Company Registration No. 202020546N

Aviva Singlife Holdings Pte. Ltd. and its subsidiaries

Annual Financial Statements
For the financial period from 17 July 2020 (date of incorporation) to
31 December 2020

AVIVA SINGLIFE HOLDINGS PTE. LTD. AND ITS SUBSIDIARIES

General information

Directors

Ken Nolan Murphy	(Appointed on 17 July 2020) (Resigned on 12 November 2020)
David Craig Reintjes	(Appointed on 17 July 2020) (Resigned on 12 November 2020)
Chetan Singh	(Appointed on 12 November 2020)
David Gelber	(Appointed on 12 November 2020)
Dominic John Picone	(Appointed on 12 November 2020)
Justin Paul Breheny	(Appointed on 30 November 2020)
Kenji Yoneda	(Appointed on 30 November 2020)
Majmudar Nishit Piyush	(Appointed on 12 November 2020)
Maya Hari	(Appointed on 30 November 2020)
Nirmala Menon Y B Menon	(Appointed on 30 November 2020)
Raymond John Ferguson	(Appointed on 12 November 2020)
Shirish Moreshwar Apte	(Appointed on 30 November 2020)
Tan Mei Shwen Serena	(Appointed on 30 November 2020)
Teh Kok Peng	(Appointed on 30 November 2020)
Walter Mark De Oude	(Appointed on 12 November 2020)

Company Secretary

Chan Lye Fun	(Appointed on 17 July 2020)
Yip Ming Fai	(Appointed on 17 July 2020)

Registered Office

83 Clemenceau Avenue
#11-01 UE Square
Singapore 239920

Auditor

Ernst & Young LLP

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DIRECTORS' STATEMENT

The directors present their statement to the shareholders together with the audited consolidated financial statements of Aviva Singlife Holdings Pte. Ltd. (the "Company") and its subisidiaries (the "Group") for the financial period from 17 July 2020 (date of incorporation) to 31 December 2020.

In the opinion of the directors,

(i) the consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2020 and the financial performance, changes in equity and cash flows of the Group and changes in equity of the Company for the financial period ended on that date; and

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

Directors

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

Walter Mark De Oude – Chief Executive Officer	(appointed 12 November 2020)
Nishit Majmudar	(appointed 12 November 2020)
Justin Paul Breheny	(appointed 30 November 2020)
Raymond John Ferguson	(appointed 12 November 2020)
Chetan Singh	(appointed 12 November 2020)
Shirish Moreshwar Apte	(appointed 30 November 2020)
Tan Mei Shwen Serena	(appointed 30 November 2020)
Kenji Yoneda	(appointed 30 November 2020)
Dominic John Picone	(appointed 12 November 2020)
Nirmala Menon Y B Menon	(appointed 30 November 2020)
Teh Kok Peng	(appointed 30 November 2020)
Maya Hari	(appointed 30 November 2020)
David Gelber	(appointed 12 November 2020)

Arrangements to enable directors to acquire shares and debentures

Certain directors are entitled to participate in bonus plans operated by Aviva plc, one of the shareholders of the Company. Under these arrangements, participants may be awarded shares and/or options to acquire shares of Aviva plc.

Other than the above, neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose object was to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate, other than as disclosed below.

DIRECTORS' STATEMENT

Directors' interests in shares or debentures

According to the register of directors' shareholdings, none of the directors holding office at the end of the financial year had any interest in the shares or debentures of the Company or its related companies, except as follows:

Name of director	At 31.12.2020	Date of incorporation
Deemed interest in Aviva Singlife Holdings Pte. Ltd.		
Raymond John Ferguson	1,306,958	-
Walter Mark De Oude	10,743,381	-

Share options

There were no options granted during the financial year to subscribe for unissued shares of the Company. No shares were issued during the financial year by virtue of the exercise of options to take up unissued shares of the Company. There were no unissued shares of the Company under option at the end of the financial year.

Independent auditor

The independent auditor, Ernst & Young LLP, has expressed its willingness to accept re-appointment.

On behalf of the directors,

Ray Ferguson

Director
Raymond John Ferguson

Director
Walter Mark De Oude

30 April 2021

INDEPENDENT AUDITOR'S REPORT

For the financial period from 17 July 2020 (date of incorporation) to 31 December 2020

Independent auditor's report to the members of Aviva Singlife Holdings Pte. Ltd.

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Aviva Singlife Holdings Pte. Ltd. (the "Company") and its subsidiaries (collectively, the "Group"), which comprise the balance sheet of the Group and the Company as at 31 December 2020, and the consolidated statement of comprehensive income, consolidated statement of changes in equity of the Group and the Company and consolidated statement of cash flows of the Group, for the period from 17 July 2020 (date of incorporation) to 31 December 2020, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements of the Group, the balance sheet and the statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards (International) ("SFRS(I)s") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2020 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group, and changes in equity of the Company for the period ended on that date.

Basis for opinion

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

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

Key audit matters (continued)

Valuation of life insurance contract liabilities

As at 31 December 2020, the Group has $10.1 billion of life insurance contract liabilities, which represents 75.4% of the Group's total liabilities. The valuation of life insurance contract liabilities involves significant judgement over uncertain future outcomes, including primarily the timing and occurrence of ultimate full settlement of life insurance contract liabilities. The Company uses valuation models and assumptions to support the calculations of the life insurance contract liabilities.

The complexity of the models may give rise to inaccurate calculations as a result of inappropriate and incomplete data, or assumptions used or inappropriate design or application of the models. Economic assumptions such as investment return and interest rates, and non-economic assumptions such as mortality, morbidity, expenses, policyholders' behavior and claims experience are some of the key inputs used to estimate these life insurance contract liabilities. Changes in assumptions used may result in material impact to the valuation of these life insurance contract liabilities. In addition to analysing historical experiences, significant management judgement is also involved in setting these assumptions. Accordingly, we have identified this as a key audit matter.

We used our internal actuarial specialists to assist us in performing the following procedures. Our audit procedures included, amongst others:

- assessing the processes and controls relating to the actuarial valuation process, including management's determination and approval process for setting of economic and non-economic actuarial assumptions;
- assessing the appropriateness of the actuarial valuation methodologies and assumptions used by the management against regulatory requirements and industry practices, where applicable;
- comparing assumptions used by management against the Group's experiences and market observable data, where applicable;
- assessing whether changes made to the actuarial models are in line with our understanding of business developments, and our expectations derived from the Group's or market experience;
- reviewing reasonableness of the actuarial reserves being set up by performing an analytical review on the results; and
- reviewing a selection of the Group's independent testing of actuarial models used for reserve calculations, comparing assumptions used by management against the Group's experiences and market observable data, where applicable.

We also assessed the adequacy of the disclosures in relation to life insurance contract liabilities based on the relevant SFRS(I) disclosure requirements. The Group's disclosures related to life insurance liabilities are included in Note 3.15 (iii) (Insurance contract liabilities), Note 21 (a), (b) and (c) (Insurance contract liabilities), Note 22 (a)(i) and (b) (Insurance contract liabilities and reinsurance assets - Assumptions and sensitivities) and Note 27 (Insurance risk).

Independent auditor's report to the members of Aviva Singlife Holdings Pte. Ltd.

Key audit matters (continued)

Valuation of non-life insurance contract liabilities

As at 31 December 2020, the Group has $34.3 million of non-life insurance contract liabilities, which represents 0.3% of the Group's total liabilities. Non-life insurance contract liabilities, which include the Group's loss reserves and unexpired risk reserve, are determined based on previous claims experience, existing knowledge of events, the terms and conditions of the relevant policies and interpretation of circumstances. Estimates have to be made for both the expected ultimate cost of claims reported at the balance sheet date, and for the expected ultimate cost of claims incurred but not yet reported ("IBNR") at the balance sheet date.

The estimation of non-life insurance contract liabilities are sensitive to various factors and uncertainties. Significant management judgement is applied in setting these assumptions. Accordingly, we have identified this as a key audit matter.

We used our internal actuarial specialists to assist us in performing the following procedures. Our audit procedures included, amongst others:

- comparing the actuarial valuation methodologies and assumptions used by the management with industry data, and against recognised actuarial practices;
- reviewing the assumptions used by the Certifying Actuary and rationale for conclusions made thereon;
- assessing consistency of valuation methodologies applied against prior years;
- assessing whether changes made to the actuarial models are in line with our understanding of business developments, and our expectations derived from market experience; and
- performing independent analysis and re-computation of the non-life insurance contract liabilities of selected classes of business. We focused on the largest and most uncertain reserves. We compared our independent analysis to those performed by the management and enquired with management significant differences noted, if any.

We also assessed the adequacy of the disclosures in relation to non-life insurance contract liabilities based on the relevant disclosure requirements. The Group's disclosures related to non-life insurance liabilities are included in Note 3.15 (iii) (Insurance contract liabilities), Note 21 (b) and (c) (Insurance contract liabilities), Note 22 (a)(ii) (Insurance contract liabilities and reinsurance assets - Assumptions and sensitivities), Note 23 (Deferred acquisition costs) and Note 27 (Insurance Risk).

Business combinations - provisional goodwill

During the year, the Group acquired several subsidiaries for a total purchase consideration of $2.7 billion. Under SFRS(I) 3 Business Combination, the Group is required to assess and determine the fair values of the assets acquired and liabilities assumed, including any potential intangible assets. Any excess of the purchase consideration over the fair value of net assets acquired is recognised as goodwill. Significant management judgement is involved in the valuation of these assets and liabilities. Management has recorded a provisional goodwill of $2 billion arising from acquisitions (Note 9). Accordingly, we have determined this to be a key audit matter.

Key audit matters (continued)

Business combinations - provisional goodwill (continued)

The final goodwill arising from the above acquisitions is dependent on the completion of the valuation of the assets acquired and liabilities assumed (including any intangible assets). Adjustments to the provisional amount maybe required upon finalisation of the valuation of net assets.

We have discussed and reviewed Management's assessment of the acquisitions which was accounted for as business combinations. Our procedures included reading the key terms of the purchase agreements to obtain an understanding of the transactions. We assessed Management's preliminary identification and fair value measurement of the identifiable assets and liabilities and the calculation of the provisional goodwill. We also assessed the adequacy of the related disclosures in Note 9 to the financial statements.

Other information

Management is responsible for the other information. The other information comprises the Directors' Statement, but does not include financial statements and our auditor's report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and directors for the financial statements

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

In preparing the financial statements, management is responsible for assessing the 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 management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

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

Independent auditor's report to the members of Aviva Singlife Holdings Pte. Ltd.

Auditor's responsibilities for the audit of the financial statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal 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 management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the 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 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 financial statements, including the disclosures, and whether the 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 the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Auditor's responsibilities for the audit of the financial statements (cont'd)

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company and by the subsidiary incorporated in Singapore of which we are the auditor has been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditor's report is Vincent Toong.

Ernst & Young LLP
Public Accountants and
Chartered Accountants
Singapore
30 April 2021

AVIVA SINGLIFE HOLDINGS PTE. LTD. AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the financial period from 17 July 2020 (date of incorporation) to 31 December 2020

	Note	Date of incorporation to 31 December 2020 $'000
Gross premiums written		403,535
Outward reinsurance premiums		(22,249)
Net premiums written		381,286
Gross change in unearned premiums and unexpired insurance risks		6,124
Reinsurers' share of change in unearned premiums and unexpired insurance risks		(3,238)
Net premiums earned		384,172
Net investment and other income	6	37,264
Share of profit of an associate	10	313
Net realised loss on sale of investments at fair value through profit or loss		(8,301)
Net fair value gain on investments at fair value through profit or loss		41,788
Net realised gain on derivatives		200
Net fair value gain on derivatives		57,876
Total income		513,312
Gross insurance contract benefits and claims paid		(170,724)
Reinsurers' share of insurance contract benefits and claims paid		6,768
Gross change in insurance contract liabilities		(280,197)
Reinsurers' share of change in insurance contract liabilities		8,848
Net insurance contract benefits and claims incurred		(435,305)
Commission expense		(39,165)
Commission income		10,576
Reinsurance commission income		5,159
Net commission expense		(23,430)
Staff costs:		
- Salaries bonuses and other employee benefits		(11,771)
- Central Provident Fund contributions		(895)
- Share-based payments expenses		(714)
Depreciation of plant and equipment and amortisation of intangible assets	11,12	(4,477)
Merger and acquisition expenses		(26,957)
Financing costs	20	(4,685)
Interest expense on lease liabilities	11	(113)
Other operating expenses	7	(28,363)
Other expenses		(77,975)
Total expenses		(536,710)
Loss before tax		(23,398)
Tax attributable to policyholders' returns		5,387
Loss before tax attributable to shareholders		(18,011)
Tax credit	8(a)	6,871
Less: Tax attributable to policyholders' returns		(5,387)
Tax credit attributable to shareholders' profits		1,484
Net loss for the financial period		(16,527)

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (continued)

For the financial period from 17 July 2020 (date of incorporation) to 31 December 2020

	Date of incorporation to 31 December 2020 $'000
Net loss for the financial period	(16,527)
Attributable to:	
Shareholders	(18,209)
Non-controlling interests	1,682
Net loss for the financial period	(16,527)
Other comprehensive income for the financial period:	
Items that may be reclassified subsequently to profit or loss	
Net loss on fair value changes of available-for-sale financial assets	(1,159)
Exchange differences on translation of foreign operations	(1,918)
Remeasurement loss on retirement benefit	(22)
Total comprehensive loss for the financial period	(19,626)
Attributable to:	
Shareholders	(21,395)
Non-controlling interests	1,769

