555	80,499	3,851	27,748,879
Net balance as at 31 December 2023		26,730,432	17,295	308,512	85,605	4,065	27,145,909

21. INSURANCE AND REINSURANCE CONTRACTS - continued

21.2 Movements in the carrying amount of insurance contracts and investment contract contracts with DPF - continued

(a) Analysis by remaining coverage and incurred claims - continued

		Remaining coverage component		Incurred claims component			
					Contracts under PAA		
	Note	Excluding loss component US$000	Loss component US$000	Contracts not under PAA US$000	Present value of future cash flows US$000	Risk adjustment US$000	Total US$000
Opening assets		(1,397,173)	1,411	174,778	416	21	(1,220,547)
Opening liabilities		28,974,032	-	44,213	66,663	3,008	29,087,916
Net balance as at 1 January 2022		27,576,859	1,411	218,991	67,079	3,029	27,867,369
Insurance revenue		(1,347,988)	-	-	-	-	(1,347,988)
Insurance service expenses							
Incurred claims and other directly attributable expenses		-	(3,395)	448,322	189,526	415	634,868
Adjustments to liabilities for incurred claims		-	-	65,440	9,626	-	75,066
Losses on onerous contracts and reversal of those losses		-	14,642	-	-	-	14,642
Insurance acquisition cash flows amortisation		132,630	-	-	-	-	132,630
Total insurance service expenses		132,630	11,247	513,762	199,152	415	857,206
Investment components		(963,177)	-	963,177	-	-	-
Insurance service result		(2,178,535)	11,247	1,476,939	199,152	415	(490,782)
Net finance expenses from insurance contracts		(4,598,419)	(20)	11	(16)	(1)	(4,598,445)
Effect of movements in exchange rates		(33,786)	(2)	(232)	(73)	(3)	(34,096)
Total changes in the consolidated statement of profit or loss and shareholders' equity		(6,810,740)	11,225	1,476,718	199,063	411	(5,123,323)
Cash flows							
Premiums received		3,960,196	-	-	-	-	3,960,196
Claims and other directly attributable expenses paid, including investment components		-	-	(1,408,565)	(189,525)	-	(1,598,090)
Insurance acquisition cash flows paid		(477,792)	-	-	-	-	(477,792)
Total cash flows		3,482,404	-	(1,408,565)	(189,525)	-	1,884,314
Transfer from/(to) other items in the consolidated statement of financial position		-	-	-	148	-	148
Net balance as at 31 December 2022		24,248,523	12,636	287,144	76,765	3,440	24,628,508
Closing assets		(724,959)	1,475	238,829	4,450	296	(479,909)
Closing liabilities		24,973,482	11,161	48,315	72,315	3,144	25,108,417
Net balance as at 31 December 2022		24,248,523	12,636	287,144	76,765	3,440	24,628,508

21. INSURANCE AND REINSURANCE CONTRACTS - continued

21.2 Movements in the carrying amount of insurance contracts and investment contract contracts with DPF - continued

(b) Analysis by measurement components - Contracts not measured under the PAA

	Note	Estimates present value of future cash flows US$000	Risk adjustment US$000	Contractual service margin (CSM) US$000	Total carrying amount US$00
Opening assets		(1,877,109)	124,416	1,267,979	(484,714)
Opening liabilities		19,349,896	160,257	5,474,076	24,984,229
Net balance as at 1 January 2023		17,472,787	284,673	6,742,055	24,499,515
CSM recognised in profit or loss for the services received		-	-	(474,898)	(474,898)
Change in the risk adjustment for non-financial risk for the risk expired		-	(13,748)	-	(13,748)
Experience adjustments		(33,930)	531	-	(33,399)
Changes that relate to current service		(33,930)	(13,217)	(474,898)	(522,045)
Changes in estimates that adjust the CSM		(61,395)	28,291	33,104	-
Changes in estimates that result in onerous contract losses or reversal of losses		2,959	(849)	-	2,110
Contracts initially recognised in the period		(241,825)	15,773	230,759	4,707
Changes that relate to future service		(300,261)	43,215	263,863	6,817
Changes that relate to past service		20,933	-	-	20,933
Insurance service result		(313,258)	29,998	(211,035)	(494,295)
Net finance expenses from insurance contracts		1,420,714	32	54,677	1,475,423
Effect of movements in exchange rates		(7,766)	(61)	(3,482)	(11,309)
Total changes in the consolidated statement of profit or loss and shareholders' equity		1,099,690	29,969	(159,840)	969,819
Cash flows					
Premiums received		3,835,842	-	-	3,835,842
Claims and other directly attributable expenses paid, including investment components		(1,617,685)	-	-	(1,617,685)
Insurance acquisition cash flows paid		(687,597)	-	-	(687,597)
Total cash flows		1,530,560	-	-	1,530,560
Net balance as at 31 December 2023		20,103,037	314,642	6,582,215	26,999,894
Closing assets		(1,900,055)	123,696	1,167,090	(609,269)
Closing liabilities		22,003,092	190,946	5,415,125	27,609,163
Net balance as at 31 December 2023		20,103,037	314,642	6,582,215	26,999,894

21. INSURANCE AND REINSURANCE CONTRACTS - continued

21.2 Movements in the carrying amount of insurance contracts and investment contract contracts with DPF - continued

(b) Analysis by measurement components - Contracts not measured under the PAA - continued

