

Registered No. 1404713

PRUDENTIAL CORPORATION HOLDINGS LIMITED

Annual Report and Accounts

For the year ended 31 December 2021



PRUDENTIAL CORPORATION HOLDINGS LIMITED

Incorporated and registered in England and Wales. Registered no. 1404713.

Registered office: 1 Angel Court, London EC2R 7AG, England, United Kingdom..

Report and Accounts for the year ended 31 December 2021

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PRUDENTIAL CORPORATION HOLDINGS LIMITED

DIRECTORS

Benjamin James Bulmer (Chairman)
Paul Howard Simons
Esther Hoi Yan Cheung
Avnish Kalra

SECRETARY

Prudential Group Secretarial Services Limited

AUDITOR

KPMG LLP

PRUDENTIAL CORPORATION HOLDINGS LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2021

Principal activity and strategic objectives

The principal activities of the Company are to act as the holding company of the Prudential Group's insurance and asset management operations in Asia and to provide management of, and supporting services to Asia and Africa business operations. These activities are expected to continue in 2022.

The Company is a Hong Kong tax resident and subject to Hong Kong profits tax for the year 2021.

Company performance and measurement

Key performance indicators	2021 \$000	2020 \$000
Profit before tax	580,414	501,156
Net assets	3,463,943	3,508,203

The profit for 2021 mainly consisted of dividends of \$933,938,000 (2020: \$795,954,000) offset by \$317,027,000 (2020: \$276,783,000) of administrative expenses (net of recharges to Group companies) and \$32,176,000 (2020: \$2,223,000) loss on foreign currency exchange translation.

Principal risks and uncertainties

Apart from the financial risk management objectives, policies and exposure set out below, the Company has no risks or uncertainties because of its activities within the Prudential Group.

The Covid-19 pandemic has significantly impacted financial market volatility and global economic activity, increased operational disruption risks for businesses and has adversely impacted Prudential's sales in affected markets and its financial condition, results of operations and prospects. The full extent of the longer-term impacts from the pandemic remains uncertain.

Financial risk management objectives, policies, and exposure

The Company's financial risks primarily relate to the Prudential Group's activities in Asia and Africa. These risks are managed and monitored at a Group level through the Prudential plc's Group risk framework as disclosed in the Prudential plc 2021 Annual Report and Accounts. Due to the current financial strength of the Prudential Group, the directors consider that there is a minimal level of risk associated with the Company.

Section 172 and Stakeholder engagement statement

Section 172 of the UK Companies Act requires each Director to act in a way that they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole. In doing this, Section 172 requires a Director to have regard (among other matters) to the needs of employees, suppliers, customers, and other wider stakeholder interests. In particular, during the year the directors' had regards to stakeholders interests when determining the amount of dividends to be paid to the Company's immediate parent company Prudential Holdings Limited and when entering into intra-group loan financing arrangements.

PRUDENTIAL CORPORATION HOLDINGS LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2021 (CONTINUED)

Section 172 and Stakeholder engagement statement (continued)

The Board received a briefing reminding directors of their statutory duties under Section 172 and reiterating who the Company's key stakeholders are. Due to the nature of the Company's principal activity as a holding company within the Prudential Group, the stakeholders and strategic business activities of the Company are aligned with the Prudential Group and engagement occurs at the Group level. Details of how the Group engaged with stakeholders and the outcome of that engagement is detailed in the Prudential plc 2021 Annual Report and Accounts.

Signed on behalf of the Board of directors.

A handwritten signature in black ink, appearing to read 'B. Bulmer', written over a horizontal line.

Benjamin James Bulmer
Director

07 JUN 2022

PRUDENTIAL CORPORATION HOLDINGS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2021

Accounts and dividend

The state of affairs of the Company at 31 December 2021 is shown in the statement of financial position on page 12. The statement of comprehensive income appears on page 10. In 2021, the Company paid dividends of \$593,441,000 (2020: \$438,965,000) to its immediate parent company, Prudential Holdings Limited ("PHL").

In 2021, PHL paid a \$176,000,000 annual conditional payment to Standard Chartered Bank. In accordance to the asset transfer agreement signed in 2020, the intangible assets acquired by PHL on or after 1 January 2020 were recognised as an intangible asset in the Company.

