Macau Pension Fund Management Company Limited
澳門退休基金管理股份有限公司

(Incorporated in Macau with limited liability)

Financial Statements

For the year ended 31 December 2021

pwc

羅兵咸永道

INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF MACAU PENSION FUND MANAGEMENT COMPANY LIMITED

(incorporated in Macao with limited liability)

Report on the financial statements

We have audited the financial statements of Macau Pension Fund Management Company Limited set out on pages 3 to 16, which comprise the statement of financial position as at 31 December 2021, and the statement of comprehensive income, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and explanatory notes.

Management's responsibility for the financial statements

The management is responsible for the preparation and the true and fair presentation of the financial statements in accordance with Financial Reporting Standards issued by the Government of the Macao Special Administrative Region and the Macao Insurance Ordinance under Decree-Law No. 27/97/M, of 30 June amended by Law No. 21/2020 (the "Macao Insurance Ordinance"). This responsibility includes designing, implementing and maintaining appropriate internal control relevant to the preparation and the true and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; making accounting estimates that are reasonable; and keeping proper and accurate accounting records.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on the audit work we have performed and to report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted the audit in accordance with General Auditing Standards issued by the Government of the Macao Special Administrative Region. Those standards require that the auditor complies with relevant ethical requirements and plans and performs the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement.

An audit includes performing appropriate audit procedures to obtain audit evidence supporting the amounts and disclosures in the financial statements. The procedures are selected according to the auditor's professional judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and true and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

PricewaterhouseCoopers
Sociedade de Auditores, 14G, Finance and IT Center of Macau, Avenida Doutor Mario Soares No. 320, Macau
T: +853 8799 5111, F: +853 8799 5222, www.pwchk.com

羅兵咸永道

INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF MACAU PENSION FUND MANAGEMENT COMPANY LIMITED (Continued)
(incorporated in Macao with limited liability)

Audit opinion

In our opinion, the financial statements give a true and fair view, in all material respects, of the financial position of Macau Pension Fund Management Company Limited as at 31 December 2021 and of its operating results and cash flows for the year then ended in accordance with Financial Reporting Standards issued by the Government of the Macao Special Administrative Region and have been properly prepared in accordance with the Macao Insurance Ordinance. The accounting policies used in the preparation of the financial statements for the year ended 31 December 2021 are consistent with those used in the preceding year.

Report on other matters under Article 88(2) of the Macao Insurance Ordinance

In our opinion, the Company has maintained proper accounting records in respect of the year ended 31 December 2021.

The Company has provided us with all the necessary information and explanations required for the purpose of the audit.

Ng Wai Ying

Ng Wai Ying
Certified Public Accountant
PricewaterhouseCoopers

Macao, 23 February 2022

Statement of comprehensive income for the year ended 31 December 2021

(Expressed in Macau Patacas)

	Note	2021	2020
Fund management income	4	22,199,357	19,749,009
Net investment income	5	598,868	1,042,685
Total income		22,798,225	20,791,694
Fund management expense	4	(8,362,287)	(7,611,409)
Administrative expenses	6	(7,660,450)	(8,071,255)
Operating expenses		(16,022,737)	(15,682,664)
Profit before taxation		6,775,488	5,109,030
Income tax expense	7(a)	(441,219)	(241,359)
Profit after taxation		6,334,269	4,867,671

Approved and authorised for issue by the Board of Directors on 23 February 2022

Signing on behalf of the Board and certifying the correspondence of these financial statements to those approved by the Board and signed by all directors:

Lee Kai Tai
Director

陳曉明

Chan Io Meng
Director / Chief Executive Officer

Statement of financial position as at 31 December 2021

(Expressed in Macau Patacas)

	Note	*2021*	*2020*
Assets			
Non-current assets			
Property, plant and equipment	8	2,458	8,358
Intangible assets	9	-	-
		2,458	8,358
Current assets			
Amount due from immediate holding company	14(b)	26	-
Amount due from a fellow subsidiary	14(b)	15,183	6,723
Sundry debtors		1,306,934	938,872
Cash and bank balances	10	70,950,963	57,747,457
		72,273,106	58,693,052
Total assets		72,275,564	58,701,410
Equity			
Capital and reserves attributable to owners of the Company			
Share capital	11	60,000,000	40,000,000
Reserves	12	9,369,404	15,035,135
Total equity		69,369,404	55,035,135
Liabilities			
Current liabilities			
Amount due to immediate holding company	14(b)	-	680,996
Accounts payable and accruals		2,164,885	2,443,979
Tax payable	7(b)	741,275	541,300
Total liabilities		2,906,160	3,666,275
Total equity and liabilities		72,275,564	58,701,410