	Note	Estimates present value of future cash flows US$000	Risk adjustment US$000	Contractual service margin (CSM) US$000	Total carrying amount US$000
Opening assets		(2,676,216)	150,694	1,304,490	(1,221,032)
Opening liabilities		23,367,564	238,224	5,368,753	28,974,541
Net balance as at 1 January 2022		20,691,348	388,918	6,673,243	27,753,509
CSM recognised in profit or loss for the services received		-	-	(492,904)	(492,904)
Change in the risk adjustment for non-financial risk for the risk expired		-	(5,997)	-	(5,997)
Experience adjustments		(53,337)	2,935	-	(50,402)
Changes that relate to current service		(53,337)	(3,062)	(492,904)	(549,303)
Changes in estimates that adjust the CSM		(255,804)	(114,417)	370,221	-
Changes in estimates that result in onerous contract losses or reversal of losses		14,612	(42)	-	14,570
Contracts initially recognised in the period		(163,214)	13,543	149,744	73
Changes that relate to future service		(404,406)	(100,916)	519,965	14,643
Changes that relate to past service		65,440	-	-	65,440
Insurance service result		(392,303)	(103,978)	27,061	(469,220)
Net finance expenses from insurance contracts		(4,647,948)	253	49,266	(4,598,429)
Effect of movements in exchange rates		(25,940)	(520)	(7,515)	(33,975)
Total changes in the consolidated statement of profit or loss and shareholders' equity		(5,066,191)	(104,245)	68,812	(5,101,624)
Cash flows					
Premiums received		3,707,871	-	-	3,707,871
Claims and other directly attributable expenses paid, including investment components		(1,408,564)	-	-	(1,408,564)
Insurance acquisition cash flows paid		(451,677)	-	-	(451,677)
Total cash flows		1,847,630	-	-	1,847,630
Net balance as at 31 December 2022		17,472,787	284,673	6,742,055	24,499,515
Closing assets		(1,877,109)	124,416	1,267,979	(484,714)
Closing liabilities		19,349,896	160,257	5,474,076	24,984,229
Net balance as at 31 December 2022		17,472,787	284,673	6,742,055	24,499,515

21. INSURANCE AND REINSURANCE CONTRACTS – continued

21.3 Movements in the carrying amount of reinsurance contracts held

(a) Analysis by remaining coverage and incurred claims

	Note	Remaining coverage component		Incurred claims component			
					Contracts under PAA		
	Note	Excluding loss recovery component US$000	Loss recovery component US$000	Contracts not under PAA US$000	Present value of future cash flows US$000	Risk adjustment US$000	Total US$000
Opening assets		5,011,284	-	-	50,881	2,140	5,064,305
Opening liabilities		(2,563)	-	-	11,967	518	9,922
Net balance as at 1 January 2023		5,008,721	-	-	62,848	2,658	5,074,227
Expenses from reinsurance contracts		(327,008)	-	-	-	-	(327,008)
Claims recovered		-	-	117,201	115,623	(10)	232,814
Changes in estimates that relate to losses and reversal of losses on underlying onerous contracts		-	-	-	-	-	-
Effect of changes in the risk of reinsurers non-performance		533	-	-	-	-	533
Net income / (expenses) from reinsurance contracts held		(326,475)	-	117,201	115,623	(10)	(93,661)
Investment components		(251,355)	-	251,355	-	-	-
Net finance income or expenses from reinsurance contracts		283,075	-	-	5	-	283,080
Effect of movements in exchange rates		(2,384)	-	1	(31)	-	(2,414)
Total changes in the consolidated statement of profit or loss and shareholders' equity		(297,139)	-	368,557	115,597	(10)	187,005
Cash flows							
Premiums paid net of ceding commissions and other directly attributable expenses paid		436,280	-	-	-	-	436,280
Recoveries from reinsurance		-	-	(368,557)	(116,547)	-	(485,104)
Total cash flows		436,280	-	(368,557)	(116,547)	-	(48,824)
Net balance as at 31 December 2023		5,147,862	-	-	61,898	2,648	5,212,408
Closing assets		5,137,067	-	-	49,595	2,110	5,188,772
Closing liabilities		10,795	-	-	12,303	538	23,636
Net balance as at 31 December 2023		5,147,862	-	-	61,898	2,648	5,212,408

21. INSURANCE AND REINSURANCE CONTRACTS - continued

21.3 Movements in the carrying amount of reinsurance contracts held - continued

(a) Analysis by remaining coverage and incurred claims - continued

	Note	Remaining coverage component		Incurred claims component			
					Contracts under PAA		
	Note	Excluding loss recovery component US$000	Loss recovery component US$000	Contracts not under PAA US$000	Present value of future cash flows US$000	Risk adjustment US$000	Total US$000
Opening assets		6,853,144	-	-	42,372	1,753	6,897,269
Opening liabilities		(7,432)	-	-	5,527	227	(1,678)
Net balance as at 1 January 2022		6,845,712	-	-	47,899	1,980	6,895,591
Expenses from reinsurance contracts		(330,808)	-	-	-	-	(330,808)
Claims recovered		-	-	107,148	93,498	681	201,327
Changes in estimates that relate to losses and reversal of losses on underlying onerous contracts		-	-	-	-	-	-
Effect of changes in the risk of reinsurers non-performance		17,144	-	-	-	-	17,144
Net income / (expenses) from reinsurance contracts held		(313,664)	-	107,148	93,498	681	(112,337)
Investment components		(205,252)	-	205,252	-	-	-
Net finance income or expenses from reinsurance contracts		(1,828,352)	-	-	(15)	-	(1,828,367)
Effect of movements in exchange rates		(7,633)	-	-	(41)	(3)	(7,677)
Total changes in the consolidated statement of profit or loss and shareholders' equity		(2,354,901)	-	312,400	93,442	678	(1,948,381)
Cash flows							
Premiums paid net of ceding commissions and other directly attributable expenses paid		517,910	-	-	-	-	517,910
Recoveries from reinsurance		-	-	(312,400)	(78,493)	-	(390,893)
Total cash flows		517,910	-	(312,400)	(78,493)	-	127,017
Net balance as at 31 December 2022		5,008,721	-	-	62,848	2,658	5,074,227
Closing assets		5,011,284	-	-	50,881	2,140	5,064,305
Closing liabilities		(2,563)	-	-	11,967	518	9,922
Net balance as at 31 December 2022		5,008,721	-	-	62,848	2,658	5,074,227