BALANCE SHEET – GROUP AND COMPANY

As at 31 December 2020

	Note	Group 2020 $'000	Company 2020 $'000
Assets			
Plant and equipment	11	24,733	-
Intangible assets	12	33,524	-
Policy loans	16	60,079	-
Investments	14	11,251,939	-
Investment in subsidiaries	9	-	3,166,406
Investment in associate	10	69,105	-
Reinsurers' share of insurance contract liabilities	21	814,164	-
Cash and cash equivalents	13	716,246	35,399
Derivative financial assets	15	192,856	-
Insurance receivables	16	129,969	-
Other receivables	17	107,169	-
Provisional goodwill	9	2,020,973	-
Prepayments		37,055	-
Deferred tax assets		23	-
Deferred acquisition cost	23	17,737	-
		15,475,572	3,201,805
Liabilities			
Insurance payables	18	436,279	-
Derivative financial liabilities	15	26,156	-
Other payables	19	612,954	23,843
Insurance contract liabilities	21	11,038,950	-
Current tax payable		41,214	-
Debts issued	20	540,997	540,997
Bank loan	20	330,670	330,670
Deferred tax liabilities		433,440	-
Lease liabilities		16,252	-
		13,476,912	895,510
Net assets		1,998,660	2,306,295
Equity			
Share capital and other capital	24	2,337,824	2,337,824
Fair value reserve		(1,159)	-
Translation reserve		(1,994)	-
Retirement benefit reserve		(33)	-
Share based compensation reserve		714	-
Merger reserve	9	(320,252)	-
Accumulated losses		(18,209)	(31,529)
Shareholders' equity		1,996,891	2,306,295
Non-controlling interests		1,769	-
Total equity		1,998,660	2,306,295

AVIVA SINGLIFE HOLDINGS PTE. LTD. AND ITS SUBSIDIARIES

STATEMENT OF CHANGES IN EQUITY – GROUP

For the financial period from 17 July 2020 (date of incorporation) to 31 December 2020

	Note	Share capital and other capital $'000	Fair value reserve $'000	Translation reserve $'000	Retirement Benefit reserve $'000	Share based compensation reserve $'000	Merger reserve $'000	Accumulated losses $'000	Total $'000	Non-controlling interests $'000	Total equity $'000
At date of incorpation		-	-	-	-	-	-	-	-	-	-
Net loss for the financial period		-	-	-	-	-	-	(18,209)	(18,209)	1,682	(16,527)
Other comprehensive loss for the financial period		-	(1,159)	(1,994)	(33)	-	-	-	(3,186)	87	(3,099)
Issue of shares	24	2,077,824	-	-	-	-	-	-	2,077,824	-	2,077,824
Employee share plan - Value of employee services		-	-	-	-	714	-	-	714	-	714
Issue of perpetual capital securities	24	260,000	-	-	-	-	-	-	260,000	-	260,000
Transactions with shareholders of the Company, recognised directly in equity - Acquisition of subsidiary accounted for under the pooling of-interest method	9	-	-	-	-	-	(320,252)	-	(320,252)	-	(320,252)
At 31 December 2020		2,337,824	(1,159)	(1,994)	(33)	714	(320,252)	(18,209)	1,996,891	1,769	1,998,660

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

STATEMENT OF CHANGES IN EQUITY – COMPANY
For the financial period from 17 July 2020 (date of incorporation) to 31 December 2020

	Note	Share capital and other capital $'000	Accumulated losses $'000	Total equity $'000
Date of incorpation		-	-	-
Net loss for the financial period		-	(31,529)	(31,529)
Issue of shares	24	2,077,824	-	2,077,824
Issue of perpetual capital securities	24	260,000	-	260,000
At 31 December 2020		2,337,824	(31,529)	2,306,295

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

AVIVA SINGLIFE HOLDINGS PTE. LTD. AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial period from 17 July 2020 (date of incorporation) to 31 December 2020

	Note	**2020** **$'000**
Cash flows from operating activities		
Loss after tax		(16,527)
Adjustments for:		
Income tax credit		(6,871)
Allowance for impairment of insurance and other receivables	16	16
Net change in unearned premiums and unexpired insurance risk		(2,886)
Net insurance contract benefits and claims		271,349
Depreciation of plant and equipment and amortisation of intangible assets	11,12	4,477
Share of profit of an associate	10	(313)
Net realised loss on sale of derivatives and investments at fair value through profit or loss		8,101
Net fair value gain on derivatives and investments at fair value through profit or loss		(99,664)
Share-based payments expense		714
Interest income	6	(13,128)
Interest expense		4,798
Dividend income	6	(4,030)
Operating cash flows before changes in operating assets/liabilities		146,036
Increase in policy loans		(217)
Increase in insurance receivables and deferred acquisition cost		(73)
Decrease in other receivables and prepayments		30,966
Decrease in insurance payables		(4,728)
Decrease in other payables		(72,096)
Cash generated from operating activities		99,888
Income tax paid		(8,772)
Interest paid		(4,798)
Net cash generated from operating activities		86,318
Cash flows from investing activities		
Acquisition of subsidiaries, net of cash acquired	9	(453,805)
Interest received		13,128
Dividends received		4,030
Purchase of plant and equipment	11	(5,904)
Net proceeds from purchase and sale of investments		(574,198)
Net cash flows used in investing activities		(1,016,749)
Cash flows from financing activities		
Issue of ordinary shares		776,175
Issue of debts		540,997
Issue of bank loan		330,670
Principal payment of lease liabilities		(1,165)
Net cash generated from financing activities		1,646,677
Net increase in cash and cash equivalents		716,246
Cash and cash equivalents at the date of incorporation		-
Cash and cash equivalents at the end of the year	13	716,246

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

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

1. Corporate information

The Company is a private limited company incorporated and domiciled in Singapore. The address of the Company's registered office and principal place of business is located at 83 Clemenceau Avenue, #11-01, UE Square, Singapore 239920.

The principal activity of the Company is to hold investment in insurance companies and financial advisory firms.

On 30 November 2020, the Company acquired 100% shareholdings in Singapore Life Pte. Ltd. and its subsidiary ("Singapore Life Group"), Aviva Ltd and its subsidiaries ("Aviva Ltd Group") and Aviva Asia Pte Ltd. and became the ultimate holding company of these companies.

2. Basis of preparation

2.1 Statement of compliance

The financial statements have been prepared in accordance with Singapore Financial Reporting Standards International ("SFRS(I)").

The financial statements are prepared in accordance with the historical cost convention, except as disclosed in the accounting policies below.

2.2 Basis of consolidation

The consolidated financial statements comprise the financials statements of the Company and its subsidiaries as at 31 December 2020. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements uses the same reporting date and period as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances. The details of the investment subsidiaries are disclosed in Note 9.

All intra-group balances, income and expenses transactions and recognizes gains and losses resulting from intra-group transactions and dividends are eliminated in full.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control and continue to be consolidated until the date that such control ceases.

Losses within a subsidiary are attributed to the non-controlling interest even if that results in a deficit balance.

2. Basis of preparation (continued)

2.2 Basis of consolidation (continued)

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

Business combinations

Business combinations are accounted for by applying the acquisition method. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognised in profit or loss.

The Group elects for each individual business combination, whether non-controlling interest in the acquiree (if any), that are present ownership interests and entitle their holders to a proportionate share of net assets in the event of liquidation, is recognised on the acquisition date at fair value, or at the non-controlling interest's proportionate share of the acquiree identifiable net assets. Other components of non-controlling interests are measured at their acquisition date fair value, unless another measurement basis is required by another SFRS(I).

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interest in the acquiree (if any), and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill. The accounting policy for goodwill is set out in Note 3.13. In instances where the latter amount exceeds the former, the excess is recognised as gain on bargain purchase in profit or loss on the acquisition date.

2. Basis of preparation (continued)

2.2 Basis of consolidation (continued)

Business combinations involving entities under common control (continued)

Business combinations involving entities under common control are accounted for by applying the pooling-of-interest method. The assets and liabilities of the combining entities are reflected at their carrying amounts reported in the consolidated financial statements of the controlling holding company. Any difference between the consideration paid and the share capital of the acquired entity is reflected within equity as merger reserve.

2.3 Functional and presentation currency

The financial statements are presented in Singapore Dollars ($), the functional currency of the Group and all values are rounded to the nearest thousand ($'000) except when otherwise indicated.

2.4 Use of estimates and judgements

The preparation of financial statements in conformity with SFRS(I) requires management to exercise its judgement in the process of applying the Group's accounting policies. It also requires the use of certain critical accounting estimates and assumptions. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimates are revised and in any future periods affected.

The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are described in Note 4.

3. Significant accounting policies

The accounting policies have been consistently applied by the Group throughout the financial period, except as set out in Note 3.1 below.

3.1 Changes in accounting policies

Adoption of new and revised standards

During the financial period, the Group has adopted all the new and revised standards and interpretations of SFRS(I) ("INT SFRS(I)") that are effective for annual financial periods beginning on or after 1 January 2020. The adoption of these standards and interpretations did not have any effect on the financial performance or position of the Group. The Group has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective.

Amendments to SFRS(I) 4, Applying SFRS(I) 9 Financial Instruments with SFRS(I) 4 Insurance Contracts

During the financial period from 17 July 2020 (date of incorporation) to 31 December 2020, the Group applies the temporary exemption from SFRS(I) 9 Financial Instruments as permitted by the Amendments to SFRS(I) 4 Insurance Contracts which is effective for annual periods beginning on or after 1 January 2018.

The temporary exemption permits the Group to apply SFRS(I) 1-39 Financial Instruments: Recognition and Measurement rather than SFRS(I) 9 for annual periods beginning before 1 January 2023.

The Group assessed that it qualifies for the temporary exemption from SFRS(I) 9 as the Group activities are predominately connected with insurance.

The table below presents an analysis of the fair value of classes of financial assets as at 31 December 2020, as well as the corresponding change in fair value during the financial period ended 31 December 2020.

In SGD	**Fair value as at 31 December 2020 $'000**	**Change in fair value during 2020 $'000**
Financial assets that are managed and whose performance are evaluated on a fair value basis	11,246,134	41,788
Financial assets with contractual terms that meet the solely payments of principal and interest ("SPPI") test definition	1,831,277	-
Other financial assets	198,661	57,876
Total financial assets	13,276,072	99,664

3. Significant accounting policies (continued)

3.2 Standards issued but not yet effective

The Group has not adopted the following relevant standards and interpretations that have been issued but are not yet effective:

Description	**Effective for annual periods beginning on or after**
Amendments to SFRS(I) 3*: References to the Conceptual Framework*	1 January 2022
Amendments to SFRS(I) 1-37: *Onerous Contracts – Cost of Fulfilling a Contract*	1 January 2022
Amendment to SFRS(I) 1-16: *Property, Plant and Equipment – Proceeds before Intended Use*	1 January 2022
Amendments to SFRS(I) 1-1: *Classification of Liabilities as Current or Non-current - Deferral of Effective Date*	1 January 2023
SFRS(I) 17 *Insurance Contracts*	1 January 2023
Amendments to SFRS(I) 10 and SFRS(I) 1-28: *Sale or Contribution of Assets between an Investors and its Associate or Joint Venture*	To be determined

Except for SFRS(I) 17, the management expects that the adoption of other standards above will have no material impact on the financial statements in the period of initial application. The nature of the impending changes in accounting policy on adoption of SFRS(I) 17 is described below.

SFRS(I) 17 Insurance Contracts

In March 2018, Accounting Standards Council Singapore (“ASC”) issued SFRS(I) 17 *Insurance Contracts*, a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. SFRS(I) 17 provides a comprehensive model (the general model) for insurance contracts, supplemented by the variable fee approach for contracts with direct participation features that are substantially investment-related service contracts, and the premium allocation approach mainly for short duration which typically applies to certain non-life insurance contracts.

The overall objective of SFRS(I) 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in SFRS(I) 4, which are largely based on grandfathering previous local accounting policies, SFRS(I) 17 provides a comprehensive model, supplemented by:

- a specific adaptation for contracts with direct participation features (the variable fee approach); and
- a simplified approach (the premium allocation approach) mainly for short-duration contracts

3. Significant accounting policies (continued)

3.2 Standards issued but not yet effective (continued)

SFRS(I) 17 is effective for annual reporting periods beginning on or after 1 January 2021, with comparative figures required. Early application is permitted, provided the entity also applies SFRS(I) 9 and SFRS(I) 15 on or before the date it first applies SFRS(I) 17. Retrospective application is required. However, if full retrospective application for a group of insurance contracts is impracticable, then the entity is required to choose either a modified retrospective approach or a fair value approach.

In June 2020, International Accounting Standard Board (the "IASB") issued amendment to IFRS 17 to defer the effective date of IFRS 17 to reporting periods beginning on or after 1 January 2023. The IASB also allow insurers qualifying for the deferral of IFRS 9 to reporting periods beginning on or after 1 January 2023. In November 2020, ASC adopted the proposed changes to the effective date for SFRS(I) 17 and the deferral of SFRS(I) 9, as above.

The Group is evaluating the impact of the new standard on its financial statements and related disclosures and plans to adopt the new standard on the required effective date together with SFRS(I) 9.

3.3 Foreign currency

(a) Functional currency

The Group's consolidated financial statements are presented in SGD, which is also the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

(b) Transactions and balances

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiary and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the end of the reporting period. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the end of the reporting period are recognised in profit or loss.