Post balance sheet events

The post balance sheet events are shown in the note 20 of the financial statements on page 31.

Directors' and officers' protection

Prudential plc has arranged appropriate insurance cover in respect of legal action against directors and senior managers of companies within the Prudential Group. In addition, the Articles of Association of the Company provide for the directors, officers and employees of the Company to be indemnified in respect of liabilities incurred as a result of their office. Prudential plc also provides protection for directors and senior managers of companies within the Group against personal financial exposure they may incur in their capacity as such. These include qualifying third-party indemnity provisions (as defined by the relevant Companies Act) for the benefit of directors of Prudential plc, including, where applicable, in their capacity as directors of the Company and other companies within the Group. These indemnities were in force during 2021 and remain in force.

Disclosure of information to auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information. This confirmation is given and should be interpreted in accordance with the provisions of Section 418 of the Companies Act 2006.

Corporate Governance Statement

The Company applies the Prudential Group governance framework, as set out in the Prudential plc 2021 Annual Report and Accounts. The governance framework includes the key mechanisms through which the Prudential Group sets strategy, plans its objectives, monitors performance, considers risk management, holds business units to account for delivering on business plans and arranges governance.

PRUDENTIAL CORPORATION HOLDINGS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2021 (continued)

Political donations

Neither the Company nor any of its subsidiaries made any political donations or incurred any political expenditure during the year.

Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

Signed on behalf of the Board of directors.



Esther Hoi Yan Cheung
Director

07 JUN 2022

PRUDENTIAL CORPORATION HOLDINGS LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE STRATEGIC REPORT, THE DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS

The directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 *Reduced Disclosure Framework*. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PRUDENTIAL CORPORATION HOLDINGS LIMITED

Opinion

We have audited the financial statements of Prudential Corporation Holdings Limited ("the Company") for the year ended 31 December 2021 which comprise the Statement of Comprehensive Income, Statement of Changes in Equity, Statement of Financial Position and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 101 *Reduced Disclosure Framework*; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the company or to cease its operations, and as they have concluded that the company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We used our knowledge of the Company, its industry, and the general economic environment to identify the inherent risks to its business model and analysed how those risks might affect the Company's financial resources or ability to continue operations over the going concern period. The risks that we considered most likely to adversely affect the Company's available financial resources over this period were:

- Repayment of the balance owed to Prudential plc which is repayable on demand.
- The ability of the Prudential Group to continue its operations for the foreseeable future as the Company relies on Prudential plc for financial support.

We assessed the completeness of the going concern disclosure.

Our conclusions based on this work:

- We consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.
- We have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for the going concern period.
- We found the going concern disclosure in note 1 to be acceptable.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the company will continue in operation.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PRUDENTIAL CORPORATION HOLDINGS LIMITED (CONTINUED)

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of directors and inspecting the policies and procedures to prevent and detect fraud, including the Group's channel for "whistleblowing", as well as enquiring whether the directors have knowledge of any actual, suspected or alleged fraud.
- Reading board minutes.

As required by auditing standards, we perform procedures to address the risk of management override of controls, in particular the risk that management may be in a position to make inappropriate accounting entries. On this audit we do not believe there is a fraud risk related to revenue recognition because revenue for the Company represents the recharge of expenses to Prudential Group companies as well as dividends received from intergroup investments and is neither complex nor judgemental in nature. We did not identify any additional fraud risks.

We performed procedures including:

- Identifying journal entries to test based on risk criteria and comparing the identified entries to supporting documentation. These include journal entries impacting cash.
- Evaluating the business purpose of any significant related party transactions.

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience and through discussion with the directors (as required by auditing standards), and discussed with the directors the policies and procedures regarding compliance with laws and regulations.

The company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

This company, as a holding company, is not subject to other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

Strategic report and directors' report

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PRUDENTIAL CORPORATION HOLDINGS LIMITED (CONTINUED)

Strategic report and directors' report (continued)

Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 6, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.