21. INSURANCE AND REINSURANCE CONTRACTS - continued

21.3 Movements in the carrying amount of reinsurance contracts held - continued

(b) Analysis by measurement components - Contracts not measured under the PAA

	Note	Estimates present value of future cash flows US$000	Risk adjustment US$000	Contractual service margin (CSM) US$000	Total carrying amount US$000
Opening assets		4,369,972	22,616	610,422	5,003,010
Opening liabilities		17,015	2,665	(35,812)	(16,132)
Net balance as at 1 January 2023		4,386,987	25,281	574,610	4,986,878
CSM recognised in profit or loss for the services received		-	-	(32,641)	(32,641)
Change in the risk adjustment for non-financial risk for the risk expired		-	(755)	-	(755)
Experience adjustments		(51,613)	-	-	(51,613)
Changes that relate to current service		(51,613)	(755)	(32,641)	(85,009)
Changes in estimates that adjust the CSM		49,465	5,008	(54,473)	-
Contracts initially recognised in the period		11,286	930	(12,216)	-
Changes that relate to future service		60,751	5,938	(66,689)	-
Changes that relate to past service		-	-	-	-
Effect of changes in the risk of reinsurers non-performance		533	-	-	533
Net expenses from reinsurance contracts		9,671	5,183	(99,330)	(84,476)
Net finance income from reinsurance contracts held		274,482	(9)	8,600	283,073
Effect of movements in exchange rates		(2,065)	(12)	(277)	(2,354)
Total changes in the consolidated statement of profit or loss and shareholders' equity		282,088	5,162	(91,007)	196,243
Cash flows					
Premiums paid net of ceding commissions and other directly attributable expenses paid		317,338	-	-	317,338
Recoveries from reinsurance (net of commissions related to claims)		(368,558)	-	-	(368,558)
Total cash flows		(51,220)	-	-	(51,220)
Net balance as at 31 December 2023		4,617,855	30,443	483,603	5,131,901
Closing assets		4,571,532	29,246	527,162	5,127,940
Closing liabilities		46,323	1,197	(43,559)	3,961
Net balance as at 31 December 2023		4,617,855	30,443	483,603	5,131,901

21. INSURANCE AND REINSURANCE CONTRACTS – continued

21.3 Movements in the carrying amount of reinsurance contracts held – continued

(b) Analysis by measurement components – Contracts not measured under the PAA – continued

	Note	Estimates present value of future cash flows US$000	Risk adjustment US$000	Contractual service margin (CSM) US$000	Total carrying amount US$000
Opening assets		6,191,198	41,707	612,438	6,845,343
Opening liabilities		(25,073)	642	3,986	(20,445)
Net balance as at 1 January 2022		6,166,125	42,349	616,424	6,824,898
CSM recognised in profit or loss for the services received		-	-	(39,842)	(39,842)
Change in the risk adjustment for non-financial risk for the risk expired		-	58	-	58
Experience adjustments		(56,574)	-	-	(56,574)
Changes that relate to current service		(56,574)	58	(39,842)	(96,358)
Changes in estimates that adjust the CSM		23,617	(17,387)	(6,230)	-
Contracts initially recognised in the period		(474)	254	220	-
Changes that relate to future service		23,143	(17,133)	(6,010)	-
Changes that relate to past service		-	-	-	-
Effect of changes in the risk of reinsurers non-performance		17,144	-	-	17,144
Net expenses from reinsurance contracts		(16,287)	(17,075)	(45,852)	(79,214)
Net finance income from reinsurance contracts held		(1,833,237)	54	4,831	(1,828,352)
Effect of movements in exchange rates		(6,772)	(47)	(793)	(7,612)
Total changes in the consolidated statement of profit or loss and shareholders' equity		(1,856,296)	(17,068)	(41,814)	(1,915,178)
Cash flows					
Premiums paid net of ceding commissions and other directly attributable expenses paid		389,558	-	-	389,558
Recoveries from reinsurance (net of commissions related to claims)		(312,400)	-	-	(312,400)
Total cash flows		77,158	-	-	77,158
Net balance as at 31 December 2022		4,386,987	25,281	574,610	4,986,878
Closing assets		4,369,972	22,616	610,422	5,003,010
Closing liabilities		17,015	2,665	(35,812)	(16,132)
Net balance as at 31 December 2022		4,386,987	25,281	574,610	4,986,878

21. INSURANCE AND REINSURANCE CONTRACTS - continued

21.4 Impact of contracts recognized in the year

Insurance contracts and investment contract contracts with DPF

		Year ended 31.12.2023			Year ended 31.12.2022		
	Note	Non-onerous contracts US$000	Onerous contracts US$000	Total US$000	Non-onerous contracts US$000	Onerous contracts US$000	Total US$000
Insurance acquisition cash flows		589,079	20,738	609,817	357,772	845	358,617
Claims and other directly attributable expenses		2,427,175	(12,942)	2,414,233	1,308,255	4,199	1,312,454
Estimates of the present value of future cash outflows		3,016,254	7,796	3,024,050	1,666,027	5,044	1,671,071
Estimates of the present value of future cash inflows		(3,262,694)	(3,181)	(3,265,875)	(1,829,263)	(5,022)	(1,834,285)
Risk adjustment for non-financial risk		15,681	92	15,773	13,492	51	13,543
CSM		230,759	-	230,759	149,744	-	149,744
Losses on onerous contract		-	4,707	4,707	-	73	73

Reinsurance contracts held

		Year ended 31.12.2023			Year ended 31.12.2022		
	Note	Contracts originated not in a net gain US$000	Contracts originated in a net gain US$000	Total US$000	Contracts originated not in a net gain US$000	Contracts originated in a net gain US$000	Total US$000
Estimates of the present value of future cash inflows		82,974	-	82,974	116,057	-	116,057
Estimates of the present value of future cash outflows		(71,688)	-	(71,688)	(116,531)	-	(116,531)
Risk adjustment for non-financial risk		930	-	930	254	-	254
Income recognised on initial recognition		-	-	-	-	-	-
CSM		12,216	-	12,216	(220)	-	(220)