Approved and authorised for issue by the Board of Directors on 23 February 2022

Signing on behalf of the Board and certifying the correspondence of these financial statements to those approved by the Board and signed by all directors:

Lee Kai Tai	Chan Io Meng
Director	Director / Chief Executive Officer

Statement of changes in equity for the year ended 31 December 2021

(Expressed in Macau Patacas)

	Attributable to equity holders of the Company			
	Share capital	Legal reserve	Retained earnings	Total
	(Note 11)	(Note 12)	(Note 12)	
At 1 January 2020	40,000,000	1,092,384	9,075,080	50,167,464
Transfer to legal reserve	-	941,109	(941,109)	-
Profit for the year	-	-	4,867,671	4,867,671
At 31 December 2020	40,000,000	2,033,493	13,001,642	55,035,135
At 1 January 2021	40,000,000	2,033,493	13,001,642	55,035,135
Transfer to legal reserve	-	973,534	(973,534)	-
Increase of share capital	20,000,000	-	(12,000,000)	8,000,000
Profit for the year	-	-	6,334,269	6,334,269
At 31 December 2021	60,000,000	3,007,027	6,362,377	69,369,404

Cash flow statement for the year ended 31 December 2021

(Expressed in Macau Patacas)

	Note	*2021*	*2020*
Cash flows from operating activities			
Profit before taxation		6,775,488	5,109,030
Adjusted for:			
Interest income	5	(613,732)	(1,048,404)
Depreciation of property, plant and equipment	8	5,900	5,900
Amortisation of intangible assets	9	-	833
Provision for expected credit losses	10	3,380	111,820
Operating profit before working capital changes		6,171,036	4,179,179
Increase in sundry debtors		(368,062)	(138,093)
Net movement in balances with a fellow subsidiary		(77)	4,710
Net movement in balances with immediate holding company		(681,022)	393,908
(Decrease) / increase in accounts payable and accruals		(279,094)	650,859
Cash generated from operations		4,842,781	5,090,563
Income tax paid		(241,244)	(260,094)
Net cash generated from operating activities		4,601,537	4,830,469
Cash flows from investing activities			
Interest received		605,349	1,139,256
Increase in time deposits	10	(10,905,349)	(4,875,611)
Net cash used in investing activities		(10,300,000)	(3,736,355)
Cash flows from financing activities			
Proceeds from issuance of shares	11	8,000,000	-
Net cash generated from financing activities		8,000,000	-
Net increase in cash and cash equivalents		2,301,537	1,094,114
Cash and cash equivalents at the beginning of the year	10	3,116,417	2,022,303
Cash and cash equivalents at the end of the year	10	5,417,954	3,116,417

Notes to the financial statements

(Expressed in Macau Patacas)

1 General information

Macau Pension Fund Management Company Limited (the "Company" or "MPFM") is a company domiciled in the Macau Special Administrative Region of the People's Republic of China and has its registered office and principal place of business at 11 Floor, BCM Building, 594 Avenida da Praia Grande, Macau. The Company was incorporated on 5 April 2017 and licensed to operate pension fund business on 26 May 2017. It is engaged in private pension fund management business.

These financial statements have been approved for issue by the Board of Directors on 23 February 2022 and one original has been signed by all directors. By a written resolution adopted by all members of the Board, it was resolved that any one director is authorised to sign on behalf of the Board other sets of financial statements for filing and submission purpose and to certify that such financial statements correspond to those approved by the Board and signed by all directors.