3. Significant accounting policies (continued)

3.3 Foreign currency (continued)

(c) *Consolidated financial statements*

For consolidation purposes, the assets and liabilities of foreign operations are translated into SGD at the rate of exchange ruling at the end of the reporting period. The profit and loss statement is translated at the exchange rates prevailing at the dates of the transactions. The exchange difference arising from the translation are recognised in the statement of comprehensive income as foreign currency translation reserves.

3.4 Group accounting

(a) *Subsidiaries*

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group 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 are stated at cost less accumulated impairment losses (Note 3.14) in the Group's balance sheet. On disposal of investments in subsidiaries, the difference between net disposal proceeds and the carrying amount of the investment is recognised in profit or loss.

(b) *Associates (equity-accounted investee)*

An associate is an entity over which the Group has significant influence, but not control, generally accompanied by a shareholding giving rise to voting rights of 20% or above but not exceeding 50%.

Investments in associates are accounted for using the equity accounting method less impairment losses, if any.

(i) *Acquisition*

Investments in associates are initially recognised at cost. The cost of an acquisition is measured at the fair value of the assets given, equity instruments issued or liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition.

3. Significant accounting policies (continued)

3.4 Group accounting (continued)

(b) Associates (equity-accounted investee) (continued)

(ii) Equity method of accounting

In applying the equity method of accounting, the Group's share of its associate's post-acquisition profits or losses are recognised in profit or loss and its share of post-acquisition other comprehensive income is recognised in other comprehensive income. These post-acquisition movements and distributions received from the associate are adjusted against the carrying amount of the investments. When the Group's share of losses in an associate equals to or exceeds its interest in the associate, the Group does not recognise further losses, unless it has legal or constructive obligations to make, or has made, payments on behalf of the associate. If the associate subsequently reports profits, the Group resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

Unrealised gains on transactions between the Group and its associate are eliminated to the extent of the Group's interest in the associate. Unrealised losses are also eliminated unless the transactions provide evidence of impairment of the assets transferred. The accounting policies of associates are changed where necessary to ensure consistency with the accounting policies adopted by the Group.

Dividend income from the associate is recognised as a reduction from the carrying amount of the investment.

(iii) Disposals

Investments in associates are derecognised when the Group loses significant influence. If the retained equity interest in the former associate is a financial asset, the retained equity interest is measured at fair value. The difference between the carrying amount of the retained interest at the date when significant influence is lost, and its fair value and any proceeds on partial disposal, is recognised in profit or loss.

3. Significant accounting policies (continued)

3.5 Transaction with non-controlling interests

Non-controlling interest represents the equity in a subsidiary not attributable, directly or indirectly, to shareholders of the Company, and is presented separately in the consolidated profit and loss statement, consolidated statement of comprehensive income and within the equity in the consolidated balance sheet, separately from shareholders' equity. An exception to this occurs when non-controlling interests arise through minority unit holders' interest in consolidated investment funds, when they are recognized as a liability, reflecting the net assets of the consolidated entity. These interests qualify as a financial liability as they give the holder the right to put the instrument back to the issuer for cash, changes in these liabilities are recognised in the consolidated profit and loss statement as expense.

Changes in the Company's ownership in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amount of the controlling and non-controlling interest are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to shareholders of the Company.

3.6 Interests in unconsolidated structured entities

A structured entity is an entity in which voting or similar rights are not the dominant factor in deciding control and is generally established for a narrow and well-defined objective. Interest in these entities are consequently accounted for in accordance with Note 3.7.

3. Significant accounting policies (continued)

3.7 Financial assets and financial liabilities

(a) Classification

The Group classifies its financial assets and liabilities in the following categories: at fair value through profit or loss, available-for-sale, loans and receivables and financial liabilities measured at amortised cost.

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

The Group classifies its investments within the scope of SFRS(I) 1-39 as financial assets at fair value through profit or loss.

Financial assets at fair value through profit or loss can be sub-categorised as either financial assets held for trading or designated at fair value through profit or loss at inception. Derivative financial instruments are classified as financial assets held for trading. Assets in this category are presented as current assets if they are either held for trading or are expected to be realised within 12 months after the balance sheet date.

Financial assets designated as fair value through profit or loss at inception are those that are:

- part of those portfolios held in internal funds to match insurance contract liabilities that are linked to the changes in fair value of these assets. The designation of these assets to be at fair value through profit or loss eliminates or significantly reduces a measurement or recognition inconsistency (sometimes referred to as "an accounting mismatch") that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases.

- managed and whose performance is evaluated on a fair value basis. Information about these financial assets is provided internally on a fair value basis to the Group's key management personnel. The Group's investment strategy is to invest in equity and debt securities, and to evaluate them at fair value through profit or loss.

3. Significant accounting policies (continued)

3.7 Financial assets and financial liabilities (continued)

(a) *Classification* (continued)

(ii) Loans and receivables

Non-derivative financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. They are presented as current assets, except for those expected to be realised later than 12 months after the balance sheet date which are presented as non-current assets. Loans and receivables include cash and cash equivalents, amounts due from policyholders and reinsurers, policy loans and other receivables.

(iii) Available-for-sale financial assets

Non-derivative financial assets that are either designated in this category or not classified in any of the other categories. They are presented as non-current assets unless the management intends to dispose of the assets within 12 months after the balance sheet date.

(iv) Financial liabilities measured at amortised cost

Financial liabilities are measured at amortised cost, except for instruments that are designated at fair value through profit or loss at inception or held for trading. Financial liabilities comprise insurance payables, amount due to related companies and other creditors.

(b) *Recognition and derecognition*

The Group determines the classification of its financial assets and liabilities at initial recognition and evaluates this designation at every reporting date.

Financial assets and liabilities are recognised on the balance sheet on the date at which they are originated or the trade date at which the Group becomes a party to the contractual provisions of the financial instrument.

3. Significant accounting policies (continued)

3.7 Financial assets and financial liabilities (continued)

(b) Recognition and derecognition (continued)

All regular way purchases and sales of financial assets are recognised on the trade date i.e. the date that the Group commits to purchase or sell the asset.

A financial asset is derecognised when the contractual right to receive cash flows have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership of the assets. On disposal of the financial asset, the difference between the carrying amount and the sale proceeds is recognised in profit or loss. Any amount previously recognised in other comprehensive income relating to the asset is reclassified to profit or loss.

(c) Initial measurement

Financial assets are initially recognised at fair value plus transaction costs except for financial assets at fair value through profit or loss, which are recognised at fair value. Transaction costs for financial assets at fair value through profit or loss are recognised immediately as expenses.

(d) Subsequent measurement

Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

Changes in the fair values of financial assets at fair value through profit or loss including the effects of currency translation, interest and dividends, are recognised in profit or loss when the changes arise.

Interest and dividend income on available-for-sale financial assets are recognised separately in income. Changes in the fair values of available-for-sale debt securities (i.e. monetary items) denominated in foreign currencies are analysed into currency translation differences on the amortised cost of the securities and other changes; the currency translation differences are recognised in profit or loss and the other changes are recognised in other comprehensive income and accumulated in the fair value reserve. Changes in the fair values of available-for-sale equity securities (i.e. non-monetary items) are recognised in other comprehensive income and accumulated in the fair value reserve, together with the related currency translation differences.

3. Significant accounting policies (continued)

3.7 Financial assets and financial liabilities (continued)

(d) Subsequent measurement (continued)

Unquoted equity investments classified as available-for-sale for which fair values cannot be reliably determined are carried at cost less accumulated allowance for impairment.

(e) Impairment

The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired and recognises an allowance for impairment when such evidence exists.

(i) Loans and receivables

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy and default or significant delay in payments are objective evidence that these financial assets are impaired.

The carrying amount of these assets is reduced through the use of an impairment allowance account which is calculated as the difference between the carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. When the asset becomes uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are recognised against the same line item in profit or loss.

The impairment allowance is reduced through profit or loss in a subsequent period when the amount of impairment loss decreases and the related decrease can be objectively measured. The carrying amount of the asset previously impaired is increased to the extent that the new carrying amount does not exceed the amortised cost had no impairment been recognised in prior periods.

(ii) Available-for-sale financial assets

In addition to the objective evidence of impairment described in Note 3.7(e)(i), a significant or prolonged decline in the fair value of an equity security below its cost is considered as objective evidence that the available-for-sale financial asset is impaired.

3. Significant accounting policies (continued)

3.7 Financial assets and financial liabilities (continued)

(e) Impairment (continued)

(ii) Available-for-sale financial assets (continued)

If there is objective evidence of impairment, the cumulative loss that had been recognised in other comprehensive income is reclassified from equity to profit or loss. The amount of cumulative loss that is reclassified is measured as the difference between the acquisition cost (net of any principal repayment and amortisation) and current fair value, less any impairment loss on that financial asset previously recognised in profit or loss. The impairment losses recognised as an expense for an equity security are not reversed through profit or loss in subsequent periods.

3.8 Derivative financial instruments

Monetary Authority of Singapore (the “MAS”) Notice 125, Notice on Investment of Insurers govern the use of financial derivatives for the non-linked funds. For the linked funds, the use of derivatives is subject to the investment mandate and must be in compliance with the Central Provident Fund (“CPF”) Investment Guidelines, if the funds are approved under the CPF Investment Scheme.

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

A significant portion of derivatives used for the non-linked funds are cross currency swaps with approved counterparties. Cross currency swaps hedge exposure to variability in cash flows or fair values that are attributable to the foreign currency risk associated with the underlying asset. The underlying asset, usually a foreign currency-denominated fixed income security, is hedged and valued on the same basis as quoted and unquoted bonds. The use of all other derivatives must be in compliance with the derivatives policy.

3. Significant accounting policies (continued)

3.8 Derivative financial instruments (continued)

Other derivatives in the non-linked funds may include credit default swaps, interest rate swaps, equity options and forward currency contracts and are used for efficient portfolio management purposes with the aim of achieving returns from exposure to credit risk and equity markets in a cost effective manner.

Derivative financial instruments are recognised initially at fair value on the date on which the derivatives are entered into. Attributable transaction costs are recognised in profit or loss when incurred. Subsequent to initial recognition, the derivative financial instruments are remeasured at fair value. They are carried as assets when the fair value is positive and as liabilities when the fair value is negative. Any gains or losses arising from changes in fair value on derivative financial instruments are taken to profit or loss. The Group does not apply hedge accounting for its derivative financial instruments.

3.9 Fair value measurement of financial assets and liabilities

The Group determines the fair values of its financial instruments based generally on listed market prices or broker or dealer price quotations. If prices are not readily determinable or if liquidating the positions is reasonably expected to affect market prices, fair value is based on valuation models provided by fund managers. Certain financial instruments, including derivative instruments, are valued using pricing models that consider, among other factors, contractual and market prices, correlation, time value, credit risk, yield curve volatility factors and/or prepayment rates of the underlying positions.

The fair values of currency forwards are determined using actively quoted forward exchange rates. The fair values of interest rate swaps are calculated as the present value of the estimated future cash flows discounted at actively quoted interest rates.

The fair values of financial assets and liabilities carried at amortised cost that are classified as current, approximate their carrying amounts.

The determination of the fair value of financial instruments is described in Note 26.

3. Significant accounting policies (continued)

3.10 Offsetting of financial instruments

Financial assets and liabilities are offset and the net amount presented in the balance sheet when there is a legally enforceable right to offset the recognised amounts both in the normal course of business and in the event of default, insolvency or bankruptcy of the entity and all counterparties, and there is an intention to either settle on a net basis or to realise the assets and settle the liability simultaneously.

Income and expenses are presented on a net basis only when permitted by the accounting standards, or for gains and losses arising from a group of similar transactions such as in the Group's trading activity.

3.11 Plant and equipment

All items of plant and equipment are initially recorded at cost. Such cost includes the cost that are directly attributable to the acquisition of a qualifying plant and equipment, and the estimated cost of dismantling and removing the items and restoring the site on which they are located when the Group has an obligation to remove the asset or restore the site. The cost of an item of plant and equipment is recognised as an asset if, and only if, 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. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment. Subsequent to initial recognition, office equipment and furniture and fittings are measured at cost less accumulated depreciation and any accumulated impairment losses.

An item of plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of the asset (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is included in profit or loss in the year the asset is derecognised.

Depreciation is provided on a straight line method over the shorter of the lease term and their useful lives. Depreciation is recognised from the date that the plant and equipment are installed and ready for use.

3. Significant accounting policies (continued)

3.11 Plant and equipment (continued)

The estimated useful lives for the current period are as follows:

Office equipment	:	3 to 5 years
Furniture and fittings	:	3 to 5 years
Right-of-use assets	:	3 to 5 years

The residual value, useful life and depreciation method are reviewed, and adjusted as appropriate, at each balance sheet date to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of plant and equipment. The effects of any revision are recognised in profit or loss when the changes arise.

Subsequent expenditure relating to plant and equipment that has already been recognised is added to the carrying amount of the asset only when it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably. All other repair and maintenance expenses are recognised in profit or loss when incurred.

3.12 Cash and cash equivalents

Cash and cash equivalents comprise cash at banks and on hand, fixed deposits and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. For the purposes of the statement of cash flows, cash and cash equivalents consist of cash on hand and short-term deposits in banks.

Cash and cash equivalents are carried at amortised cost in the balance sheet.