21. INSURANCE AND REINSURANCE CONTRACTS - continued

21.5 Insurance revenue and the CSM by transition method

Insurance contracts and investment contract contracts with DPF

	Note	Contracts under modified retrospective approach US$000	Contracts under fair value approach US$000	All other contracts US$000	Total US$000
Insurance revenue		327,124	738,497	370,092	1,435,713
CSM as at 1 January 2023		**1,162,488**	**5,438,398**	**141,169**	**6,742,055**
Changes that relate to current service					
CSM recognised in profit or loss for the services received		(64,795)	(390,012)	(20,091)	(474,898)
Changes that relate to future service					
Changes in estimates that adjust the CSM		(118,495)	74,714	76,885	33,104
Contracts initially recognised in the period		-	-	230,759	230,759
Finance expenses from insurance contracts issued		34,209	17,513	2,955	54,677
Effect of movements in exchange rate		(597)	(2,819)	(66)	(3,482)
Total changes in the consolidated statement of profit or loss and shareholders' equity		**(149,678)**	**(300,604)**	**290,442**	**(159,840)**
CSM as at 31 December 2023		**1,012,810**	**5,137,794**	**431,611**	**6,582,215**

	Note	Contracts under modified retrospective approach US$000	Contracts under fair value approach US$000	All other contracts US$000	Total US$000
Insurance revenue		340,555	736,740	270,693	1,347,988
CSM as at 1 January 2022		**1,258,899**	**5,414,344**	-	**6,673,243**
Changes that relate to current service					
CSM recognised in profit or loss for the services received		(71,634)	(416,476)	(4,794)	(492,904)
Changes that relate to future service					
Changes in estimates that adjust the CSM		(60,003)	406,409	23,815	370,221
Contracts initially recognised in the period		-	27,319	122,425	149,744
Finance expenses from insurance contracts issued		36,714	12,829	(277)	49,266
Effect of movements in exchange rate		(1,488)	(6,027)	-	(7,515)
Total changes in the consolidated statement of profit or loss and shareholders' equity		**(96,411)**	**24,054**	**141,169**	**68,812**
CSM as at 31 December 2022		**1,162,488**	**5,438,398**	**141,169**	**6,742,055**

21. INSURANCE AND REINSURANCE CONTRACTS - continued

21.5 Insurance revenue and the CSM by transition method - continued

Reinsurance contracts held

	Note	Contracts under modified retrospective approach US$000	Contracts under fair value approach US$000	All other contracts US$000	Total US$000
Reinsurance expense		-	201,287	125,721	327,008
CSM as at 1 January 2023		-	**576,180**	**(1,570)**	**574,610**
Changes that relate to current service					
CSM recognised in profit or loss for the services received		-	(34,131)	1,490	(32,641)
Changes that relate to future service					
Changes in estimates that adjust the CSM		-	(35,352)	(19,121)	(54,473)
Contracts initially recognised in the period		-	-	(12,216)	(12,216)
Finance income from reinsurance contract held		-	8,642	(42)	8,600
Effect of movements in exchange rate		-	(278)	1	(277)
Total amounts recognised in comprehensive income		-	**(61,119)**	**(29,888)**	**(91,007)**
CSM as at 31 December 2023		-	**515,061**	**(31,458)**	**483,603**

	Note	Contracts under modified retrospective approach US$000	Contracts under fair value approach US$000	All other contracts US$000	Total US$000
Reinsurance expense		-	203,108	127,700	330,808
CSM as at 1 January 2022		-	**616,424**	-	**616,424**
Changes that relate to current service					
CSM recognised in profit or loss for the services received		-	(39,976)	134	(39,842)
Changes that relate to future service					
Changes in estimates that adjust the CSM		-	(4,321)	(1,909)	(6,230)
Contracts initially recognised in the period		-	-	220	220
Finance income from reinsurance contract held		-	4,846	(15)	4,831
Effect of movements in exchange rate		-	(793)	-	(793)
Total amounts recognised in comprehensive income		-	**(40,244)**	**(1,570)**	**(41,814)**
CSM as at 31 December 2022		-	**576,180**	**(1,570)**	**574,610**

21. INSURANCE AND REINSURANCE CONTRACTS - continued

21.6 Expected Recognition of the Contractual Service Margin

	2023		2022	
	Insurance contracts and investment contracts with DPF	**Reinsurance contracts held**	**Insurance contracts and investment contracts with DPF**	**Reinsurance contracts held**
	US$000	US$000	US$000	US$000
1 year or less	453,675	30,761	450,915	49,722
1-2 years	426,540	30,246	424,817	47,047
2-3 years	400,016	29,220	397,061	44,270
3-4 years	373,760	26,706	370,471	41,432
4-5 years	346,982	24,742	344,897	38,359
5-10 years	1,397,148	97,698	1,394,254	140,967
More than 10	3,184,094	244,230	3,359,640	212,813
Total	6,582,215	483,603	6,742,055	574,610

22. INVESTMENT CONTRACT LIABILITES WITHOUT DPF (gross)

Financial liabilities – investment contracts represent the amount which the policyholders of investment contracts without DPF are entitled to as at the end of the reporting period. The fair values, determined based on the fair value of underlying financial assets and derivatives at the end of the reporting period, approximate to the corresponding carrying amounts.

Reserves	Year ended 31.12.2023 US$000	Year ended 31.12.2022 US$000 (Restated)
At beginning of year	1,281,887	1,585,660
Premiums/contributions received	49,088	50,554
Fee deducted from account balance	(25,253)	(25,015)
Impact of change in assumptions	19,359	(15,720)
Change in resilience reserve and voluntary reserve	(3,625)	(10,680)
Release in reserve on claims, surrenders and maturities, and unit appreciation/depreciation	(178,971)	(302,912)
At end of year	1,142,485	1,281,887

UFR	31.12.2023 US$000	31.12.2022 US$000
At beginning of year	147,197	178,620
Exchange difference	(69)	(198)
Deferrals	9,283	13,542
Interest Accrued	7,504	7,761
Amortisation	(22,351)	(52,528)
At end of year	141,564	147,197

23. PENSIONS – DEFINED CONTRIBUTION PLANS

The pensions-defined contribution plans for the current and prior years were borne by an insurer subsidiary.