Kushan Tikkoo (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square
London
E14 5GL
07 June 2022

PRUDENTIAL CORPORATION HOLDINGS LIMITED**STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2021**

	Notes	2021 \$000	2020 \$000
Turnover	2	314,363	301,525
Administrative expenses:			
Staff costs	3	(143,559)	(130,608)
Depreciation	9,10	(14,708)	(14,813)
Amortisation	8	(250,556)	(165,634)
Other operating charges		(222,567)	(267,253)
Loss on foreign currency exchange translation		(32,176)	(2,223)
Income from shares in subsidiary undertakings	6	755,610	673,224
Income from participating interests	7	178,328	122,730
Interest receivable and similar income		9,655	13,405
Interest payable and similar charges		(13,976)	(29,197)
Profit before taxation	4	580,414	501,156
Tax charge on profit	5	(39,618)	(31,077)
Profit and comprehensive income for the year		540,796	470,079

All of the above items relate to continuing operations.

The notes on pages 13 to 31 form part of these financial statements.

PRUDENTIAL CORPORATION HOLDINGS LIMITED**STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2021**

	Share capital \$000	Retained Profit \$000	Total \$000
Balance at 1 January 2020	3,033,677	443,412	3,477,089
Profit for the year	-	470,079	470,079
Dividend paid	-	(438,965)	(438,965)
Balance at 31 December 2020	<u>3,033,677</u>	<u>474,526</u>	<u>3,508,203</u>
Balance at 1 January 2021	3,033,677	474,526	3,508,203
Share issued (note 15)	8,385	-	8,385
Profit for the year	-	540,796	540,796
Dividend paid	-	(593,441)	(593,441)
Balance at 31 December 2021	<u>3,042,062</u>	<u>421,881</u>	<u>3,463,943</u>

The notes on pages 13 to 31 form part of these financial statements.

PRUDENTIAL CORPORATION HOLDINGS LIMITED**STATEMENT OF FINANCIAL POSITION AT 31 DECEMBER 2021**

	Notes	2021 \$000	2020 \$000
NON-CURRENT ASSETS			
Investments:			
Shares in subsidiary undertakings	6	3,807,693	3,752,901
Participating interests	7	344,929	344,929
Amounts owed by Group undertakings		-	48,888
Intangible assets	8	2,965,776	3,040,332
Tangible assets	9	19,946	31,880
		<u>7,138,344</u>	<u>7,218,930</u>
CURRENT ASSETS			
Investment in employee benefit trust	16	-	139,780
Amounts owed by Group undertakings		879,199	1,004,446
Debtors	11	125,497	66,750
Cash and cash equivalent	12	574,994	181,089
		<u>1,579,690</u>	<u>1,392,065</u>
Creditors: amounts falling due within one year	13	(5,249,962)	(5,040,084)
NET CURRENT LIABILITIES		<u>(3,670,272)</u>	<u>(3,648,019)</u>
Total assets less current liabilities		3,468,072	3,570,911
Creditors: amounts falling due after more than one year	14	(4,129)	(62,708)
NET ASSETS		<u>3,463,943</u>	<u>3,508,203</u>
CAPITAL AND RESERVES			
Called up share capital	15	3,042,062	3,033,677
Retained profit		421,881	474,526
TOTAL SHAREHOLDERS' FUNDS		<u>3,463,943</u>	<u>3,508,203</u>

The financial statements on pages 10 to 31 were approved by the Board of directors on **07 JUN 2022** and signed on its behalf by:



Benjamin James Bulmer
Director

The notes on pages 13 to 31 form part of these financial statements.

PRUDENTIAL CORPORATION HOLDINGS LIMITED

NOTES ON THE ACCOUNTS

1. Accounting policies

A. Basis of presentation

Prudential Corporation Holdings Limited (the "Company") is a private company incorporated and registered in the United Kingdom ("UK").

The Company is exempt by virtue of Section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements. These financial statements therefore present information about the Company as an individual undertaking and not about its group.

These financial statements are prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101"), Part 15 of the Companies Act 2006 and Schedule 3 of The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008.

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of international accounting standards in conformity with the requirements of the Companies Act 2006 ("Adopted IFRSs"), but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

The Company's ultimate parent undertaking, Prudential plc, includes the Company in its consolidated financial statements. Those consolidated financial statements are prepared in accordance with IFRS and are available to the public. Copies of the accounts can be obtained from the Company Secretary, 1 Angel Court, London EC2R 7AG, United Kingdom.