2 Principal accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Basis of preparation

The financial statements of the Company have been prepared in accordance with the Financial Reporting Standards issued by the Government of Macao Special Administrative Region under Administrative Regulation No. 25/2005 on 9 December 2005 ("MFRS") and the Macao Insurance Ordinance under Decree-Law No. 27/97/M, of 30 June (the "Pre-amended Macao Insurance Ordinance") amended by Law No. 21/2020 (the "Macao Insurance Ordinance"). Please refer to Note 11 for the Company's application of transitional provisions of Article 3 of Law No. 21/2020 (the "transitional provisions") during the financial year ended 31 December 2021. MFRS requires the following International Financial Reporting Standard ("IFRS") issued by the International Accounting Standards Board (IASB) and International Accounting Standards ("IAS") issued by its predecessor International Accounting Standards Committee ("IASC") be applied in the preparation of financial statements:

IFRS 1:	First-time adoption of IFRS
IAS 1:	Presentation of Financial Statements
IAS 2:	Inventories
IAS 7:	Cash flow statements
IAS 8:	Accounting policies, changes in accounting estimates and errors
IAS 10:	Events after the balance sheet date
IAS 11:	Construction contracts
IAS 12:	Income taxes
IAS 16:	Property, plant and equipment
IAS 17:	Leases
IAS 18:	Revenue
IAS 21:	The effects of changes in foreign exchange rates
IAS 23:	Borrowing costs
IAS 36:	Impairment of assets
IAS 37:	Provisions, contingent liabilities and contingent assets
IAS 38:	Intangible assets

The financial statements are presented in Macau Patacas ("MOP"), which is the functional and presentation currency of the Company unless otherwise stated. They are prepared on the historical cost basis, except for financial instruments described as fair value through profit or loss that are stated at fair value.

The preparation of financial statements requires the management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. 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 period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. Judgements made by the management in the application of accounting principles that have significant effect on the financial statements and estimates with a significant risk arising from material judgements on future years are discussed in Note 3.

2 Principal accounting policies (continued)

(a) Basis of preparation (continued)

New standards and interpretations not yet adopted

Effective from 28 March 2020, Financial Reporting Standards issued by the Government of Macau under Administrative Regulation No. 25/2005 on 9 December 2005 ("MFRS") were replaced by Financial Reporting Standards issued by the Directive of Secretaria para a Economia e Finanças No. 44/2020 on 17 March 2020 ("New MFRS"). The New MFRS is mandatory for adoption from the annual period beginning 1 January 2022. The Company has not early adopted the New MFRS in preparing the financial statements, except early adopted IFRS 9 in 2019.

None of the standards included in the New MFRS is expected to have a significant effect on the financial statements of the Company except as set out below:

IAS 1 in the New MFRS
IAS 1, 'Presentation of Financial Statements' in the New MFRS requires to present all non-owner changes in equity either in one statement of comprehensive income or in two statements. The standard also requires the presentation of a statement of financial position (balance sheet) as at the beginning of the earliest comparative period in a complete set of financial statements when the entity applies an accounting policy retrospectively or makes a retrospective restatement. These impact presentation aspects.

IAS 19
IAS 19 ,'Employee Benefits' prescribes the accounting and disclosure for employee benefits. The standards requires that the cost of providing employee benefits should be recognised in the period in which the benefit is earned by the employee, rather than when it is paid or payable.

IAS 28
IAS 28, 'Investments in Associates and Joint Ventures' requires the investments in associates as well as joint ventures to be initially recognised at cost and subsequently adjusted to reflect the investor's share of the net assets of the investments.

IFRS 3
IFRS 3, 'Business combinations' applies the acquisition method to business combinations. The standard requires that all payments to purchase a business to be recorded at fair value at the acquisition date, with contingent payments classified as debt subsequently re-measured through the income statement. All acquisition-related costs should be expensed. The Company will apply IFRS 3 (revised) prospectively to all business combinations from 1 January 2022.

IFRS 10
IFRS 10, 'Consolidated financial statements' builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company. The standard provides additional guidance to assist in the determination of control where this is difficult to assess.

IFRS 13
IFRS 13, 'Fair value measurement', aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The requirements do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRSs. The Company is yet to assess the full impact of IFRS 13.

IFRS 15
IFRS 15, 'Revenue from contracts with customers' will replace IAS 18 which covers contracts for goods and services and IAS 11 which covers construction contracts. The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer. The standard permits either a full retrospective or a modified retrospective approach for the adoption.