24. OTHER FINANCIAL ASSETS AND FINANCIAL LIABILITIES

Other financial assets:

The amounts due from group companies are unsecured, non interest bearing and due on demand.

The debtors and amounts due from group companies at the end of the reporting period are stated at amortised cost using the effective interest rate method, as reduced by appropriate allowances for estimated irrecoveries.

All of these balances are classified as current assets.

Other than those disclosed above, none of these financial assets is either past due or impaired.

Other financial liabilities:

Debt Instruments Liabilities

Total Return Swaps

The Group entered into a structured financing arrangement that consists of a two-step process (1) a sale of a liquid government bond with (2) a corresponding total return swap with the transferee whereby all of the interest payment and principal redemption cash flows from the underlying bond are remitted back to the Group in exchange for agreed upon payments by the Group. Throughout the term of the agreement, the Group will receive the nominal bond coupons and pay a fixed financing cost to the counterparty bank. The term of the arrangement is until the maturity of the underlying bond. At the end of the agreement term, the asset maturity redemption amount is returned to the Group and the Group repays the counterparty bank the financing amount which could be either bond notional or initial price.

The collateral is marked to market daily, and the fund manager is responsible for checking the valuation, monitoring the compliance of the collateral, and controlling the margin calls.

24. OTHER FINANCIAL ASSETS AND FINANCIAL LIABILITIES - continued

The following table specifies the amounts subject to total return swaps which do not qualify for de-recognition at each year/period end:

	At 31.12.2023	At 31.12.2022
	US$'000	US$'000
Total return swap	2,148,560	2,880,251

The amounts due to group companies are unsecured, non interest bearing and due on demand.

Creditors and accrued charges and amount due to group companies are subsequently measured at amortised cost using the effective interest method.

The directors consider the carrying values of the above items approximately equal to their fair values.

All of these balances are classified as current liabilities.

25. EQUITY COMPENSATION BENEFITS

Certain eligible employees of AXA SA and its subsidiaries (the "AXA Group") have been granted options to subscribe to AXA shares at fixed prices in AXA SA, the ultimate holding company of the Group, under the AXA SA Stock Option Plan.

The grantee may exercise the option in accordance with the following schedule:

- 1/3 of the options granted are vested and exercisable on or after the second anniversary of the grant date
- 2/3 of the options granted are vested and exercisable on or after the third anniversary of the grant date
- All options granted are vested and exercisable on or after the fourth anniversary of the grant date.

For the 2012 plan and before, a performance condition is applied for Stock Option grant more than 5,000: the last tranche when vested will become exercisable only if the AXA share price has performed at least as well as the EuroStoxx Insurance index either since the grant date or over the last 3-year period.

For the 2013 Plan, the performance condition is applied to the last third of the grant and will become exercisable as follows:

- If the performance of the AXA share is equal to 75% of the performance of the Eurostoxx Insurance Index over the same period, 50% of the options will be exercisable
- If the performance of the AXA share is equal to 100% of the performance of the Eurostoxx Insurance Index over the same period, 100% of the options will be exercisable
- If the performance of the AXA share range between 75% and 100% of the performance of the Eurostoxx Insurance Index over the same period, the number of options exercisable will vary proportionately from 50% to 100%

Since 2014 SXIP Insurance Index replaces EuroStoxx Insurance index and a new vesting schedule applies to the stock option grants:

- 1/3 of the options granted are vested and exercisable on or after the third anniversary of the grant date
- 2/3 of the options granted are vested and exercisable on or after the fourth anniversary of the grant date
- All options granted are vested and exercisable on or after the fifth anniversary of the grant date.

The exercise price of the stock options ranged from Euro 9.76 to Euro 33.78 with the average remaining anniversary of two to four years of grant date.

In 2019, in order to simplify AXA's compensation policy and in line with market practice and feedbacks of many institutional investors, AXA's Board of Directors, decided to cease awarding stock options to corporate officers and AXA employees.

25. EQUITY COMPENSATION BENEFITS - continued

AXA SHAREPLAN

For the past 30 years, the AXA Group has continuously offered employees the opportunity to become AXA shareholders through the annual employee share offering (the "SharePlan"), comprising two investment options: the Traditional Plan and the Guarantee plus Plan.

Under the AXA Shareplan, AXA offers employees of the AXA group opportunity to invest and hold units in funds in this shareplan which in turn hold AXA shares. This shareplan enables such employees to purchase AXA shares indirectly through the funds at fixed discounts to AXA share reference prices.

SHARES SUBJECT TO PERFORMANCE CONDITIONS (INTERNATIONAL PERFORMANCE SHARES AND INTERNATIONAL RESTRICTED SHARES)

Shares subject to performance conditions are designed to recognize and motivate the Group's best talents and core skills by aligning the individuals' interests with the overall performance of the AXA Group, and the corresponding operational Entity/Business Unit as well as with the stock performance of the AXA share over the medium-long term.

Since 2013, beneficiaries have received Performance Shares plans. From 2022, the Board of Directors, upon recommendation of the Compensation and Governance Committee, may grant Performance Shares to Senior Management, including members of the Management Committee and Restricted Shares to other beneficiaries.

Rules regarding shares subject to performance conditions:

Each beneficiary receives an initial preliminary allocation of shares subject to performance conditions (Performance Shares or Restricted Shares) which is then used as a reference to calculate the number of shares that will be definitely granted at the end of a 3-year performance period.

During the performance period, all shares subject to performance conditions initially granted, are integrally subject to performance criteria regardless of the beneficiary's status.

For Performance Shares and Restricted Shares, the achievement rate of the performance criterion (performance rate) is used to determine the number of AXA shares which will be definitively acquired by the beneficiaries at the end of the acquisition period, under the condition that the beneficiary is still employed by the AXA Group. The number of AXA shares definitively granted shall therefore be equal to the number of rights to AXA shares initially granted multiplied by the performance rate, which may not exceed 130% for the Performance Shares and 100% for the Restricted Shares.

Furthermore, for the Performances Shares and Restricted Shares, in the event that no dividend would be proposed for payment (outside regulatory constraint) by the Board of Directors to the Group shareholders for any of the fiscal years of the performance period, the number of shares definitively acquired shall be automatically divided by two.