In these financial statements, the Company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- A cash flow statement and related notes
- Disclosures in respect of transactions between wholly owned subsidiaries within the Prudential Group
- Disclosure in respect of capital management
- The effects of new but not yet effective IFRSs
- Disclosures in respect of the compensation of key management personnel

As the consolidated financial statements of Prudential plc include the equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of the following disclosures:

- Certain disclosures required by IFRS 2 "Share-Based Payment" in respect of equity-settled share-based payments
- Certain disclosures required by IFRS 13 "Fair Value Measurement" and the disclosures required by IFRS 7 "Financial Instrument Disclosures"

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

The principal activity of the Company is to act as the holding company of the Prudential Group's insurance and asset management operations in Asia and provide management and support services to the Prudential Group's Asian and African business operations. The Company has investments in subsidiaries of \$3,807,693,000 and net assets of \$3,463,943,000. Due to the way that the company is financed, it has net current liabilities of \$3,670,272,000 as at 31 December 2021. The financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons.

PRUDENTIAL CORPORATION HOLDINGS LIMITED

NOTES ON THE ACCOUNTS

1. Accounting policies (continued)

A. Basis of presentation (continued)

The going concern of the Company is dependent on Prudential plc not seeking repayment of the amounts currently due to the Group, which at 31 December 2021 amounted to \$1,808,534,000, and providing additional financial support during the foreseeable future. Prudential plc has indicated its intention to continue to make available such funds as are needed by the Company, and that it does not intend to seek repayment of the amounts due at the balance sheet date, and for the foreseeable future.

In preparing these financial statements on a going concern basis the directors have considered cash flow forecasts prepared by the Group for a period of at least 12 months from the date of approval of these financial statements together with severe but plausible downside scenarios.

As with any Company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

Consequently, the directors are confident that the Company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

B. Dividends

Dividends are recognised in the period in which they are received or paid.

C. Interest receivable and payable

Interest receivable and payable are recognised on an accrual basis.

D. Taxation

Current tax expense is charged or credited based upon amounts estimated to be payable or recoverable as a result of taxable amounts for the current year and adjustments made in relation to prior years. Current tax recoverable (payable) recognised in the balance sheet is measured at the amount expected to be either recovered from (paid to) relevant tax authorities or Group undertakings in relation to the surrender (claim) of tax losses.

Deferred taxes are provided under the liability method for all relevant temporary differences. Deferred tax is measured at the tax rates that are expected to apply to the period when the asset is realised or the liability settled, based on tax rates (and laws) that have been enacted or are substantively enacted at the end of the reporting period.

E. Shares in Group undertakings and participating interests

Shares in Group undertakings and participating interests are shown at cost, less impairment, and the shares are reviewed for indicators of impairment on an annual basis. The impairment charge is measured as the difference between the cost and the fair value of the operations, which generally is considered to be embedded value for insurance entities and net asset value or discounted cash flow value for non-insurance entities. For insurance entities that have not yet reached scale, a modified EEV approach based on the present value of projected new business profits is considered to be an appropriate approximation of fair value. Reversals of prior year impairment charges are made when the fair value of the operation has increased following changes in the economic conditions since the impairment charge was made.

PRUDENTIAL CORPORATION HOLDINGS LIMITED

NOTES ON THE ACCOUNTS (continued)

1. Accounting policies (continued)

F. Foreign currency

Foreign currency revenue transactions are translated at the rate ruling at the date of the transaction. Foreign currency monetary assets and liabilities are translated at rates applicable at the balance sheet date. Exchange differences arising are taken to the profit and loss account.

G. Intangible assets

Intangible assets relate to fees paid in relation to the bancassurance partnership arrangements for the bank distribution of Prudential's insurance products for the contractual agreement term. The distribution rights amounts are amortised on a basis to reflect the pattern on which the future economic benefits are expected to be consumed by reference to new business production volumes over the contractual agreement terms. Impairment testing is conducted every six months and when there is an indication of impairment.