3.13 Intangible assets

Acquired computer software licences

Acquired computer software licences are initially capitalised at cost which includes the purchase price (net of any discounts and rebates) and other directly attributable costs of preparing the asset for its intended use. Direct expenditure including employee costs, which enhance or extend the performance of computer software beyond its specifications and which can be reliably measured, are added to the original cost of the software. Costs associated with maintaining the computer software are expensed off when incurred.

3. Significant accounting policies (continued)

3.13 Intangible assets (continued)

Acquired computer software licences (continued)

Computer software licences are subsequently carried at cost less accumulated amortisation and accumulated impairment losses. These costs are amortised to profit or loss using the straight-line method over their estimated useful lives of 3 – 5 years.

The amortisation period of intangible assets are reviewed at least at each balance sheet date. The effects of any revision are recognised in profit or loss when the changes arise.

Internally developed computer software

Research costs are recognised as an expense when incurred. Costs directly attributable to the development of computer software are capitalised as intangible assets only when technical feasibility of the project is demonstrated, the Group has an intention and ability to complete and use the software and the costs can be measured reliably. Such costs include purchases of materials and services and payroll-related costs of employees directly involved in the project.

Distribution rights

Distribution rights relate to the cost of the Distribution Agreement entered into with the Group's partners. The cost is capitalised and amortised over the duration of the agreement and assessed for impairment whenever there is an indication that it may be impaired. The amortisation period and the amortisation method are reviewed at least at each balance sheet date. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates.

Goodwill

Goodwill is initially measured at cost. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

3. Significant accounting policies (continued)

3.13 Intangible assets (continued)

Goodwill (continued)

The cash-generating unit to which goodwill has been allocated is tested for impairment annually and whenever there is an indication that the cash-generating unit may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each cash-generating unit (or group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised in profit or loss. Impairment losses recognised for goodwill are not reversed in subsequent periods.

Where goodwill forms part of a cash-generating unit and part of the operation within that cash-generating unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative fair values of the operations disposed of and the portion of the cash-generating unit retained.

Goodwill arising on acquisition of foreign operation is treated as asset of the foreign operation and is recorded in the functional currency of the foreign operation and translated in accordance with the accounting policy set out in Note 3.3.

3.14 Impairment of non-financial assets

The carrying amounts of the Group's non-financial assets (which includes intangible assets, plant and equipment, investment in subsidaries and investment in associate) are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount (i.e. higher of the fair value less cost to sell and the value-in-use) is estimated.

An impairment loss is recognised if the carrying amount of an asset exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss.

In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

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

3. Significant accounting policies (continued)

3.15 Insurance contracts

(i) Product classification

The Group issues insurance contracts that transfer insurance risk. Insurance contracts are defined as those containing significant insurance risk at the inception of the contract, or those where at the inception of the contract there is a scenario with commercial substance where the level of insurance risk may be significant over time. The significance of insurance risk is dependent on both the probability of an insurance event and the magnitude of its potential effect.

Once a contract has been classified as an insurance contract, it remains an insurance contract for the remainder of its lifetime, even if the insurance risk reduces significantly during this period.

(ii) Recognition and measurement

Premiums on long-term insurance contracts

Long-term insurance contracts include individual life insurance contracts (classified into life insurance non-participating contracts, life insurance participating contracts and investment-linked contracts) and guaranteed renewable health contracts.

Premiums on individual new business are recognised as income upon contract issuance.

Premiums received but not recognised as income are recorded as advance premiums and are shown as a liability on the balance sheet.

Premiums on renewal business are recognised as income when due from the policyholders. Premium income is recorded net of experience refunds, which is a rebate on the gross premium due.

Premiums on short-term insurance contracts

Short-term insurance contracts include Group Life, Group Accident and Health, yearly (non-guaranteed) renewable Retail Health and General Insurance business.

Premiums are recognised uniformly over the whole period of cover provided by the contract entered into during the accounting period and are recognised on the date on which the policy commences.

Premiums on group business are recognised as income upon contract issuance regardless of payment and billing mode.

3. Significant accounting policies (continued)

3.15 Insurance contracts (continued)

(ii) Recognition and measurement (continued)

Benefits and claims

Life and health insurance claims reflect the cost of all claims incurred during the year, including handling costs. Death claims and surrenders are recorded on the basis of notification received. Maturities and annuity payments are recorded when due. Policy benefits, outstanding claims and incurred but not reported claims are recorded as insurance liabilities.

General insurance claims include claims actually paid, the change in the claims reserve and related claims handling expenses. Claims reserve is the value of expected future payments in relation to claims incurred prior to the valuation date, whether or not they have been reported to the Group, including expenses to be incurred in settling those claims.

Commission

Commission expenses are fees paid to intermediaries and independent financial advisors upon acquiring new or renewed insurance businesses.

For general insurance and Group Accident and Health business, the upfront commission expense paid is deferred and amortised on a pro-rata basis over the period of the contracts.

For policies with indemnity commission, the direct commission expenses paid to independent financial advisors are capitalised as deferred acquisition costs. If a policy lapses, any related deferred acquisition cost is expensed immediately and a receivable is set up for any commission recoverable. Subsequent to initial recognition, the deferred acquisition cost is amortised to profit or loss using the straight line method over periods ranging from 18 months to 36 months.

An impairment review is performed at each reporting date or more frequently when an indication of impairment arises. When the recoverable amount is less than the carrying value, an impairment loss is recognised in profit or loss. Deferred acquisition cost is also considered in the liability adequacy test for each reporting period.

Reinsurance commission income

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

3. Significant accounting policies (continued)

3.15 Insurance contracts (continued)

(iii) Insurance contract liabilities

Insurance contracts are contracts under which the Group accepts significant insurance risk from the policyholders by agreeing to compensate them or their beneficiaries in the event of a pre-specified future event affecting them. The Group sets aside funds today to meet these future liabilities and changes in insurance contract liabilities are recognised in profit or loss.

Policy liabilities

- Long-term business liability

  Long-term business liability is determined in accordance with local regulations and generally accepted actuarial principles in respect of individual contracts of insurance. The liability for these contracts is calculated as the sum of the present value of expected future payments less expected present value of future receipts arising from the policy. Any negative reserves at policy level are set to zero in accordance with the requirements of MAS Insurance (Valuation and Capital) Regulations.

  In the case of Non-Participating contracts (excluding MyPrestigePlan), the liabilities will include expense outgo, commission outgo, benefit outgo, premium income and reinsurance cashflows (where applicable) and discounted at risk-free yields.

  In the case of the Group's Participating business, as per the regulation, the Participating Fund's liability is determined to be the highest of the Policy Assets, Policy Liabilities and Minimum Condition Liability ("MCL"). Policy Assets of participating funds are the total assets required by regulations to be allocated to participating policyholders. The Policy Liabilities will include expense outgo, commission outgo, benefit outgo, premium income, tax and transfers to shareholders associated with future bonuses discounted at the long term best estimate return. MCL is the policy liability as defined above, excluding future bonuses but allowing for declared bonuses and is discounted at risk-free yields.

  In the case of MyPrestigePlan, the liability is determined to be the highest of the Policy Liability and MCL. Policy Liability will include expense outgo, commission outgo, benefit outgo projected at the general crediting rate, premium income, and reinsurance cashflows and discounted at the long term best estimate return. MCL is the Policy Liability as defined above, except that the benefit outgo is projected at the minimum crediting rate and discounted at risk-free yields.

  In the case of the guaranteed renewable health contracts, the policy liabilities follows that of the short-term business liability as defined below.

3. Significant accounting policies (continued)

3.15 Insurance contracts (continued)

(iii) Insurance contract liabilities (continued)

Policy liabilities (continued)

- Investment-linked liability

  Investment-linked liability is determined in accordance with local regulations and generally accepted actuarial principles. The liability for investment-linked policies consists of the unit reserve, which is the value of the underlying assets backing units relating to these policies. Additional reserves are held against future expected payments, other than those relating to the unit reserves, arising from these policies.

- Short-term business liability

  Provision for premium liabilities

  Provision for unexpired risks includes provision for unearned premiums and a provision for premium deficiency. The provision for unearned premiums ("UPR") represents the relevant proportion of premiums received for risks that have not yet expired.

  UPR is calculated based on the 1/365th method or on a pro-rata basis over the premium term on gross written premiums during the year in respect of short-term insurance business.

  Additional provision for premium deficiency is made where the future claims costs and expenses and a provision for adverse deviation exceeds the provision for UPR.

  Provision for claims liabilities

  This provision is made at reporting date for the estimated ultimate cost of all claims not settled at such date, after the deduction of amounts already paid, whether arising from events occurring during the period or earlier periods.

3. Significant accounting policies (continued)

3.15 Insurance contracts (continued)

(iii) Insurance contract liabilities (continued)

Provision for claims liabilities (continued)

Provision for outstanding claims and its associated claims handling expenses are made for the full estimated cost of all claims notified, but not settled at the reporting date using the best available information at the time. Provision is also made for the estimated cost of claims incurred but not reported until after the year-end. Any difference between the estimated cost and subsequent settlement is adjusted in profit or loss of the year in which settlement takes place.

- Provision for adverse deviation

  Additional provision is made in the liability valuation assumptions to allow for adverse deviation from the best estimate experience and to reflect the inherent uncertainty of the best estimate of the insurance liabilities.

- Liability adequacy test

  At each reporting date, liability adequacy tests are performed to support the adequacy of insurance contract liabilities. In performing these tests for the Group, current best estimate of future cashflows and claims handling and administration expenses, as well as investment income from assets backing such liabilities, are used and any negative reserves are set to zero for prudence.

(iv) Reinsurance

The Group cedes insurance risk in the normal course of business. Reinsurance assets primarily include balances due from both insurance and reinsurance companies for ceded insurance liabilities. Assets, liabilities, income and expense arising from the reinsurance contracts are accounted for on the same basis as the related insurance contract balances and are presented separately from the assets, liabilities, income and expenses from the related insurance contracts.

Amounts recoverable under reinsurance contracts are assessed for impairment at each reporting date. Such assets are deemed impaired if there is objective evidence that the Group may not recover all amounts due from the reinsurer.

3. Significant accounting policies (continued)

3.16 Other revenue recognition

Investment income

Investment income comprises of dividend and interest income from financial assets and interest income on loans and bank deposits.

Dividend income on securities is recognised when the Group's right to receive payment is established.

Interest income is recognised using the effective interest method.

Commission income

Revenue consists of financial advice and product margin revenue from sales of insurance and investment products which is recognised when the Company has rendered the financial services to the customers and the customers have accepted the financial products, which is at the point in time when the related service takes place. It is measured at fair value of the consideration received or receivable on the effective commencement or renewal dates of related policies. Revenue is presented, net of goods and services tax, rebates and discount.

Fee and other income

Fee and other income comprises reinsurance commission income (including reinsurance profit commission income) and management and other fees.

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

Reinsurance profit commission income is recognised based on the terms of the underlying reinsurance contract, and when the amount of revenue and related cost of the reinsurance transaction can be reliably measured.

The items above relate to services embedded in insurance contracts and represent services rendered or cash flows arising from an insurance contract. The Group does not bifurcate these services from the host insurance contract and therefore such services are accounted for under SFRS(I) 4.

Realised gains and losses

Realised gains and losses on the sale of investments are calculated as the difference between net sales proceeds and the carrying amounts. Realised gains and losses are recognised in profit or loss when the sale transaction occur.

3. Significant accounting policies (continued)

3.17 Taxes

(i) Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance sheet date.

Current income tax is recognised on the chargeable income for the year. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

(ii) Deferred tax

Deferred tax is provided using the liability method on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax assets and liabilities are measured using the tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled based on tax rates enacted or substantively enacted by the balance sheet date.

Deferred tax assets are recognised for all deductible temporary differences, carry-forward of unabsorbed capital allowances and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, carry-forward of unabsorbed capital allowances and unused tax losses can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

Current and deferred tax are recognised as income or expense in profit or loss, except to the extent that the tax arises from a business combination or a transaction which is recognised directly in equity.

3. Significant accounting policies (continued)

3.17 Taxes (continued)

Current tax and deferred tax are charged or credited directly to equity if the tax relates to items that are credited or charged, in the same or a different period, directly to equity.

Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to set off current income tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

3.18 Employee benefits

Defined contribution plan

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities such as the Central Provident Fund ("CPF") on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. CPF contributions are recognised as an expense in profit or loss in the same period as the employment that gives rise to the contributions.

Employee leave entitlement

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the balance sheet date.

Termination benefits

Termination benefits are recognised as an expense when the Group is committed demonstrably, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognised as an expense if the Group has made an offer of voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably. If benefits are payable more than 12 months after the reporting date, then they are discounted to their present value.

3. Significant accounting policies (continued)

3.18 Employee benefits (continued)

Shared-based payments

Employees of Aviva Ltd Group are entitled to share-based payments under the 3 schemes described below. The cost of equity-settled transactions with employees is measured by reference to the fair value at the date which they are granted. The cost of equity-settled transaction is recognised, together with a corresponding increase in share based compensation reserve within equity, over the period in which the performance conditions (if any) are fulfilled, ending on the date on which the relevant employees become fully entitled to the award (“vesting date”).

Aviva plc charges Aviva Ltd Group for the equity they provide to Aviva Ltd Group’s employees. There is a clear link between the recharge amount from Aviva plc and the share based payment amount, therefore Aviva Ltd Group offsets the recharge against the share based compensation reserve in the financial statements.