AXA MILES

In 2012, AXA Group has announced the grant of 50 AXA Miles to all AXA Group employees. Every eligible employee was awarded 50 AXA Miles in March 2012, which convert into shares at the end of the acquisition period in March 2016. Out of the 50 AXA Miles, 25 have been granted without any particular conditions at grant date and 25 have been actually granted in March 2013 as performance conditions have been reached at that date.

In March 2016, all granted AXA Miles in 2012 were vested by eligible employees and have been converted to AXA shares.

25. EQUITY COMPENSATION BENEFITS - continued

The following tables disclose details of the relevant share options held by employees of the Group and movements in such holdings during the year:

	Number of units per plan type	
	AXA SA Stock Option Plan	International Performance Share Plan
Outstanding at 1 January 2022	-	95,293
Granted during the year	-	20,128
Increase due to new appointments	-	18,546
Adjustment (due to performance conditions / other reason)	-	499
Exercised during the year	-	(13,108)
Decrease due to resignation/withdrawal	-	(28,334)
Outstanding at 31 December 2022	-	93,024
Granted during the year	-	31,070
Adjustment (due to performance conditions / other reason)	-	1,713
Exercised during the year	-	(44,454)
Outstanding at 31 December 2023	-	81,353

The expenses arising from equity-settled during the year relate to options granted to certain eligible employees for services provided to the Group and other group companies. Accordingly, the entire cost of these options, representing the amortisation of the relevant share-based plans for the period up to 31 December 2023 of US$2,643,590 (2022: US$2,085,208), was absorbed by a subsidiary.

26. CAPITAL COMMITMENTS

Capital commitments contracted for at the end of the reporting period but not yet incurred is as follows:

	At 31.12.2023	At 31.12.2022
	US$000	US$000
Unlisted unit trust investments	489,585	705,653

27. ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS

	At 31.12.2023 US$000	At 31.12.2022 US$000
Deposits with banks		
Fixed term	141,915	126,859
Current accounts	1,495,304	1,496,050
Cash	1,951	8,342
	1,639,170	1,631,251
Less:		
Pledged bank deposits (note 29)	(60,351)	(58,523)
Fixed term bank deposits with maturity over three months	(81,564)	(68,336)
	1,497,255	1,504,392

Deposits with banks represent cash at current accounts with banks and deposits placed with various banks with terms up to 3 years with interest rate up to 6.01% per annum (2022: 5.40% per annum).

The directors consider the carrying values of the above items approximately equal to their fair values.

28. DERIVATIVE FINANCIAL INSTRUMENTS

(a) Financial risk management

The Group enters into financial instruments, including derivative financial instruments, for hedging purposes. The use of financial derivatives is governed by the policies approved by the Board of Directors, which provide written principles on the use of financial derivatives. Compliance with policies and exposure limits is reviewed on a continuous basis.

(b) Significant accounting policies

Details of the significant accounting policies and methods adopted, including the criteria of recognition, the basis of measurement and the basis on which revenues and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in note 3 to the consolidated financial statements.

(c) Derivatives

The Group uses derivatives as part of the normal investment management procedures. Derivatives are principally used as an effective alternative to physical assets in order to achieve a desired level of total exposure to various asset classes, and as a means to hedge against market movements.

28. DERIVATIVE FINANCIAL INSTRUMENTS - continued

	At 31.12.2023	
	Assets US$000	Liabilities US$000
Forward currency contracts	43,920	69,291
Interest rate swap	31	954
Equity options	13,241	853
Forward interest rate swap	359,548	619,258
Asset swap	17,506	572,657
Credit default swap	670	572
Swaption	46,138	2,628
Cross currency swap	163,489	12,731
Equity forward	3,537	28,163
Bond forward	56,194	14,837
	704,274	1,321,944

	At 31.12.2022	
	Assets US$000	Liabilities US$000
Forward currency contracts	143,516	51,882
Interest rate swap	453	1,845
Equity options	30,702	1,740
Forward interest rate swap	584,198	864,479
Asset swap	40,763	553,090
Credit default swap	1,808	233
Swaption	119,307	4,376
Cross currency swap	71,190	13,825
Equity forward	130,094	1,557
Bond forward	11,947	3,664
Currency option	866	756
	1,134,844	1,497,447

28. DERIVATIVE FINANCIAL INSTRUMENTS - continued

	Contractual or notional amounts	
	At 31.12.2023 US$000	At 31.12.2022 US$000
Forward currency contracts - bought	18,911,840	18,915,458
- sold	(18,937,212)	(18,823,824)
Equity options - long	687,502	803,540
- short	(38,305)	-
Forward interest rate swap	6,811,579	8,498,033
Interest rate swaps - long	2,200	13,600
- short	(27,200)	(70,827)
Asset swap	3,321,285	3,379,280
Bond forward	2,670,000	850,000
Credit default swap- long	28,694	28,694
- short	(116,500)	(344,500)
Currency option- long	-	580,000
- short	-	(580,000)
Swaption - long	5,791,272	5,297,261
- short	(500,000)	-
Equity forward - long	230,000	130,000
- short	(310,042)	(1,240,496)
Cross currency swap	6,682,957	6,684,654

Derivatives held by the Group are valued on a fair value basis, which involves the calculation and recognition of unrealised gains and losses on all current positions.

There are four major types of risks inherent in derivatives, these are:

- Market risk – the risk of loss due to a change in market conditions
- Liquidity risk – the risk that a transaction in a particular physical asset or derivative could have a detrimental effect on its price; for example in the extreme, it may not be possible to sell the security
- Credit risk – the risk that a loss will be incurred if a counterparty defaults on a contract
- Operational risk – the risk of losses occurring as a result of inadequate systems and control, human error or management failure

The Group has a Derivatives Policy which describes the objectives, authorisation and conditions of uses, counterparty requirements, and operating procedures in order to manage the risks inherent in derivatives. Market risk is controlled through a process of setting exposure limits to various asset classes and exposure limits to particular holdings within an asset class.