H. Fixed asset and depreciation

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses.

Where parts of an item of tangible fixed assets have different useful lives, they are accounted for as separate items of tangible fixed assets.

Depreciation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of each part of an item of tangible fixed assets. Land is not depreciated. The estimated useful lives are as follows:

- Computer equipment 33.33% per annum
- Other fixed assets 20% to 33.33% per annum.

Depreciation methods, useful lives and residual values are reviewed at each balance sheet date.

I. Leases

At inception of a contract, the company assesses whether the contract is, or contains, a lease. A contract is, or 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. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

At the lease commencement date, the company recognises a right-of-use asset and a lease liability.

Where the lease is capitalised, the lease liability is initially recognised at the present value of the lease payments payable over the lease term, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, using a relevant incremental borrowing rate. After initial recognition, the lease liability is measured at amortised cost and interest expense is calculated using the effective interest method.

The right-of-use asset recognised when a lease is capitalised is initially measured at cost, which comprises the initial amount of the lease liability plus any lease payments made at or before the commencement date, and any initial direct costs incurred. The right-of-use asset is subsequently stated at cost less accumulated depreciation.

PRUDENTIAL CORPORATION HOLDINGS LIMITED

NOTES ON THE ACCOUNTS (continued)

1. Accounting policies (continued)

I. Leases (continued)

The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, or there is a change in the company's estimate of the amount expected to be payable under a residual value guarantee, or there is a change arising from the reassessment of whether the company will be reasonably certain to exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of 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.

The lease liability is also remeasured when there is a change in the scope of a lease or the consideration for a lease that is not originally provided for in the lease contract ("lease modification") that is not accounted for as a separate lease. In this case the lease liability is remeasured based on the revised lease payments and lease term using a revised discount rate at the effective date of the modification.

In the statement of financial position, the current portion of long-term lease liabilities is determined as the principal portion of contractual payments that are due to be settled within twelve months after the reporting period.

J. Share-based Payments

Share options and awards of Prudential plc's equity instruments, for which Prudential plc has the obligation to settle, based on stated policy, are valued using the share price at the grant date and are accounted as equity settled, whereby the Company records a compensation expense in the profit and loss account with a corresponding contribution to the Company's equity from Prudential plc. The Company's obligations under a linked recharge arrangement to Prudential plc are recognised as a repayment of this contribution of equity, as services are received.

K. Amounts owed by/to Group undertakings

Amounts owed by/to Group undertakings are initially stated at fair value and subsequently measured at amortised cost using the effective interest rate method. There is no expected credit loss in 2021 (2020: \$nil).

2. Turnover

Turnover represents the value of services charged to Prudential Group companies. A fixed mark-up percentage is levied on certain provision of services.

	2021 \$000	2020 \$000
Primary geographical markets:		
Asia	313,605	296,713
Europe	488	4,812
North America	270	-
	<u>314,363</u>	<u>301,525</u>

PRUDENTIAL CORPORATION HOLDINGS LIMITED**NOTES ON THE ACCOUNTS (continued)****3. Staff information**

The staff costs shown below represent amounts incurred in respect of staff (employed by a related party, Prudential Services Limited) who work on behalf of the Company.

	2021 \$000	2020 \$000
Salaries	110,173	112,937
Share based payments (note 16)	25,213	11,160
Contributions to defined contribution plan	8,173	6,511
	<u>143,559</u>	<u>130,608</u>
	Number	Number
Average number on staff working on behalf of the Company during the year	<u>477</u>	<u>461</u>

4. Profit before taxation

The profit before tax is stated after charging:

	2021 \$000	2020 \$000
Depreciation (note 9)	14,708	14,813
Amortisation of intangible assets (note 8)	250,556	165,634
Gain on sales of fixed assets	89	11

5. Tax charge on profit

(a) Analysis of tax charge for the year

	2021 \$000	2020 \$000
Current tax:		
Foreign tax	(39,618)	(31,077)
Total current tax charge	<u>(39,618)</u>	<u>(31,077)</u>
Tax charge on profit	<u>(39,618)</u>	<u>(31,077)</u>

PRUDENTIAL CORPORATION HOLDINGS LIMITED**NOTES ON THE ACCOUNTS (continued)****5. Tax charge on profit (continued)****(b) Factors affecting tax charge for the year**

The tax charge assessed in the year is calculated by applying the standard rate of corporation tax in Hong Kong as shown below. The standard rate of tax has been determined by using Hong Kong rate of corporation tax enacted for the period for which the profit of the Company will be taxed.