(i) Long-Term Incentive Plans (“LTIP”)

The LTIP awards are Aviva plc share awards.

Of each grant, 50% of shares awarded are subject to a non-market based performance condition, with the rest being subject to a market based performance condition. The non-market based performance is measured in relation to the Return on Capital Employed (“ROCE”).

The market-based performance is a Total Shareholder Return (“TSR”) performance condition. The TSR growth over a three-year performance period is ranked against a comparator group of 14 companies. For grants prior to 2012, 15% of shares subject to the TSR performance condition vest at median performance, 50% of these shares vest at the upper quintile and there is straight line vesting in between. For grants made subsequent to 2012, 10% of shares subject to the TSR performance condition vest at median performance, 50% of these shares vest at the upper quintile and there is straight line vesting in between.

3. Significant accounting policies (continued)

3.18 Employee benefits (continued)

Shared-based payments (continued)

(ii) Restricted Share Units

This discretionary award is directed towards senior management group and high performing / high potential individuals amongst the level F (Head of Departments) population. The award vests after 3 years, not subject to any performance conditions, provided employees remain in Aviva Ltd's employment (and are not under notice of termination) throughout that period up to the point of vesting.

(iii) Annual Bonus Plan

Part of the bonus award for the Senior Management team will be made in deferred Aviva shares. These shares will vest in 3 equal tranches over 3 years and are not subject to any performance conditions.

Subsequent to the sale of Aviva Ltd Group to the Company, these share-based remuneration plans and awards are closed to new grants. The awarded plans and awards will continue to be vested as per the original arrangement with Aviva plc.

3.19 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of a past event, it is more likely than not that an outflow of economic resources will be required to settle the obligation and the amount of the obligation has been estimated reliably.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed.

3.20 Leases

At the inception of the contract, the Group assesses if the contract contains a lease. A contract contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Reassessment is only required when the terms and conditions of the contract are changed.

3. Significant accounting policies (continued)

3.20 Leases (continued)

- Right-of-use assets

The Group recognised a right-of-use asset and lease liability at the date which the underlying asset is available for use. Right-of-use assets are measured at cost which comprises the initial measurement of lease liabilities adjusted for any lease payments made at or before the commencement date and lease incentive received. Any initial direct costs that would not have been incurred if the lease had not been obtained are added to the carrying amount of the right-of-use assets.

These right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

- Lease liabilities

The initial measurement of lease liability is measured at the present value of the lease payments discounted using the implicit rate in the lease, if the rate can be readily determined. If that rate cannot be readily determined, the Group shall use its incremental borrowing rate.

Lease payments include the following:

- Fixed payment (including in-substance fixed payments), less any lease incentives receivables;
- The exercise price of a purchase option if is reasonably certain to exercise the option; and
- Payment of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

Lease liability is measured at amortised cost using the effective interest method. Lease liability shall be remeasured when:

- There is a change in future lease payments arising from changes in an index or rate;
- There is a changes in the Group's assessment of whether it will exercise an extension option; or
- There are modification in the scope or the consideration of the lease that was not part of the original term.

Lease liability is remeasured with a corresponding adjustment to the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

3. Significant accounting policies (continued)

3.20 Leases (continued)

- Short term and low value leases

  The Group has elected to not recognise right-of-use assets and lease liabilities for short-term leases that have lease terms of 12 months or less and leases of low value leases. Lease payments relating to these leases are expensed to profit or loss on a straight-line basis over the lease term.

3.21 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new ordinary shares are deducted against the share capital account.

3.22 Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. They are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). Otherwise, they are presented as non-current liabilities.

Trade and other payables are initially recognised at fair value, and subsequently carried at amortised cost using the effective interest method.

3.23 Government grants

Grants from the government are recognised as a receivable at their fair value when there is reasonable assurance that the grant will be received and the Group will comply with all the attached conditions.

Government grants receivable are recognised as income over the periods necessary to match them with the related costs which they are intended to compensate, on a systematic basis. Government grants relating to expenses are shown separately as other income.

4. Significant accounting judgements and estimates

Estimates, assumptions concerning the future and judgements are made in the preparation of the financial statements. They affect the application of the Group's accounting policies, reported amounts of assets, liabilities, income and expenses, and disclosures made. They are assessed on an on-going basis and are based on experience and relevant factors, including expectations of future events that are believed to be reasonable under the circumstances. Please see Note 22 for estimates, assumptions and judgements made over insurance contract liabilities and Note 26 on the valuation of financial instruments. The most significant accounting judgements and estimates used in this report are:

Income taxes

Significant judgement is required in determining the capital allowances and deductibility of certain expenses during the estimation of the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognised liabilities for anticipated tax issues based on its understanding of the current tax legislation and estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

Impairment of investment in associate

Impairment testing for investment in associate requires significant judgments and estimates to be made. If there is an indication of impairment in respect of the Group's investment in associate, the whole carrying value of the investment will be tested for impairment as a single asset under SFRS(I) 1-36 by comparing the recoverable amount with its carrying value using equity method, and any resulting impairment loss will be charged against the carrying value of investment in associate. As at 31 December 2020, there is no objective evidence that the investment in associate is impaired.

Provisional goodwill

The determination of the fair values of the identifiable assets acquired and liabilities assumed involves significant judgement and estimation. The excess of the purchase consideration over the fair value of net assets acquired is recognised as provisional goodwill. The Group will continue to review the fair value of net assets acquired during the measurement period. If new information obtained within one year of the date of acquisition about facts and circumstances that existed at the date of acquisition identifies adjustments to the above amounts, or any additional provisions that existed at the date of acquisition, adjustments to the provisional amount maybe required. The provisional goodwill recognised at the date of acquisition is disclosed in Note 9.

5. Segment information

The companies within the Group is generally divided into 2 reportable segments, as follows:

- Insurance segment, which focus on transacting both general and life insurance businesses
- Non-insurance segment, which comprises mainly of provision of financial advisory services, investment advisory services and investment portfolio administration.

As the Group has just completed the acquisitions of the subsidiaries prior to the end of the financial period, the performances of the subsidiaries were still monitored and managed by the respective management teams. Similarly, all financing (including finance costs, finance income and other income) and income taxes are managed separately by the respective management teams. Therefore, there are no assets or liabilities management centrally on a group basis.

Transfer prices between operating segments are on an arm's-length basis in a manner similar to transactions with third parties. Inter-segment revenues are eliminated upon consolidation and reflected in the 'adjustments and eliminations' column. All other adjustments and eliminations are part of detailed reconciliations presented further below:

	Insurance $'000	Non-insurance $'000	Total segments $'000	Adjustments and eliminations $'000	Consolidated $'000
Net Earned Premiums					
External customers	384,172	-	384,172	-	384,172
Inter-segment	-	-	-	-	-
Net Commissions income					
External customers	-	(4,939)	(4,939)	-	(4,939)
Inter-segment	-	40,109	40,109	(40,109)	-
Total	384,172	35,170	419,342	(40,109)	379,233
Income/(expenses)					
Employee benefits expenses	(10,655)	(3,116)	(13,771)	-	(13,771)
Depreciation and amortisation	(2,669)	(1,808)	(4,477)	-	(4,477)
Share of profit of an associate	313	-	313	-	313
Net investment income	100,845	1,749	102,594	26,119	128,713
Net insurance contract benefits ad claims incurred	(435,304)	-	(435,304)	-	(435,304)
Net commission expenses	(58,601)	-	(58,601)	40,109	(18,492)
Other operating expenses	(23,300)	(5,175)	(28,475)	-	(28,475)
Segment gains/(losses)	(45,199)	26,820	(18,379)	26,119	7,740
Total assets	13,355,529	174,736	13,530,265	(109,384)	13,420,881
Total liabilities	12,552,092	108,695	12,660,787	(75,735)	12,585,052

5. Segment information (continued)

The segments above only include operating entities, as the Company is solely a Financial Holding Company with no other business operations, its performance have not been included above. As there are no revenue or expense items managed centrally or allocated out to the companies of the Group, no reconciliation was performed.

Geographic information

	2020 $'000
Gross written premiums from external customers	
Singapore	403,400
Phillipines	135
Total	403,535

6. Net investment and other income

Group	At fair value through profit or loss account $'000	Loans and receivables $'000	Others $'000	Total $'000
Date of incorporation to 31 Dec 2020				
Dividend income	4,030	-	-	4,030
Interest income from:				
- Bonds and loan stocks	8,069	-	-	8,069
- Government and public authority securities	4,736	-	-	4,736
- Fixed deposits, discounted bills and loans	-	323	-	323
- Loan	-	10	-	10
Exchange gain/(loss) – net	(356)	149	11,271	11,064
Other income	-	-	10,278	10,278
Gross investment and other income	16,479	482	21,549	38,510
Less: Investment expenses and other charges	(1,228)	-	(18)	(1,246)
Net investment and other income	15,251	482	21,531	37,264

7. Other operating expenses

Other operating expenses comprise the following:

	Group Date of incorporation to 31 Dec 2020 $'000
IT expenses	5,892
Allowance for impairment of insurance receivables (Note 16)	16
Advertising and promotion expenses	5,700
Professional and consultancy fees	2,714
Directors fees	31
Office and rental expenses	4,168
Recharges	5,070
Other expenses	4,772
Other operating expenses	28,363

8. Income tax expense

(a) Major components of income tax expense

The major components of income tax credit for the financial period ended 31 December 2020 are:

	Group Date of incorporation to 31 Dec 2020 $'000
Current income tax	
- Current taxation	7,173
- Overprovision in respect of prior years	(488)
Deferred income tax	
- Origination and reversal of temporary differences	(13,556)
Income tax credit recognised in the statement of comprehensive income	(6,871)

8. Income tax expense (continued)

(b) Relationship between tax expense and accounting profit

The reconciliation between the tax expense and the product of accounting profit multiplied by the applicable corporate tax rate for the period ended 31 December 2020 is as follows:

	Group Date of incorporation to 31 Dec 2020 $'000
Accounting loss before tax	(23,398)
Tax expense on profit before tax at 17%	(3,978)
Adjustments:	
Overprovision in respect of prior years	(488)
Non-deductible expenses	6,953
Income not subject to taxation	(6,842)
Effect of difference in tax basis on participating fund	11,877
Effect of applying 10% concessionary rate on income from qualifying debt securities	(126)
Deferred tax asset arising from tax losses not recognised	1,310
Tax credit on undistributed surplus	(13,548)
Utilisation of previously unrecognised tax losses	(1,952)
Others	(77)
Tax credit	(6,871)

(c) Deferred tax

Deferred income tax liabilities consist primarily of temporary differences arising from future distributable surplus arising from the Life Participating fund. Movements in deferred income tax liabilities during the financial period are as follows:

	Group 2020 $'000	Company 2020 $'000
Date of incorporation	-	-
Charged to:	-	-
- Profit or loss (Note 8(a))	(13,556)	-
End of financial period	(13,556)	-

(d) The Group has estimated its tax charge, tax provision and tax recoverable relating to the insurance business based on its understanding of the current legislation. These estimates may be different from the ultimate actual tax liability or refund.

9. Investments in subsidiaries

	Company 2020 $'000
Equity investments at cost	
At date of incorporation	-
Movement during the period	
- Acquisitions	3,166,406
End of financial period	3,166,406
Investments in subsidiaries - net	3,166,406

On 30 November 2020, the Company has acquired 100% of Singapore Life Group, Aviva Ltd Group and Aviva Asia Pte Ltd for a total consideration of $3,166,406,000.

The Group has the following subsidiaries as at 31 December 2020:

Name of companies	Principal activities	Country of business/ incorporation	Percentage of effective equity interest held by the Company
Aviva Ltd [i]	Underwriting general and life insurance businesses	Singapore	100.00
Singapore Life Pte. Ltd. [ii]	Underwriting life insurance business	Singapore	100.00
Aviva Asia Pte Ltd [i]	Provision of management services to related companies	Singapore	100.00
Held by Aviva Ltd			
Aviva Financial Advisers Pte Ltd [i]	Provision of financial advisory services	Singapore	100.00
Navigator Investment Services Limited [i]	Investment portfolio administration and provision of investment advisory services	Singapore	100.00
Professional Advisory Holdings Ltd. [i]	Investment holding	Singapore	92.42
Held by Singapore Life Pte. Ltd.			
Singapore Life (Philippines) Inc. [ii]	Transacting life insurance business	Philippines	65.00
Wholly held by Professional Advisory Holdings Ltd			
Professional Investment Advisory Services Pte Ltd [i]	Provision of financial advisory services	Singapore	92.42

i. Not audited by Ernst & Young LLP, Singapore or its member firms
ii. Audited by Ernst & Young LLP, Singapore or its member firms

9. Investments in subsidiaries (continued)

Singapore Life Pte. Ltd.

On 30 November 2020, pursuant to a sale and purchase agreement, the Company issued 103,207,586 ordinary shares for 100% interest in Singapore Life Pte. Ltd.. The fair value of the shares was calculated with reference to the last capital injection into Singapore Life Pte. Ltd., which was at $4.53 per share. The fair value of the consideration given was determined to be $466,406,128. As the transaction took place with common shareholders, the excess of consideration paid over the net assets value of Singapore Life Pte. Ltd. was recognised as merger reserve.

Singapore Life Pte. Ltd. is incorporated in Singapore with principal activities of underwriting life insurance business.