Management is currently assessing the effects of applying the new standard on the company's financial statements and has identified the following areas that are likely to be affected:

Revenue from service
The application of IFRS 15 may result in the identification of separate performance obligations which could affect the timing of the recognition of revenue;

Accounting for certain costs incurred in fulfilling a contract
Certain costs which are currently expensed may need to be recognised as an asset under IFRS 15; and

2 Principal accounting policies (continued)

(a) Basis of preparation (continued)

New standards and interpretations not yet adopted (continued)

Rights of return

IFRS 15 requires separate presentation on the balance sheet of the right to recover goods from the customer and the obligation for refund.

The Company is yet to assess the full impact of the above standards and intends to adopt the New MFRS no later than the accounting period beginning on or after 1 January 2022.

(b) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses (Note 2(h)).

Cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

Depreciation is charged to profit or loss on a straight-line basis over the estimated useful lives of items of property, plant and equipment. The applicable rate of depreciation adopted by the Company is as follows:

Computer equipment	20%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 2(h)).

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

(c) Intangible assets – computer software

Intangible assets are stated at cost less accumulated amortisation and impairment losses (Note 2(h)).

Amortisation is charged to profit or loss on a straight-line basis over the estimated useful lives of intangible assets. The applicable rate of amortisation adopted by the Company is as follows:

Computer software	33.33%

Costs that are directly associated with the acquisition or development of identifiable and unique software products controlled by the Company, and that will probably generate economic benefits exceeding costs beyond one year, are recognised as intangible assets. Development costs of such intangible assets include employee costs incurred as a result of developing the software and an appropriate portion of relevant overheads. Costs associated with maintaining computer software programmes are recognised as an expense as incurred.

(d) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and highly liquid investments that mature in less than three months at the time of acquisition, which are readily convertible into known amounts of cash and therefore subject to insignificant risk from changes in value.

(e) Receivables

Receivables are initially recognised at fair value and thereafter stated at amortised cost less impairment losses (Note 2(h)).

2 Principal accounting policies (continued)

(f) Foreign currencies

Functional and presentation currency
Items included in the financial statements are measured using the currency of the primary economic environment in which the Company operates (the "functional currency"). The financial statements are presented in Macau Patacas ("MOP"), which is the Company's functional and presentation currency.

Transactions and balances
Foreign currency transactions are translated into MOP using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

(g) Employee benefits

(i) Salaries, annual bonuses, paid annual leaves, and the cost to the Company of non-monetary benefits are accrued in the period in which the associated services are rendered by employees of the Company.

(ii) Obligation for contributions to defined contribution pension plans are recognised as an expense as incurred. The Company has no legal or constructive obligations to pay further contributions if the related fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

(h) Impairment

(i) Impairment of financial assets

The Company adopts a "three-stage" model for impairment based on changes in credit quality since initial recognition as summarised below:

- A financial instrument that is not credit-impaired on initial recognition is classified in "Stage 1" and has its credit risk continuously monitored by the Company.

- If a significant increase in credit risk since initial recognition is identified, the financial instrument is moved to "Stage 2" but is not yet deemed to be credit-impaired.

- If the financial instrument is credit-impaired, the financial instrument is then moved to "Stage 3".

- Financial instruments in Stage 1 have their expected credit losses ("ECL") measured at an amount equal to the portion of lifetime expected credit losses that result from default events possible within the next 12 months. Instruments in Stages 2 or 3 have their ECL measured based on expected credit losses on a lifetime basis.

- In measuring ECL, the Company considers forward-looking information.

- Purchased or originated credit-impaired financial assets are those financial assets that are credit-impaired on initial recognition. Their ECL is always measured on a lifetime basis (Stage 3).

The Company recognises a loss allowance for such losses at each reporting date. The measurement of ECL reflects:

- An unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;

- The time value of money; and

- Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

The Company applies a simplified approach to measuring ECL which uses a lifetime expected loss allowance for all trade receivables. To measure the ECL, trade receivables has been grouped based on shared credit risk characteristics and the days past due.

Financial assets are reviewed at each balance sheet date to determine whether any impairment exists or is expected. If in a subsequent period the assessed amount of an impairment loss decreases, the impairment loss is reversed through profit or loss. The reversal of an impairment loss shall not result in the asset's carrying amount exceeding that which would have been determined had no impairment loss been recognised in prior years.