	2021 \$000	2020 \$000
Profit before tax	580,414	501,156
Profit multiplied by standard rate of corporation tax in Hong Kong of 16.5% (2020: 16.5%)	(95,768)	(82,690)
Effects of:		
Non-taxable income and gains	155,651	131,332
Non-deductible expenses	(22,966)	-
Foreign tax	(39,618)	(31,077)
Unrecognised credit on tax losses	(36,917)	(48,642)
Tax charge on profit	(39,618)	(31,077)

(c) Deferred taxation

Deferred tax assets of \$36,917,000 (gross \$223,741,000) have not been recognised in respect of tax losses, because it is not probable that future taxable profit will be available against which the Company can use the benefits therefrom.

6. Shares in subsidiary undertakings

	2021 \$000	2020 \$000
Cost:		
At 1 January	4,310,136	4,225,654
Additions	224,416	100,340
Disposals in the year	(169,624)	(15,858)
At 31 December	4,364,928	4,310,136
Cumulative impairment charge:		
At 1 January	(557,235)	(557,235)
At 31 December	(557,235)	(557,235)
Net book value:		
At 31 December	3,807,693	3,752,901
At 1 January	3,752,901	3,668,419

In 2021, the Company acquired 2 ordinary shares representing 100% ownership of Eastspring Investments Incorporated ("EIUS") in consideration for which the Company issued 3,045,998 ordinary shares to PHL with an aggregate nominal value of \$4,258,000. The shares were subsequently transferred to Eastspring Investments Group Pte. Ltd. ("EIGP") in consideration of EIGP issuing 5,662,268 ordinary shares to the Company with an aggregate nominal value of \$4,258,000.

PRUDENTIAL CORPORATION HOLDINGS LIMITED

NOTES ON THE ACCOUNTS (continued)

6. Shares in subsidiary undertakings (continued)

In connection with the transfer of Eastspring Investments (Luxembourg) S.A. ("EIEU") from PHL to EIGP, the Company issued 2,980,204 ordinary shares to PHL with the Company receiving from PHL a promissory note issued by EIGP in the principal amount of \$4,127,000 in consideration. The Company and EIGP subsequently agreed to set-off the promissory note against the Company's subscription for 5,489,808 shares in EIGP with an aggregate nominal value of \$4,127,000.

The Company subscribed for 188,705,346 ordinary shares of EIGP at the value of \$142,105,000. Of the above consideration, an amount of \$137,978,000 was satisfied by way of the transfer of the entire issued and fully paid-up share capital of its subsidiaries, Eastspring Investments Berhad (20,000,000 shares transferred at a book value of \$94,887,000), Eastspring Al-Wara' Investments Berhad (10,477,200 shares transferred at a book value of \$2,730,000), Eastspring Investments (Hong Kong) Limited (29,577,000 shares transferred at a book value of \$36,103,000) and EIUS (2 shares transferred at a book value of \$4,258,000). The remaining consideration of \$4,127,000 was satisfied through the set-off against the promissory note issued by EIGP (received from PHL) in connection with the transfer of EIEU.

Other additions relate to further investment in Prudential Vietnam Assurance Private Limited ("PVA") for \$63,000,000 in May 2021, Prudential Life Assurance (Lao) Company Limited for \$2,560,000 in March 2021, Shenzhen Prudential Technology Limited for \$1,367,000 in January 2021 and EIGP for \$7,000,000 in June 2021.

In September 2021, the Company reduced the investment in Prudential Singapore Holdings Limited ("PSHL") for \$27,519,000.

Investments in subsidiaries held at 31 December 2021 have been assessed for impairment and no impairment was identified.