29. PLEDGE OF ASSETS

The Group's Macau Branch has pledged its bank deposits of US$59,666,681 (2022: US$58,523,214) and debt securities of US$852,080,265 (2022: US$611,926,009) to Autoridade Monetária e Cambial de Macau as a guarantee in respect of the required technical reserves.

The subsidiary has pledged its bank deposits as a reserve deposit, pursuant to the relevant PRC regulations.

	At 31.12.2023 US$000	At 31.12.2022 US$000
Pledged bank deposits	684	-
Current	331	-
Non-current	353	-

30. DEFERRED REVENUE

On 1 September 2015, the Group has entered into a 15-year Distribution and Co-branding Agreement ("DA") with The Principal Financial Group (the "Principal"). Under this agreement, the Group is appointed as Principal's intermediary for the purpose of distributing the MPF plans through the AXA Proprietary Distribution Network.

The fee received in advance for the distribution services is recognised as deferred income and is recognised as revenue over the 15 years contract period which the service is performed.

31. SUBORDINATED LOAN

	At 31.12.2023 US$000	At 31.12.2022 US$000
Subordinated loan from an intermediate holding company	32,067	32,067
Due within one year	32,067	32,067

The Group has entered into a subordinated loan agreement to borrow HK$250 million from an intermediate holding company. The loan is unsecured and bears interest at the rate of 0.5 percent per annum above 3 month HIBOR starting from the date of loan agreement. It is repayable on demand.

The directors consider that the fair value of the loan approximately equals to the corresponding carrying value.

32. RELATED PARTY TRANSACTIONS

During the year, the Group entered into the following major transactions with related parties:

	Notes	Year ended 31.12.2023 US$000	Year ended 31.12.2022 US$000 (restated)
Reinsurance premiums to fellow subsidiaries	a	(101,300)	(121,590)
Reinsurance premiums to ultimate holding company	a	(43,801)	(22,680)
Reinsurance recoveries from fellow subsidiaries	a	93,911	97,496
Reinsurance recoveries from ultimate holding company	a	38,026	23,066
Reinsurance commissions from fellow subsidiaries	a	9,884	10,659
Reinsurance commissions from ultimate holding company	a	1,068	1,083
Reinsurance assets from fellow subsidiaries	a	24,606	18,142
Reinsurance assets from ultimate holding company	a	128,503	96,920
Reinsurance premiums from fellow subsidiaries	b	4,726	16,712
Reinsurance recoveries to fellow subsidiaries	b	(2,368)	(4,503)
Reinsurance commissions to fellow subsidiaries	b	(292)	(2,058)
Reinsurance premiums, commissions and claims recoveries Payable to fellow subsidiaries	a	(29,747)	(35,991)
Reinsurance premiums, commissions and claims recoveries Payable to ultimate holding company	a	(1,291)	(1,345)
Reinsurance claims handling fees from a fellow subsidiary	a	357	365
Investment charges paid to fellow subsidiaries	c	(24,598)	(21,830)
Interest income from the immediate holding company	e	2,414	2,415
Interest income from fellow subsidiary	f	-	77
Administrative service fee from a few subsidiary	d	78	78
Interest expenses to an intermediate holding company	g	(1,688)	(641)
Management expenses paid to a fellow subsidiary	h	(36,030)	(29,215)
Claims handling fees to a fellow subsidiary	i	(358)	(352)
Allocation of management expenses to an intermediate holding company	j	7	335
Allocation of management expenses to fellow subsidiary	j	25,325	30,078
Services charges to a fellow subsidiary	k	(658)	(1,524)
Share services charged by an intermediate holding company	j	(4,388)	(5,916)
Trademark fees to the ultimate holding company	l	(4,038)	(3,522)
Acquisition of a subsidiary from a fellow subsidiary	m	-	(6)

Notes:

(a) The amounts relate to a reinsurance ceded arrangement made or payable with fellow subsidiaries and ultimate holding company in the normal course of business.

(b) The amounts relate to the reinsurance accepted arrangements made with related group companies/fellow subsidiaries including a new reinsurance treaty with a fellow subsidiary for an accident and health product with fully refundable features. Commissions are paid and received on such arrangements. All reinsurance agreements are entered into in the normal course of business.

(c) The investment charges were made to a fellow subsidiary for the provision of the investment services throughout the year based on the size of the investment portfolios.

(d) The administrative service fee was charged at a fixed rate of US$6,531 (2022: US$6,534) per month.

(e) The floating rate of a debenture of HK$1,600 million was terminated on 6 June 2021 and renewed on 7 June 2021 which issued by an immediate holding company is unsecured and bearing interest at the fixed interest rate of 1.18% per annum (2022: 1.18% per annum above Hong Kong Inter Bank Offer Rate ("HIBOR")). The debenture will be fully redeemed on or before 6 June 2026.

32. RELATED PARTY TRANSACTIONS - continued

(f) The loan to a fellow subsidiary is unsecured and bears interest at a fixed rate of 4.61% per annum was issued for a term of three years commencing on 26 September 2022.

(g) Details of the subordinated loan from an intermediate holding company are set out in note 31 to the consolidated financial statement.

(h) Certain management expenses were paid to a fellow subsidiary for the provision of various types of information technology related services and support.

(i) The amounts related to a claims handling arrangement made with a fellow subsidiary in the normal course of business.

(j) Certain overhead costs borne by the group companies were allocated to the Group for sharing the common services and facilities on time spent basis.

(k) The amount related to value-added services provided by a fellow subsidiary in the normal course of business.

(l) The trademark fees recharged from the ultimate holding company for the provision of brand usage.

(m) All of the shares in Swiss Privilege Limited was transferred from AXA Wealth Management (HK) Limited to the company on 21 July 2022.

(n) Details of the Group's balances with related parties are set out in the consolidated statement of financial position and note 25 to the financial statements.