2 Principal accounting policies (continued)

(h) Impairment (continued)

(ii) Impairment of other assets

Internal and external sources of information are reviewed at each balance sheet date to identify indications that the following assets may be impaired or, an impairment loss previously recognised no longer exists or may have decreased:

- Property, plant and equipment; and
- Intangible assets.

If any such indication exists, the asset's recoverable amount is estimated.

- Calculation of recoverable amount

  The recoverable amount of an asset is the greater of its net selling price and value in use. 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 time value of money and the risks specific to the asset. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. a cash-generating unit).

- Recognition of impairment losses

  An impairment loss is recognised in profit or loss whenever the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (or group of units) and then, to reduce the carrying amount of the other assets in the unit (or group of units) on a pro rata basis, except that the carrying value of an asset will not be reduced below its individual fair value less costs to sell, or value in use, if determinable.

- Reversal of impairment losses

  An impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount. The reversal of an impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior periods. Reversals of impairment losses are credited to profit or loss in the period in which the reversals are recognised.

(i) Accounts payable and accruals

Accounts payable and accruals are initially recognised at fair value and thereafter stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at cost.

(j) Taxation

Taxation expense is the expected tax payable on the taxable income for the year, using tax rates enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided using the balance sheet liability method, providing for temporary differences arising between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantially enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

2 Principal accounting policies (continued)

(k) Revenue

Provided it is probable that the economic benefits will flow to the Company and the revenue can be measured reliably, revenue is recognised in profit or loss as follows:

Fund management income
Fee income for pension fund management, subscription, switching and withdrawal is recognised when earned under the terms of the respective pension fund management regulations and membership contracts.

Interest income
Interest income from bank deposits and from dated debt securities intended to be held to maturity is recognised as it accrues using the effective interest method.

(l) Related parties

For the purposes of these financial statements, a party is considered to be related to the Company if the Company has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Company and the party are subject to common control or common significant influence. Related parties may be individuals (i.e. key management personnel, significant shareholders and / or their close family members) or other entities and include entities which are under the significant influence of related parties of the Company where those parties are individuals, and post-employment benefit plans which are for the benefit of employees of the Company or of any entity that is a related party of the Company.

(m) Private pension fund business

The Company manages private pension funds under Decree-Law No. 6/99 of Macau (8 February 1999) under which it receives contributions from employer companies, administers pension plans, pays plan expenses and benefits to plan beneficiaries, holds and manages investment assets in various financial instruments and receives remuneration income from the plans.

Under Article 3 of Chapter 1 of Decree-Law No. 6/99, pension funds are autonomous assets solely for the purpose of financing one or more pension plans. Other than remuneration income, the Company does not recognise in its primary financial statements (balance sheet, statement of comprehensive income, cash flow statement and statement of changes in equity) the assets, liabilities, income, expenses or cash flows of the pension funds. Further information on these pension funds is shown in Note 13.

(n) Share capital

Shares are classified as equity when there is no obligation to transfer cash or other assets. Incremental costs directly attributable to the issue of equity instruments are shown in equity as deduction from the proceeds, net of tax.

3 Critical accounting estimates and judgments in applying accounting policies

Critical accounting judgements in selecting and applying the Company's accounting policies are described below:

Private pension fund business
Assets, liabilities, income, expenses and cash flows relating to private pension fund business are not recognised in the primary financial statements of the Company (Note 2(m)).

4 Fund management income and expenses

Fund management income comprises predominantly management fees charged on the balances of pension fund assets under management in accordance with the management regulations and management contracts of the respective pension funds, for services rendered in relation to the management of pension funds and administration of pension plans.

Fund management expenses comprise predominantly fees incurred on pension fund assets in relation to custody and investment advisory services.