During 2021, the Company received dividends of \$755,610,000 (2020: \$673,224,000) from its subsidiary undertakings, including Prudential Singapore Holdings Pte. Limited of \$306,496,000 (2020: \$287,238,000), PT. Prudential Life Assurance of \$284,289,000 (2020: \$334,717,000) and Pru Life Insurance Corporation of U.K. of \$79,909,000 (2020: \$19,887,000).

In accordance with Section 409 of the Companies Act 2006 a list of the Company's subsidiaries, joint ventures, associates and significant holdings (being holdings of more than 20 per cent) along with the country of incorporation, the classes of shares held and the effective percentage of equity owned at 31 December 2021 is disclosed below.

PRUDENTIAL CORPORATION HOLDINGS LIMITED

NOTES ON THE ACCOUNTS (continued)

6. Shares in subsidiary undertakings (continued)

Name of entity	Classes of shares held	Proportion held	Country of incorporation	Registered office address
Prudential (Cambodia) Life Assurance Plc	Ordinary shares	100%	Cambodia	Phnom Penh Tower, 20F, #445, Monivong Blvd, Boeung Prolit, 7 Makara, Phnom Penh, Cambodia
Eastspring Real Assets Partners	Ordinary shares	100%	Cayman Islands	PO Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands
Eastspring Infrastructure Debt Fund L.P.	Partnership interest	90.55%	Cayman Islands	PO Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands
AVIC Jianyin Co. Ltd.	Membership interest	34.97%	China	Tianjin Free Trade Test Zone (Airport Economic Zone) 9-403-03, East District, Airport Business Park, No. 80, Huanbei Road, China
Beijing Guosheng Property Management Company Limited	Membership interest	50%	China	Room 1201, 12/F, Unit 01, Building No.1, B2, East Third Ring North Road, Chaoyang District, Beijing, China
CITIC-CP Asset Management Co., Ltd.	Membership interest	26.95%	China	Room 101-2, No.128 North Zhangjiabang Road, Pudong District, Shanghai, China
CITIC-Prudential Asset Management Company Ltd.	Membership interest	50%	China	0501-0502, 0515-0516, East Tower, World Financial Centre, No.1 East Third Ring Middle Road, Chaoyang District, Beijing, China
CITIC-Prudential Fund Management Company Limited	Membership interest	49%	China	Level 9, HSBC Building, Shanghai IFC, 8 Century Avenue, Pudong, Shanghai, China
CITIC-Prudential Life Insurance Company Limited	Membership interest	50%	China	0507-0510, 1601-1616 East Tower, World Financial Centre, No.1 East Third Ring Middle Road, Chaoyang District, Beijing, China
Eastspring Investment Management (Shanghai) Company Limited	Membership interest	100%	China	Unit 306-308, 3rd Floor, Azia Center, 1233 Lujiazui Ring Road, China (Shanghai) Pilot Free Trade Zone, China
Eastspring Overseas Investment Fund Management (Shanghai) Company Limited	Membership interest	100%	China	Unit 306-308, 3rd Floor, 1233 Lujiazui Ring Road, China (Shanghai) Pilot Free Trade Zone, China
Gongqing City Xinhang Co. Ltd.	Membership interest	49.95%	China	Jiangxi province, Jiujiang City Gongqing City, Fund Town, China
Shenzhen Prudential Technology Limited	Membership interest	100%	China	Unit 5, 8th Floor, China Resources Tower, No.2666 Keyuan South Road, Yuehai Street, Nanshan District, Shenzhen 518054, China
BOCI Prudential Asset Management Limited	Ordinary shares	36%	Hong Kong	27th Floor, Bank of China Tower, 1 Garden Road, Hong Kong
BOCI Prudential Trustee Limited	Ordinary shares	36%	Hong Kong	Suites 1501-1507 & 1513-1516, 15th Floor, 1111 King's Road, Taikoo Shing, Hong Kong
Eastspring Investments (Hong Kong) Limited	Ordinary shares	100%	Hong Kong	13th Floor, One International Finance Centre, 1 Harbour View Street, Central, Hong Kong
PCA IP Services Limited	Ordinary shares	100%	Hong Kong	13th Floor, One International Finance Centre, 1 Harbour View Street, Central, Hong Kong
Prudence Foundation	Limited by guarantee	100%	Hong Kong	13th Floor, One International Finance Centre, 1 Harbour View Street, Central, Hong Kong
Pulse Wealth Limited	Ordinary shares	100%	Hong Kong	59/F, One Island East, Quarry Bay, Hong Kong
ICICI Prudential Asset Management Company Limited	Ordinary shares	49%	India	12th Floor, Narain Manzil, 23, Barakhamba Road, New Delhi 110001, India
ICICI Prudential Life Insurance Company Limited	Ordinary shares	22.09%	India	ICICI PruLife Towers, 1089 Appasaheb Marathe Marg, Prabhadevi, Mumbai 400025, India