Acquisition of Aviva Ltd and Aviva Asia Pte Ltd

On 30 November 2020, pursuant to a sale and purchase agreement, the Company acquired 100% interest in Aviva Ltd and Aviva Asia Pte Ltd for the combined consideration of $2,700,000,000. The consideration was satisfied in part by cash and in part by shares of the Company. The excess of consideration paid over the net assets value of Aviva Ltd and Aviva Asia Pte Ltd was recognised as goodwill.

Aviva Ltd and Aviva Asia Pte Ltd are entities incorporated in Singapore with principal activities being underwriting general and life insurance business and providing of management services to related companies respectively.

Assets acquired and liabilities assumed at the date of acquisition

	Aviva Ltd and Aviva Asia Pte Ltd $'000	**Singapore Life Pte Ltd $'000**
Total assets	11,875,222	1,405,256
Total liabilities	(11,194,818)	(1,259,102)
Net assets acquired and liabilities assumed	680,404	146,154
Less: NCI	(617)	-
Provisional goodwill arising on acquisition	2,020,973	
Merger reserve arising from combination		320,252

Goodwill arose in the acquisition because the cost of the combination included a control premium. The amount has been recorded as provisional goodwill and the finalisation of the amount is dependent on the completion of the valuation of net assets acquired.

Merger reserve represents the difference between the nominal value of shares issued in exchange for the nominal value of shares and reserves of subsidiary acquired under common control, in accordance with principles of merger accounting.

9. Investments in subsidiaries (continued)

Assets acquired and liabilities assumed at the date of acquisition (continued)

From the date of acquisition, Singapore Life Pte. Ltd. and Aviva Ltd contributed approximately $403 million of gross written premiums, and approximately $8 million of profit before tax from continuing operations of the Group. If the combination had taken place at the beginning of the year, gross written premiums would have been approximately $3,843 million and profit before tax from continuing operations for the Group would have been approximately $114 million.

Net cash outflow on acquisition of subsidiaries

	2020
	$'000
Consideration paid in cash	(1,647,432)
Less: Cash and cash equivalent balances acquired	1,193,627
	(453,805)

10. Investments in associate

For the current financial year, the Group recognised its share of the associate's profit based on unaudited results available up to 31 December 2020. There are no contingent liabilities relating to the Group's interest in the associate.

Details of the associate held by the Group are as follows:

	Country of incorporation	Principal activity	Percentage (%) of effective equity interest held by the Group **2020**
Lendlease Jem Partners Fund Limited	Bermuda	Investment Holding	**22.5**

	Date of incorporation to 31 Dec 2020 $'000
Equity investment at cost	68,792
Share of profits after tax (cumulative)	313
Carrying amount at 31 December 2020	69,105

The Group's share of profit after tax from the associate recognised for the current financial period is $313,000.

The summarised financial information of the associate (presented in $million) for the financial period ended 31 December 2020, not adjusted for the proportion of the ownership interest held by the Group, is as follows:

	2020 $million
Current assets	2.8
Non-current assets	304.6
Total assets	307.4
Current liabilities	0.3
Non-current liabilities	-
Total liabilities	0.3
Net assets	307.1
Revenue	7.4
Profit before tax	(12.2)
Income tax expense	-
Profit after tax	(12.2)
Other comprehensive income	**-**
Total comprehensive income for the year	(12.2)

10. Investment in associate (continued)

Reconciliation of the summarised financial information (in $million) presented with the carrying amount of the Group's interest in the associate, is as follows:

	2020 $million
Net assets	
At 1 January	319.3
Profit after tax	(12.2)
Dividends declared	-
At 31 December	307.1
Carrying value of interest in associate (2020: 22.5%)	69.1

11. Plant and equipment

Group	Office equipment $'000	Furniture and fittings $'000	Right-of-use assets $'000	Total $'000
Cost				
At date of incorporation	-	-	-	-
Arising from acquisition of subsidiaries	24,268	12,557	79,724	116,549
Additions	21	808	5,075	5,904
At 31 December 2020	24,289	13,365	84,799	122,453
Accumulated depreciation				
At date of incorporation	-	-	-	-
Arising from acquisition of subsidiaries	17,859	9,802	66,071	93,732
Depreciation charge	27	124	3,837	3,988
At 31 December 2020	17,886	9,926	69,908	97,720
Net book values				
At 31 December 2020	6,403	3,439	14,891	24,733

11. Plant and equipment (continued)

The Group leases office space over an average period of 3 to 5 years for the purpose of its insurance operations. There are no externally imposed covenants on these lease arrangements.

(a) Carrying amounts right-of-use assets are pertaining only to the office space leased.

	31 December 2020 $'000
Group	
Office lease	14,891

(b) Depreciation charge during the financial period

	Date of incorporation to 31 Dec 2020 $'000
Group	
Office lease	3,837

(c) Interest expense

	Date of incorporation to 31 Dec 2020 $'000
Group	
Interest expense on lease liabilities	113

(d) Lease expense not capitalised in lease liabilities

	Date of incorporation to 31 Dec 2020 $'000
Group	
Lease expenses – low value leases	-

(e) Total cash outflow for all the leases in the period was $1,278,000.

(f) Addition of ROU assets during the financial period was $5,075,000.

12. Intangible assets

Group	Domain names $'000	Computer software licenses $'000	Distribution rights $'000	Total $'000
Cost				
At date of incorporation	-	-	-	-
Arising from acquisition of subsidiaries	152	61,702	5,100	66,954
Additions	-	-	-	-
Balance at 31 December 2020	152	61,702	5,100	66,954
Accumulated amortisation				
At date of incorporation	-	-	-	-
Arising from acquisition of subsidiaries	29	28,612	4,300	32,941
Amortisation recognised during the period	1	421	67	489
As at 31 December 2020	30	29,033	4,367	33,430
Net book values				
At 31 December 2020	122	32,669	733	33,524

The Group has recognised costs incurred in relation to ongoing projects as Work-in-progress ("WIP") under Computer software licenses. The amount recognised as WIP for 2020 was $8,193,900. Amortisation of these costs will only begin once the project goes live.

13. Cash and cash equivalents

	Group 2020 $'000	Company 2020 $'000
Cash and bank balances	714,132	35,399
Short term deposit	2,114	-
	716,246	35,399

As at 31 December 2020, the Group pledged no cash collaterals for liabilities and held cash collaterals of $$27,782,820 for assets in respect of derivative transactions. The Group did not repledge collaterals received.

14. Investments at fair value through profit or loss

Investments designated at fair value through profit or loss:

	Group $'000
Fair Value Through Profit or Loss	
Equity securities	4,403,377
Debt securities	6,544,962
Available-for-sale	
Equity securities	5,805
Debt securities	297,795
Total	11,251,939

15. Derivative financial instruments

In connection with the derivative agreements with counterparties, the Group posted no restricted securities of as collateral to these counterparties at the reporting date.

The Group also held security collateral of $115,549,842 in the form of US government securities and Singapore government securities at the reporting date. The Group has the right to receive them when there is an increase in credit risk from counterparties. Therefore, these are not included in the Group's investments.

Derivative financial instruments included in the balance sheet as at 31 December are as follows:

		Fair value	
Group	**Contract/ notional amount $'000**	**Assets $'000**	**Liabilities $'000**
2020			
Currency swaps	54,517	7,031	(547)
Interest rate swaps	1,034,179	28,134	(727)
Currency forward contracts	6,353,162	157,691	(24,882)
Total held for trading assets/(liabilities)		192,856	(26,156)

16. Loans and receivables

	Group 2020 $'000	Company 2020 $'000
Insurance receivables	120,011	-
Less: Allowance for impairment	(743)	-
	119,268	-
Due from reinsurers	10,701	-
Total insurance receivables	129,969	-
Cash and cash equivalents (Note 13)	716,246	35,399
Other receivables (Note 17)	107,169	-
Policy loans	60,079	-
Total loans and receivables	1,013,463	35,399

Insurance receivables are non-interest bearing and are generally on 0 to 90 days credit term. The carrying amounts disclosed above reasonably approximate fair values at period-end.

Group	2020 $'000
Movement in allowance accounts:	
At date of incorporation	-
Arising from acquisition of subsidiaries	(727)
Charge for the period (Note 7)	(16)
At 31 December 2020	(743)

Insurance receivables that are individually determined to be impaired at the reporting date relate to debtors that are in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

Insurance receivables that are neither past due nor impaired

Insurance receivables that are neither past due nor impaired are mainly due from debtors with a good collection track record with the Group.

Insurance receivables that are past due but not impaired

The Group has trade receivables amounting to $1,494,988 that are past due by more than 180 days at the reporting date but not impaired. These receivables are unsecured.

Policy loans are secured by the cash value of the life policy and bear interest at a weighted average rate of 6.5% per annum. Policy loans have no fixed terms of repayment.

17. Other receivables

	Group 2020 $'000	Company 2020 $'000
Deposits	5,385	-
Accrued interest receivable	42,281	-
Dividends receivable	3,352	-
Amounts due from related companies	173	-
Other receivables	56,099	-
Less: Allowance for impairment	(121)	-
	107,169	-

Amounts due from related companies relates to services provided to related parties of Aviva Ltd within the Aviva Plc group. The amount is unsecured, interest-free and is expected to be settled within the next twelve months. The carrying amounts disclosed above reasonably approximate fair values at period-end.

18. Financial liabilities carried at amortised cost

	Group 2020 $'000	Company 2020 $'000
Amounts due to agents, brokers and policyholders	45,553	-
Amounts due to reinsurers	55,285	-
Premium deposits	286,865	-
Advance premiums	48,576	-
Total insurance payables	436,279	-
Add: Other payables (Note 19)	612,954	23,843
Debt issued (Note 20)	540,997	540,997
Bank loan (Note 20)	330,670	330,670
Lease liabilities	16,252	-
Total financial liabilities carried at amortised cost	1,937,152	895,510

Insurance payables are non-interest bearing, except for premium deposits and advance premiums which bear an interest rate of 0.8% per annum. The carrying amounts disclosed above reasonably approximate fair values at year-end.

19. Other payables

	Group 2020 $'000	Company 2020 $'000
Accrued operating expenses	103,830	-
Amounts due to related companies	798	-
Sundry creditors	508,326	23,843
	612,954	23,483

Amounts due to related companies relates to services provided to the Group. The amount is unsecured, interest-free and is expected to be settled within the next twelve months. The carrying amounts disclosed above reasonably approximate fair values at period-end.

20. Financial liabilties

(a) Debts issued

	Group 2020 $'000	Company 2020 $'000
3.375% subordinated fixed rate notes	540,997	540,997
	540,997	540,997

On 24 November 2020, the Company issued $550 million subordinated fixed rate notes ("Notes") due 2031, callable in 2026. The Notes will initially bear interest at the rate of 3.375% per annum, payable semi-annually on 24 February and 24 August each year up to 2026. If the Notes are not redeemed or purchased and cancelled on 24 February 2026, the interest rate from that date will be reset at a fixed rate per annum equal to the aggregate of the then prevailing 5-year SGD Swap Offer Rate and 2.869%, payable semi-annually in arrears.

(b) Bank loan

	Group 2020 $'000	Company 2020 $'000
Unsecured bank loan	330,670	330,670
	330,670	330,670

The unsecured bank loan of the Group and Company is denominated in Singapore Dollars. The bank loan is repayable within five years. Interest on the loan is repriced every 6 months and the interest rate as at 31 December 2020 was 3.03% per annum.

20. Financial liabilties (continued)

(c) Finance costs

	Group 2020 $'000	Company 2020 $'000
Interest on debts and borrowings	4,248	4,248
Amortisation of transaction costs in relation to the debts issued and bank loan	437	437
Total finance costs	4,685	4,685

21. Insurance contract liabilities

Group 2020	Notes	Insurance contract liabilities $'000	Reinsurers' share of insurance contract liabilities $'000	Net $'000
Policy liabilities	(a)	10,519,254	(696,510)	9,822,744
Provision for unearned premiums and unexpired insurance risks	(b)	204,628	(13,429)	191,199
Provision for claims reported by policyholders	(c)	197,195	(73,356)	123,839
Provision for claims incurred but not reported ("IBNR")	(c)	117,873	(30,869)	87,004
Total insurance contract liabilities - Net		11,038,950	(814,164)	10,224,786

21. Insurance contract liabilities (continued)

(a) The movement in the net policy liabilities for Life and Group business is as follows:

	Group 2020 $'000 Life
At date of incorporation	-
Arising from the acquisition of subsidiaries	9,568,530
Increase in net policy liabilities	254,214
At 31 December	9,822,744

(b) Provision for net unearned premiums and unexpired insurance risks may be analysed as follows:

	Group 2020 $'000		
	Life	Non-life	Total
At date of incorporation	-	-	-
Arising from the acquisition of subsidiaries	177,911	16,174	194,085
Decrease in provision for unearned premiums	(2,747)	(139)	(2,886)
At 31 December 2020	175,164	16,035	191,199

(c) Provision for net claims reported and not reported by policyholders may be analysed as follows:

	Group 2020 $'000		
	Life	Non-life	Total
At date of incorporation	-	-	-
Arising from the acquisition of subsidiaries	175,329	18,379	193,708
Change in outstanding claims	162,931	1,025	163,956
Movement in IBNR	5,383	94	5,477
Claims paid during the period	(151,092)	(1,206)	(152,298)
At 31 December 2020	192,551	18,292	210,843

22. Insurance contract liabilities and reinsurance assets - Assumptions and sensitivities

Aviva Ltd and Singapore Life Group were operating independently before and after the acquisitions by the Company. Therefore, the two entites manage their insurance contract liabilities differently due to the different portfolios and experience.