5 Net investment income

	2021	*2020*
Interest income	613,732	1,048,404
Exchange loss	(14,864)	(5,719)
Net investment income	598,868	1,042,685

6 Administrative expenses

	2021	*2020*
Wages and salaries	1,887,437	1,963,957
Other staff related expenses	317,691	402,471
Management fee charged by immediate holding company	4,557,167	4,200,000
Acquisition costs	43,597	87,979
Auditor's remuneration	210,400	300,940
Professional fees and support charges	432,058	689,179
Depreciation of property plant and equipment (Note 8)	5,900	5,900
Amortisation of intangible assets (Note 9)	-	833
Other expenses	206,200	419,996
	7,660,450	8,071,255

7 Taxation

(a) Income tax expense

Income tax expense comprises Macau Complementary Tax. Màcau Complementary Tax is levied at progressive rates ranging from 3% to 9% on the taxable income above MOP32,000 but below MOP300,000, and thereafter at a fixed rate at 12%.

For the years 2021 and 2020, a special tax incentive is provided to the effect that the tax free income threshold is increased from MOP32,000 to MOP600,000 and the profit thereafter being taxed at a fixed rate of 12%.

In respect of 2020, the Macau SAR Government has granted a further concession in the form of MOP300,000 deductible against Complementary Tax (Law No.3/2021 Article 23.2 published on 4 May 2021) with retrospective effect from 1 January 2021. The amount has been captured in the financial statements of 2021.

At the time when the financial statements were prepared, the amounts of taxation on the Company's profits before tax differ from the theoretical amounts that would arise using the Macau Complementary Tax rate applicable to profits of the Company as follows:

	2021	*2020*
Profit before taxation	6,775,488	5,109,030
Tax calculated at 12%	813,060	613,084
Effect of progressive tax rate before 12%	(17,260)	(17,260)
Special tax incentive	(54,740)	(54,740)
Effect of expenses not deductible for tax purposes	216	216
(Over) / under-provision in prior years	(57)	59
Additional special complementary tax incentive	(300,000)	(300,000)
Income tax expense	441,219	241,359

(b) Tax payable

	2021	*2020*
Provision for current taxation	741,275	541,300

8 Property, plant and equipment

	Computer equipment	
	2021	*2020*
Cost		
At 1 January and 31 December	29,500	29,500
Accumulated depreciation		
At 1 January	21,142	15,242
Depreciation charge (Note 6)	5,900	5,900
At 31 December	27,042	21,142
Net book value at 31 December	2,458	8,358

9 Intangible assets

	Computer software	
	2021	*2020*
Cost		
At 1 January and 31 December	6,000	6,000
Accumulated amortisation		
At 1 January	6,000	5,167
Amortisation charge (Note 6)	-	833
At 31 December	6,000	6,000
Net book value at 31 December	-	-

10 Cash and bank balances

	Cash and cash equivalents	*Time deposits with original maturity greater than three months*	*Provision for expected credit losses*	*Total*
Balance at 1 January 2020	2,022,303	49,867,249	-	51,889,552
Net increase	1,094,114	4,875,611	(111,820)	5,857,905
Balance at 31 December 2020	3,116,417	54,742,860	(111,820)	57,747,457
Net increase	2,301,537	10,905,349	(3,380)	13,203,506
Balance at 31 December 2021	5,417,954	65,648,209	(115,200)	70,950,963

11 Share capital

	Number of shares	*Share capital*
Ordinary shares, issued and fully paid:		
At 1 January 2020 and 31 December 2020	40,000	40,000,000
Increase in share capital - settled in cash	8,000	8,000,000
Increase in share capital - converted from retained earnings	12,000	12,000,000
At 31 December 2021	60,000	60,000,000

Through a resolution of the shareholders' general meeting on 25 March 2021, the Company has authorised 20,000 shares to be issued proportionally to existing shareholders for a total consideration of MOP20,000,000, to be settled by payment of MOP8,000,000 in cash and conversion of MOP12,000,000 retained earnings of the Company into share capital, subject to regulatory approval. Such approval was granted by the Government of the Macao Special Administrative Region effective 16 August 2021, upon which 20,000 shares were issued against settlement as stipulated by the said resolution. The shareholding structure of the Company remains unchanged before and after this increase of share capital.

In respect of share capital, the Company complied with Article 17 of the Pre-amended Macao Insurance Ordinance applying the transitional provisions for the period from 1 January 2021 to 15 August 2021. The Company complied with Article 17 of the Macao Insurance Ordinance for the period from 16 August 2021 to 31 December 2021.