33. SUBSIDIARIES

Details of the subsidiaries as at 31 December 2023 are as follows:

Name of company	Place of incorporation	Class of shares held	Proportion of nominal value of issued capital held by the Company Directly	Indirectly	Number of shares held	Number of issued shares	Principal activities
AXA China Region Insurance Company Limited	Hong Kong	Ordinary	100%	-	19,940,000	19,940,000	Insurance underwriter
Swiss Privilege Limited	Hong Kong	Ordinary	100%	-	100,000	100,000	Insurance agency
AXA Tian Ping Insurance Distribution Company Limited*	China	Ordinary	-	100%	50,000,000	50,000,000	Insurance agency and distribution management services

Name of unit trusts	Place of incorporation	Class of shares held	Percentage of units held (directly)	Number of Number of units held	units in issue	Principal activities
AXA Unit Trusts - Asia Multi-Factor Advantage Fund	Hong Kong	Class "A"	99.51%	1,694,837	1,703,137	Unit trust

*All of the shares in AXA Tian Ping Insurance Distribution Company Limited was transferred from AXA Tian Ping Property & Casualty Insurance Company Limited to Swiss Privilege Limited on 13 March 2023.

34. STATEMENT OF FINANCIAL POSITION AND RESERVE MOVEMENT OF THE COMPANY

(a) Statement of Financial Position of the Company

	Notes	At 31.12.2023 US$000	At 31.12.2022 US$000 (Restated)	At 1.1.2022 US$000 (Restated)
ASSETS				
INTANGIBLE ASSETS		339,686	355,517	409,951
PLANT AND EQUIPMENT		1,455	1,758	2,063
RIGHT-OF-USE ASSETS		2,414	204	1,454
INVESTMENTS IN SUBSIDIARIES		390,146	420,012	1,122,928
INVESTMENTS IN ASSOCIATES		103,298	101,233	127,095
INVESTMENTS IN SECURITIES		20,700,138	17,981,255	21,573,264
INSURANCE CONTRACT ASSETS		377,191	276,416	810,648
REINSURANCE CONTRACT ASSETS		5,058,602	4,937,220	6,772,000
LOANS		6,423	6,394	6
DEFERRED TAX ASSETS		18,383	7,517	-
OTHER ASSETS				
Debtors and prepayments, unsecured		347,795	568,850	122,649
Amount due from an insurer subsidiary		4,840	71,024	19,200
Amount due from the immediate holding company		43,921	42,661	41,580
Amount due from the ultimate holding company		-	-	-
Amounts due from fellow subsidiaries		418	142	44
Amounts due from non-insurer subsidiaries		293	-	-
Derivative financial instruments		484,045	742,915	237,502
Pledged bank deposits		59,667	58,523	44,802
Fixed term bank deposits		51,757	37,968	37,704
Cash and cash equivalents		1,241,197	1,144,801	715,976
TOTAL ASSETS		29,231,669	26,754,410	32,038,866

34. STATEMENT OF FINANCIAL POSITION AND RESERVE MOVEMENT OF THE COMPANY – continued

(a) Statement of Financial Position of the Company - continued

	Notes	At 31.12.2023	At 31.12.2022	At 1.1.2022
		US$000	US$000 (Restated)	US$000 (Restated)
EQUITY AND LIABILITIES				
CAPITAL AND RESERVES				
Share capital		175,783	175,783	175,783
Reserves	34(b)			
Share premium	34(b)	383,257	383,257	383,257
Fair value reserve	34(b)	(1,587,947)	(2,193,268)	1,316,901
Insurance finance reserve	34(b)	823,663	1,337,232	(771,043)
Retained profits	34(b)	2,035,089	1,579,038	1,232,314
TOTAL EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY		1,829,845	1,282,042	2,337,212
INSURANCE CONTRACT LIABILITIES		23,070,540	20,080,980	23,169,227
REINSURANCE CONTRACT LIABILITIES		70,716	82,242	109,361
INVESTMENT CONTRACT LIABILITIES		1,284,049	1,429,084	1,764,280
DEFERRED TAX LIABILITIES		-	-	11,163
OTHER LIABILITIES				
Derivative financial instruments		1,033,401	1,178,863	954,392
Debt instruments liabilities		1,604,213	2,041,392	3,303,818
Creditors and accrued charges		301,845	625,196	352,426
Lease Payable		2,463	220	1,528
Amounts due to fellow subsidiaries		20,757	29,154	28,847
Amount due to intermediate holding company		2,988	2,990	2,993
Current tax payables		10,852	2,247	3,619
TOTAL LIABILITIES		27,401,824	25,472,368	29,701,654
TOTAL EQUITY AND LIABILITIES		29,231,669	26,754,410	32,038,866

34. BALANCE SHEET AND RESERVE MOVEMENT OF THE COMPANY - continued

(b) Reserve movement of the Company

	Note	Attributable to shareholders of the Company					
		Share capital	Share premium	Retained earnings	Fair value reserve	Insurance finance reserve	Total
		US$000	US$000	US$000	US$000	US$000	US$000
Balance at 1 January 2022, as previously reported		**175,783**	**383,257**	**2,804,119**	**(18,431)**	**-**	**3,344,728**
Adjustment on initial application of HKFRS9, net of tax		-	-	(1,104,860)	1,335,332	-	230,472
Adjustment on initial application of HKFRS17, net of tax		-	-	(466,945)	-	(771,043)	(1,237,988)
Restated balance at 1 January 2022		**175,783**	**383,257**	**1,232,314**	**1,316,901**	**(771,043)**	**2,337,212**
Profit for the year		-	-	518,044	-	-	518,044
Other comprehensive income for the year		-	-	7,026	(3,510,169)	2,108,275	(1,394,868)
Dividends	11	-	-	(178,346)	-	-	(178,346)
Restated balance at 31 December 2022		**175,783**	**383,257**	**1,579,038**	**(2,193,268)**	**1,337,232**	**1,282,042**
Profit for the year		-	-	566,218	-	-	566,218
Other comprehensive income for the year		-	-	17,433	605,321	(513,569)	109,185
Dividends	11	-	-	(127,600)	-	-	(127,600)
Balance at 31 December 2023		**175,783**	**383,257**	**2,035,089**	**(1,587,947)**	**823,663**	**1,829,845**