(a) Aviva Ltd

Integrated Shield products such as MyShield and MyShieldPlus are valued at the higher of the long term or short term insurance provision bases as highlighted below. These are currently valued using the short term insurance provision (2019: short term) basis.

(i) Long term insurance provision

Major classes of business written under this category include individual life and retail health (guaranteed renewability) business.

For long term insurance contracts, economic assumptions are continually reviewed and updated. Non-economic assumptions are reviewed at least annually. Non-economic assumptions are presented to Aviva Ltd's Assumptions Committee and are subject to the committee's approval before these assumptions are adopted in the valuation of Aviva Ltd's liabilities. Key assumptions are highlighted below:

Mortality and morbidity rates

Mortality and morbidity assumptions will have regard to Aviva Ltd's and industry's historical experience and rates recommended by reinsurers, where available, and are generally differentiated by sex and policy type.

In general, higher mortality and morbidity assumptions will lead to higher expected claims outgo, which in turn, will lead to an increase in policy liabilities.

Annuity and long term contracts, on the other hand, are sensitive to longevity risks, such that a lower mortality assumption would result in an increase in expected annuity payments, therefore increasing policy liabilities.

22. Insurance contract liabilities and reinsurance assets - Assumptions and sensitivities (continued)

(a) Aviva Ltd (continued)

(i) Long term insurance provision (continued)

Valuation interest rates

The valuation interest rate assumption is the underlying interest rate at which future cash flows are discounted in determining insurance contract liabilities. In calculating the liability for the Minimum Condition Liability of Aviva Ltd's Participating and Non-participating business and non-unit reserves of Investment-Linked funds, future expected cash flows are discounted at risk-free rates as prescribed under MAS 133. In calculating Aviva Ltd's Participating Fund liabilities, future cash flows are discounted using Aviva Ltd's best estimate long-term investment return it expects to earn on its Participating Fund assets.

Expenses and commission rates

Expense studies are conducted regularly and the expense assumptions will reflect both Aviva Ltd's actual expenses as well as budgeted expenses based on Aviva Ltd's business plan. Any recommendations resulting from these studies will be reflected in the valuation of policy liabilities subject to the approval of Aviva Ltd's Assumption Committee.

Commission rates are assumed to be the same as those contracted with the various channels. Higher expense and commission assumptions will increase policy liabilities.

Surrender rates

Surrender rates assumed in the calculation of policy liabilities will reflect Aviva Ltd's historical experience and are differentiated by duration in-force and policy type.

Higher surrender rates would tend to lead to a decrease in policy liabilities. However, the impact on policy liabilities will depend on the product design, and whether the surrender value is high relative to other benefits available under the policy.

Bonus rates

Future bonus rates are assumed to be the same as those declared in the latest bonus declaration, with suitable adjustments where necessary to ensure that bonus rates continue to be in line with Aviva Ltd's Internal Governance Policy on the management of its Participating Fund under changing investment conditions.

22. Insurance contract liabilities and reinsurance assets - Assumptions and sensitivities (continued)

(a) Aviva Ltd (continued)

(i) Long term insurance provision (continued)

Inflation rates

Inflation rates assumption is set to reflect long-term inflation expectations, allowing for the proportion of staff and non-staff expenses.

In general, higher inflation assumptions will lead to higher expected expenses outgo which in turn, will lead to an increase in policy liabilities.

Assumptions

Mortality	Aviva Ltd adopted the Limited Fluctuation Method ("LFM"), which is an established credibility based statistical method. The methodology assumptions are thus set by blending Aviva Ltd's own experience (internal table) and external view (prior table) using weights (or credibility factors) derived based on size of insurer's exposure. An allowance is made for expected improvement in mortality.
Morbidity	Morbidity assumptions are set by blending Aviva Ltd's own experience (internal table) and external view (prior table) using weights (or credibility factors) derived based on size of insurer's exposure. Medical inflation was allowed for certain line of business.
Discount rate (best estimate)	Par Others: Yield curve, with long term rate of 4.75% Par Investment Pool: Yield curve, with long term rate of 4.75% Par (AP): Yield curve, with matching strategy against the fund's liabilities MyPrestigePlan: Based on the Yield to Maturity of the underlying assets MyIncomePlus: Based on pricing estimate return assumption.
Risk-free discount rate	Derived based on regulations set out in MAS Notice 133 Appendix 3C - Determination of Risk-free Discount Rate.
Persistency	Based on persistency study of Aviva Ltd's past experience.
Acquisition/Maintenance expenses	Based on past actual experience, expressed as unit costs per in-force policy and percentage of premiums.
Distribution expenses	Based on past actual experience, expressed as unit costs per percentage of premiums.
Expense inflation rate	The allowance of the expected long term expenses inflation is taken into consideration.

22. Insurance contract liabilities and reinsurance assets - Assumptions and sensitivities (continued)

(a) Aviva Ltd (continued)

(i) Long term insurance provision (continued)

Sensitivities

	Increase/ (decrease) from Base		
Sensitivity of Policy Liabilities	**Non-Participating Fund $'000**	**Unit-Linked Fund $'000**	**Total $'000**
2020			
Mortality and Morbidity – Non-annuities			
+ 5%	(345)	2	(343)
- 5%	423	(2)	421
Mortality and Morbidity – Annuities			
+ 5%	(1,965)	-	(1,965)
- 5%	2,071	-	2,071
Expenses			
+ 10%	1,370	406	1,776
- 10%	(1,320)	(355)	(1,675)
Surrender			
+ 10%	(10,807)	(151)	(10,958)
- 10%	14,951	178	15,129
Interest rate			
+ 1%	(43,653)	(289)	(43,942)
- 1%	63,727	329	64,056

In accordance with the regulations, Aviva Ltd values the liabilities of the participating fund based on the value of policy assets of the fund. The above changes in the stated variables will have no impact on the participating fund policy liabilities because the change in assumptions would not cause the policy liabilities to be greater than the policy assets of the fund.

22. Insurance contract liabilities and reinsurance assets - Assumptions and sensitivities (continued)

(a) Aviva Ltd (continued)

(ii) Short term insurance provision

The major classes of business written under this category can be classified broadly into Group Life, Group Accident and Health, yearly (non-guaranteed) renewable Retail Health and General Insurance.

Group Life business includes group term life, group living care and group disability income business. Group Accident and Health business includes group personal accident, group in-patient medical plans and group outpatient medical plans. These risks may be written locally or overseas. Retail Health includes yearly (non-guaranteed) renewable individual medical expense insurance. General Insurance includes motor, travel home content, personal accident and gadget products.

For these contracts, claims provisions (comprising outstanding claims and claims incurred but not reported) are established to cover the ultimate cost of settling the liabilities in respect of claims that have occurred, according to insurance regulations and guidelines.

Outstanding claims provisions are reviewed on a monthly basis and comprise claims reported by policyholders. Claims incurred but not reported provisions are reviewed on a quarterly basis and are updated to reflect the development of claims experience over the quarter, including settlement of claims and new claims reported. Claims provisions are not discounted for future time value of money.

Future claims costs are projected through the use of generally accepted actuarial techniques namely, the Chain Ladder and Bornhuetter Ferguson methods. As prescribed under the local regulations, provisions for adverse deviation is made to provide for claims liabilities at a 75% confidence level. This is determined using Bootstrapping or Mack’s method.

22. Insurance contract liabilities and reinsurance assets - Assumptions and sensitivities (continued)

(a) Aviva Ltd (continued)

(ii) Short term insurance provision (continued)

Assumptions

The principal assumption underlying the Chain Ladder method is that the development of historical claims pattern will be expected to continue in the future.

The assumptions underlying the Bornhuetter Ferguson method is that the development of historical claims pattern will be expected to continue in the future and the assumed loss ratios are reflective of future claims experience.

No discounting is applied to the claims provisions and hence, no interest assumption is required.

Sensitivities

The claims provision is sensitive to the delays that arise between occurrence of a claim and its subsequent notification and eventual settlement.

Reinsurance

Aviva Ltd limits its exposure to loss within its insurance operations through the use of reinsurance arrangements. The business ceded is placed on both quota share and surplus basis with retention limits varying by product line and territory. Amounts recoverable from reinsurers are calculated in a manner consistent with the assumptions used for ascertaining policy benefits.

22. Insurance contract liabilities and reinsurance assets - Assumptions and sensitivities (continued)

(b) Singapore Life Group

Key assumptions

Material judgement is required in determining the insurance liabilities and in the choice of assumptions. Assumptions in use are based on industry experiences, external market indices and benchmarks which reflect current observable market prices and trends. Assumptions and prudent estimates are determined at the date of valuation and no credit is taken for possible beneficial effects of voluntary withdrawals. Assumptions will be further evaluated on a periodic basis in order to ensure realistic and reasonable valuations.

The key assumptions to which the estimation of liabilities is particularly sensitive are as follows:

Discount rate

The discount rates are derived from Singapore Dollar ("SGD") and USD yield curves based on prescribed approaches provided by MAS. Policy liabilities for universal life business are calculated on both guaranteed and non-guaranteed bases, with the actual policy liability held being the higher of the two. The discount rate used for the non-guaranteed basis is set based on the best estimate expected return from the asset portfolio backing these policies.

Mortality and morbidity rates

Mortality and morbidity rates assumptions are based on pricing assumptions as at valuation date.

Lapse and surrender rates

Lapse and surrender rates assumptions are based on pricing assumptions as at valuation date.

Expenses

Expense assumptions represent the expected amount that will be spent on the business. Assumptions on future expenses are at best estimate after taking into consideration long term expense levels and the expected expense inflation.

22. Insurance contract liabilities and reinsurance assets - Assumptions and sensitivities (continued)

(b) Singapore Life Group (continued)

Sensitivities

The analysis below is performed for reasonably possible movements in key assumptions affecting the determination of insurance liabilities with all other assumptions held constant, showing the impact on gross and net liabilities, and loss before tax.

The correlation of assumptions will have a significant effect in determining the analysed claims liabilities. To demonstrate the impact, changes in specific assumptions are analysed on an individual basis. It should be noted that movements in these assumptions are non-linear. Sensitivity information will also vary according to the current economic assumptions.

Singapore Life Group 2020	**Change in assumptions**	**Impact on gross insurance contract liabilities S$'000**	**Impact on net insurance contract liabilities S$'000**	**Impact on loss before tax S$'000**
Discount rate*	- 0.5%	28,553	28,227	28,227
Mortality and morbidity rates	+/- 10%	13,580	1,264	1,264
Lapse and surrender rates	+/- 10%**	6,609	6,364	6,364
Expenses	+ 10%	1,718	1,672	1,672

* It is expected that the total impact on the loss before tax will be lower than the observed impact on net insurance contract liabilities given a reduction in discount rates is likely to lead to an increase in the market value of fixed income assets that are held to back the different products.

** More onerous of an increase or decrease in lapses and surrenders, depending on the products

23. Deferred acquisition costs

	Group 2020 $'000
At date of incorporation	-
Arising from the acquisition of subsidiaries	17,664
Change in deferred acquisition costs	73
At 31 December 2020	17,737

The Group has conducted an impairment assessment on the deferred acquisition costs and is of the view that these amounts can be utilised against the profits of the underlying insurance contracts as at 31 December 2020.

24. Share capital and other capital

Group and Company	2020 No. of shares '000	2020 $'000
Share Capital:		
Ordinary shares		
Date of incorporation	-	-
Shares issued	457,912	2,077,824
End of financial year	457,912	2,077,824
Other Capital:		
6.059% non-cumulative non-convertible perpetual capital securities issued on 30 November 2020	-	260,000
End of financial year	-	260,000
Share capital and other capital	457,912	2,337,824

The 6.059% non-cumulative non-convertible perpetual capital securities were issued by the Company on 30 November 2020. The capital securities are perpetual securities but may be redeemed at the option of the Company upon the occurrence of a tax event or certain redemption events.

The capital securities bear a fixed distribution rate of 6.059% per annum, subject to a reset on 30 November 2027 (and every seven years thereafter) to a rate equal to the prevailing seven-year Singapore Dollar SOR plus a margin of 5.369%.

Distributions are payable semi-annually on 30 May and 30 November of each year, unless cancelled by the Company at its sole discretion or unless the Company has no obligation to pay the distributions. The capital securities constitute direct, unsecured and subordinated obligations of the Company and rank pari passu without preference among themselves.

25. Related party transactions

In addition to the related party information disclosed elsewhere in the financial statements, the following significant transactions between the Group and the related parties took place at terms agreed between the parties:

(a) Sales and purchases of services

	2020	
	Group $'000	**Company $'000**
Payment of expenses on behalf by Aviva Ltd	-	390

(b) Key management personnel compensation

	2020	
	Group $'000	**Company $'000**
Employee benefits	318	-

26. Fair value of financial instruments

(a) Fair value of financial instruments that are carried at fair value

The following table shows an analysis of financial instruments carried at fair value by level of fair value hierarchy:

Group	**Quoted prices in active markets for identical instruments (Level 1)**	**Significant other observable inputs (Level 2)**	**Significant un-observable inputs (Level 3)**	**Total**
2020	**$'000**	**$'000**	**$'000**	**$'000**
Financial assets:				
Fair Value Through Profit or Loss				
Equity securities	4,132,066	-	271,311	4,403,377
Debt securities	497,157	6,047,805	-	6,544,962
Derivatives				
Currency swaps	-	7,031	-	7,031
Currency forward contracts	-	157,691	-	157,691
Interest rate swaps	-	28,134	-	28,134
Available-for-sale				
Equity securities	-	-	5,805	5,805
Debt securities	42,811	254,985	-	297,796
At 31 December 2020	4,672,034	6,495,646	277,116	11,444,796
Financial liabilities:				
Derivatives				
Currency swaps	-	(547)	-	(547)
Currency forward contracts	-	(24,882)	-	(24,882)
Interest rate swaps	-	(727)	-	(727)
At 31 December 2020	-	(26,156)	-	(26,156)

During the year, there was no transfer from Level 2 to Level 3.