12 Reserves

	Legal reserve	*Retained earnings*	*Total*
Balance at 1 January 2020	1,092,384	9,075,080	10,167,464
Transfer to legal reserve	941,109	(941,109)	-
Profit for the year	-	4,867,671	4,867,671
Balance at 31 December 2020	2,033,493	13,001,642	15,035,135
Transfer to legal reserve	973,534	(973,534)	-
Converted to share capital	-	(12,000,000)	(12,000,000)
Profit for the year	-	6,334,269	6,334,269
Balance at 31 December 2021	3,007,027	6,362,377	9,369,404

Article 5 paragraph 2 of the Legal Framework for Private Pension Funds (Decree-Law No.6/99/M) stipulates that provisions of the Macau Insurance Ordinance (Decree-Law No.27/97/M, as amended by Law No.21/2020) relating to life insurance companies shall apply to the constitution, establishment and operation of pension fund management companies. Pursuant to Article 84 of the Macau Insurance Ordinance, the Company is required to set up a legal reserve, which is non-distributable, and make transfers to the reserve based on the following percentages of any net profit computed for each financial year:

(i) 20%, until the total of such a reserve equals one half of the minimum share capital fixed under Article 17 paragraph 1 of the Macau Insurance Ordinance; and then

(ii) 10%, until the total of such a reserve equals such minimum share capital.

Following approval by shareholders of a dividend in respect of a financial year, any undistributed profits to be retained in the Company are transferred to retained earnings.

In accordance with the Macau Insurance Ordinance a minimum of MOP1,266,854 in respect of the profit for the year 2021, subject to approval by shareholders, shall be transferred to the legal reserve.

13 Private pension fund business

The Company provides trust services for retirement benefit plans under Decree-Law 6/99 of Macau (8 February 1999), whereby it holds and manages assets or invests funds received in various financial instruments according to the limits and rules set out by AMCM. The Company receives fee income for providing these services. Trust assets are not assets of the Company and are therefore not recognised in the balance sheet.

According to conditions set out in the respective management contracts, the Company provides a guarantee of capital to a certain fund put under its management.

	2021	*2020*
Pension fund with capital guarantee	697,800,354	677,305,694
Pension funds without guarantee	2,322,643,746	2,230,525,203
	3,020,444,100	2,907,830,897

14 Related parties

The Company is controlled by Macau Insurance Company Limited (incorporated in Macau), who owns 99.85% of the Company's shares. The directors of the Company consider Dah Sing Financial Holdings Limited (incorporated in Hong Kong) to be the ultimate holding company.

Dah Sing Financial Holdings Limited and its group companies, which include Dah Sing Banking Group Limited and its subsidiaries, are considered as related parties of the Company. Significant transactions, balances and off-balance sheet items involving related parties in the normal course of the Company's business are set out below:

(a) Transactions with related parties

	2021	*2020*
Transactions with immediate holding company		
Fee income received / receivable	51,171	54,765
Premiums paid / payable	(30,530)	(16,386)
Management fees paid / payable	(4,557,167)	(4,200,000)
Transactions with a fellow subsidiary		
Interest income received / receivable	613,732	730,992
Fee income received / receivable	246,015	238,223
Bank charges paid / payable	(338,499)	(285,532)

(b) Balances with related parties

	2021	*2020*
Amount due from a fellow subsidiary	15,183	6,723
Deposits placed with a fellow subsidiary	71,049,058	57,841,368
Amount due from / (to) immediate holding company	26	(680,996)

(c) Assets held on behalf of retirement benefit plans

Total assets held by the Company at the end of the year on behalf of retirement benefit plans of related parties in the normal course of its private pension fund business are as follows:

	2021	*2020*
Retirement benefit plan of employees of the Company	938,032	769,043
Retirement benefit plan of the immediate holding company	21,291,300	23,318,124
Retirement benefit plans of a fellow subsidiary	107,925,769	118,789,736

Subscription and management fees are charged on assets of these retirement benefit plans on an arm's length basis in the normal course of the Company's business.

(d) Key management compensation

The directors are regarded as key management of the Company. No fees or other emoluments were paid or payable to the key management of Company during the year (2020: Nil).