26. Fair value of financial instruments (continued)

(a) *Fair value of financial instruments that are carried at fair value* (continued)

Movements in level 3 assets and liabilities measured at fair value:

The following table presents the reconciliation for all assets measured at fair value based on significant unobservable inputs (Level 3):

Group	Equities $'000	Available-for-sale $'000	Total $'000
Financial assets:			
At date of incorporation	-	-	-
Arising from the acquisition of subsidiaries	270,709	5,805	276,514
Total gain for the period:			
– change in fair value	602	-	602
Purchases and sales for the period			
Purchases	-	-	-
Sales	-	-	-
At 31 December 2020	271,311	5,805	277,116

Fair value hierarchy

The Group classifies fair value measurement using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- Level 3 - Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

26. Fair value of financial instruments (continued)

(a) Fair value of financial instruments that are carried at fair value (continued)

The investment accounting team regularly reviews the fair values of the investments held. If third party information, such as broker quotes or pricing services, is used to measure fair value, then the investment accounting team documents the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of SFRS(I), including the level in the fair value hierarchy the resulting fair value estimates should be classified.

Determination of fair value

Quoted equity and debt securities (Note 14): Fair value is determined directly by reference to their published closing prices from established pricing sources at the reporting date.

Unquoted equity and debt securities (Note 14): Fair value is determined directly by reference to latest Net Asset Value provided by fund administrator and third party broker quotes.

Derivatives (Note 15): Derivative financial instruments are valued at market prices provided by counterparties, determined by reference to market values for similar instruments.

(b) Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value

Loans and receivables (Notes 16 and 17), and financial liabilities carried at amortised cost (Notes 18,19 and 20).

The carrying amounts of these financial assets and liabilities are a reasonable approximation of fair values. Fair value is determined at initial recognition and, for disclosure purposes, at each annual reporting date.

27. Risk management policies

Interest rate risk

The Group's core insurance and investment activities are inherently exposed to interest rate risk, which arises principally from differences in maturities or re-pricing of invested assets and long-term policyholders' liabilities. In dealing with this risk, the Group adopts an approach of focusing on an appropriate asset-liability management strategy to achieve a desired overall interest rate profile, which may change over time, based on the profile of the policyholders' liabilities, taking into consideration the longer-term view of interest rates and economic conditions.

Sensitivities

	50 basis points higher		50 basis points lower	
2020	**Impact on profit or loss**	**Impact on equity**	**Impact on profit or loss**	**Impact on equity**
	$'000	**$'000**	**$'000**	**$'000**
Financial liabilities				
Insurance contract liabilities	52,895	43,903	(55,379)	45,965
Bank Loan	(1,750)	(1,453)	1,750	1,453

The interest rate on the debts issued is fixed until 24 February 2026 and therefore, is not included in this interest rate risk analysis.

27. Risk management policies (continued)

Foreign currency risk

Foreign currency exposures arising from foreign currency denominated assets such as bonds, equities and money market instruments are managed and usually hedged through the use of financial derivatives such as currency swaps and forwards.

Sensitivities

	< Aviva Ltd >								
	SGD	**USD**	**AUD**	**HKD**	**JPY**	**Others**	**Par**	**Unit Linked**	**Total**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
2020									
Financial assets									
Investments	1,336,487	539,501	-	4,269	-	5,805	7,882,992	537,311	10,306,365
Reinsurers' share of insurance contract liabilities	763,122	-	-	-	-	-	49,225	-	812,347
Insurance receivables	111,690	2,862	-	-	-	67	13,165	434	128,218
Other receivables	56,902	2,804	-	59	-	-	37,122	3,869	100,756
Policy loans	2,003	-	-	-	-	-	51,218	6,858	60,079
Cash and cash equivalents	113,101	8,209	-	-	-	-	41,578	17,606	180,494
Financial liabilities									
Insurance contract liabilities	1,655,800	61,465	188	1	-	363	7,534,709	529,745	9,782,271
Insurance payables	138,342	1,096	-	-	-	11	320,492	11,633	471,574
Other payables	492,603	-	-	-	-	-	28,221	4,382	525,206

Singapore Life Group has a different functional currency from the Group. Singapore Life Group foreign currency exposure arise mainly from the exchange rate movements of the SGD against USD held mainly in cash and cash equivalents, investments and policy liabilities. The exposure to other currencies (aside from SGD) is not significant.

The impact of foreign currency exposures relating to "Par" and "Unit Linked" funds will not affect the profit or loss of the Group. The operations of other subsidiaries are mainly in SGD, and do not have any significant exposures to foreign currency risks and have been excluded from this sensitivity analysis.

27. Risk management policies (continued)

Foreign currency risk (continued)

	If USD/GBP/AUD/EUR strengthens by 10% against SGD				If USD/GBP/AUD/EUR weakens by 10% against SGD			
	Impact on profit or loss				Impact on profit or loss			
	USD	**GBP**	**AUD**	**EUR**	**USD**	**GBP**	**AUD**	**EUR**
2020	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Financial assets								
Investments (net of foreign exchange hedges)	-	-	-	-	-	-	-	-
Reinsurers' share of insurance contract liabilities	-	-	-	-	-	-	-	-
Insurance receivables	286	-	-	-	(286)	-	-	-
Other receivables	280	-	-	-	(280)	-	-	-
Policy loans	-	-	-	-	-	-	-	-
Cash and cash equivalents	821	-	-	-	(821)	-	-	-
Financial liabilities								
Insurance contract liabilities	(5,102)	(27)	(16)	3	5,102	27	16	3
Insurance payables	(110)	-	-	-	110	-	-	-
Other payables	-	-	-	-	-	-	-	-

Singapore Life Group has a different functional currency from the Group. Singapore Life Group foreign currency exposure arise mainly from the exchange rate movements of the SGD against USD held mainly in cash and cash equivalents, investments and policy liabilities. If SGD would have strengthened or weakened by +/-10%, the impact on loss before tax to the Group is ($5,169,888) and $4,228,519, respectively. This does not include the impact of derivative that Singapore Life Group uses to hedge it exposure in foreign currency.

27. Risk management policies (continued)

Equity price risk

Investments in equities are subject to considerations of risk adjusted returns, taking into account the risk requirements as prescribed by the Insurance (Valuation and Capital) Regulations 2004. The Group relies on external fund managers to monitor equity price risk.

					10% increase in the underlying equity price		10% decrease in the underlying equity price	
	Par	**Unit linked**	**Others**	**Total**	**Impact on profit or loss**	**Impact on equity**	**Impact on profit or loss**	**Impact on equity**
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
2020								
Financial assets								
Investments at fair value through profit or loss	3,708,805	527,653	166,919	4,403,377	16,692	-	(16,692)	-

27. Risk management policies (continued)

Credit risk

Credit risk is the risk of loss as a result of the default of an issuer of debt securities or a counterparty failing to perform its contractual obligations. Exposure to credit risk arises primarily from investing activities and, to a lesser extent, derivative activities. Counterparty limits are imposed and monitored at fund level. At the reporting date, there was no significant concentration of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheet.

	Investment Grade (BBB- and above)	Not rated	Not subject to credit risk	Total
	$'000	$'000	$'000	$'000
2020				
Debt securities	5,983,458	849,642	9,658	6,842,758
Derivative financial assets	192,747	-	109	192,856
Reinsurers' share of insurance contract liabilities	814,164	-	-	814,164
Insurance receivables	-	127,784	2,185	129,969
Other receivables	40,681	66,488	-	107,169
Cash and cash equivalents	699,089	-	17,157	716,246

The maximum exposure to derivative financial assets is mitigated by the security collaterals held from counterparties as disclosed in Note 15. Information regarding financial assets that are either past due or impaired is disclosed in Note 16.

27. Risk management policies (continued)

Liquidity risk

Liquidity risk is the risk where a Group is unable to meet its obligations at reasonable cost or at any time. The Group manages this risk by monitoring daily and monthly projected and actual cash inflows and outflows and by ensuring that a reasonable amount of financial assets are kept in liquid instruments at all times.

The table below analyses the cash flows in relation to the financial liabilities of the Group into their relevant maturity based on the remaining period at the reporting date to their contractual maturity or expected repayment dates.

	Less than 1 year	1 to 5 years	More than 5 years	Total
	$'000	$'000	$'000	$'000
2020				
Financial liabilities				
Insurance contract liabilities	3,038,324	2,178,778	5,821,848	11,038,950
Insurance payables	436,279	-	-	436,279
Derivative financial liabilities	24,487	889	780	26,156
Lease liabilities	3,567	12,685	-	16,252
Other payables	616,604	-	-	616,604
Bank loan	-	330,670	-	330,670
Debt issued	-	-	540,997	540,997

27. Risk management policies (continued)

Insurance risks

The insurance risks that the Group faces are a result of the uncertainty surrounding the amounts and timing of future policyholder claims.

To the extent that the sums assured by the Group exceed the reserves set aside to meet future claims, there is a risk that claim payments will exceed the reserves held, potentially having a negative impact on the Group's financial statements.

To manage this risk, the Group includes margins of prudence in determining the amounts set aside to meet future claims to ensure that this will be sufficient to meet the Group's liabilities to its policyholders under a range of circumstances in accordance with MAS regulations. In addition, the Group continues to hold capital in excess of the minimum regulatory requirements.

The Group also manages its insurance risks through the use of underwriting and reinsurance. Underwriting is used to ensure that the premiums charged by the Group are commensurate with the insurance risk it is taking on, while reinsurance can be used to manage the amount and volatility of claims.

The Group has an established underwriting process and proper internal controls to assess the quality of incoming businesses. All sums assured above the treaty limits will be referred to the respective reinsurers for their opinion and final decision. In addition, each underwriter is assigned with an underwriting authority (both in terms of sums assured and additional mortality risk) according to his or her experience and job level.

The Group’s insurance risks, based on geographical locations of life insurance premiums, are significantly limited to Singapore.

The Group has an active reinsurance strategy and work with reinsurers with excellent credit rating in managing its insurance risks. In the event of a failure of recovery of claims ceded to a reinsurer, the Group will still be liable for claims made by the Group’s policyholders.

The Group is exposed to concentrations of risk with individual reinsurers due to the nature of the reinsurance market and the restricted range of reinsurers that have acceptable credit ratings. The Group operates a policy to manage its reinsurance counterparty exposures by limiting the reinsurers that may be used. Reinsurance exposures are aggregated with other exposures to ensure that the overall risk is within appetite. For the period ended 31 December 2020, 99% of the net reinsurance balances are with 4 major reinsurers with credit ratings above A-.

28. Capital management

The primary objective of the Group's capital management is to safeguard the Group’s ability to continue as a going concern and to ensure efficient management of capital that will optimise returns to shareholders in the context of the Group's risk appetite. The Group's risk appetite includes consideration of the interests of the Group's policyholders as well as management of the regulatory requirements of the Group.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions and the expected new business strain. The Group manages its capital position to maintain a balance between investment return, business growth and security for solvency. The Group actively involves the shareholders in this process.

In managing the Group's capital resources, a range of key capital metrics are managed and monitored regularly in accordance with the Group's risk appetite and statutory requirements. These include the Capital Adequacy Ratio (“CAR”) of the Group and the Fund Solvency Ratios (“FSR”) of the respective insurance funds operated by the Group. Regular reporting and assessment of the liquidity and solvency positions are carried out and tracked, as part of the Monthly Information (MI) report. To ensure continued solvency, the Group monitors the solvency position at least monthly and ensures the level of surplus is kept at an adequate level.

Solvency position is also monitored as part of the Group’s internal forecasting process and annual stress test required by the regulator. The level of surplus is kept at an adequate level to support the expected new business growth and to withstand a range of possible adverse market scenarios. For instance, with the current global pandemic in 2020 that has brought about an economic shock to global markets, the Group is closely monitoring its asset and liability position as well as its solvency position, and coming up with measures to maintain the capital adequacy of the insurance funds, particularly that of the participating fund.

Capital resources the Group manages include the Group's net assets, excluding intangibles, deferred tax assets and any financial resource adjustments as prescribed by the MAS. In the case of the Participating Fund operated by the Group, capital resources include an allowance for future non-guaranteed benefits it expects to pay to its participating policyholders.

There were no changes in the Group’s approach to capital management during the year. The Group is in compliance with all externally imposed capital requirements during the year.

29. Contingent liabilities

As at 31 December 2020, the Group had obligations to banks for bankers' guarantees issued by the banks to third parties as collateral for the lease of office premises of $848,163, $250,000 to the Ministry of Health for the Eldershield Scheme, $580,083 to the Ministry of Defence and Ministry of Home Affairs for the MINDEF and MHA Group Insurance Scheme and $992,000 for commercial insurance scheme.

30. Authorisation of financial statements

The consolidated financial statements for the financial period ended 31 December 2020 were authorised for issue in accordance with a resolution of the Board of Directors on 30 April 2021.