PRUDENTIAL CORPORATION HOLDINGS LIMITED

NOTES ON THE ACCOUNTS (continued)

6. Shares in Group undertakings (continued)

Name of entity	Classes of shares held	Proportion held	Country of incorporation	Registered office address
ICICI Prudential Pension Funds Management Company Limited	Ordinary shares	22.09%	India	ICICI PruLife Towers, 1089 Appasaheb Marathe Marg, Prabhadevi, Mumbai 400025, India
ICICI Prudential Trust Limited	Ordinary shares	49%	India	12th Floor, Narain Manzil, 23 Barakhamba Road, New Delhi 110001, India
Prudential Technology and Services India Private Limited	Ordinary shares	99.99%	India	CoWrks NXT, EPIP Industrial Area, Whitefield Road, K.R Puram, Near SAP Labs, Hubli, Bangalore, Karnataka, 560066, India
PT Prudential Sharia Life Assurance	Ordinary shares	94.62%	Indonesia	Prudential Tower, 2nd floor Jl. Jend. Sudirman Kav 79, Jakarta 12910, Indonesia
PT. Eastspring Investments Indonesia	Ordinary shares	100%	Indonesia	Prudential Tower 23rd Floor, Jl. Jendral Sudirman Kav.79, Jakarta 12910, Indonesia
PT. Prudential Life Assurance	Ordinary shares	94.62%	Indonesia	Prudential Tower, Jl. Jend. Sudirman Kav. 79 Jakarta 12910, Indonesia
Reksa Dana Eastspring IDR Fixed Income Fund	Units	98.86%	Indonesia	Prudential Tower 23rd Floor, Jl. Jendral Sudirman Kav.79, Jakarta Selatan 12910, Indonesia
Reksa Dana Eastspring Investments Alpha Navigator Fund	Units	79.24%	Indonesia	Prudential Tower 23rd Floor, Jl. Jendral Sudirman Kav.79, Jakarta Selatan 12910, Indonesia
Reksa Dana Eastspring Investments Cash Reserve	Units	98.25%	Indonesia	Prudential Tower 23rd Floor, Jl. Jendral Sudirman Kav.79, Jakarta Selatan 12910, Indonesia
Reksa Dana Eastspring Investments IDR High Grade	Units	35.51%	Indonesia	Prudential Tower 23rd Floor, Jl. Jendral Sudirman Kav.79, Jakarta Selatan 12910, Indonesia
Reksa Dana Eastspring Investments Value Discovery	Units	81.12%	Indonesia	Prudential Tower 23rd Floor, Jl. Jendral Sudirman Kav.79, Jakarta Selatan 12910, Indonesia
Reksa Dana Syariah Eastspring Syariah Equity Islamic Asia Pacific USD	Units	81.64%	Indonesia	Prudential Tower 23rd Floor, Jl. Jendral Sudirman Kav.79, Jakarta Selatan 12910, Indonesia
Reksa Dana Syariah Eastspring Syariah Fixed Income Amanah	Units	48.79%	Indonesia	Prudential Tower 23rd Floor, Jl. Jendral Sudirman Kav.79, Jakarta Selatan 12910, Indonesia
Reksa Dana Syariah Eastspring Syariah Money Market Khazanah	Units	96.38%	Indonesia	Prudential Tower 23rd Floor, Jl. Jendral Sudirman Kav.79, Jakarta Selatan 12910, Indonesia
Reksa Dana Syariah Penyertaan Terbatas Bahana Syariah BUMN Fund	Units	99.01%	Indonesia	Graha CIMB Niaga 21st Floor. Jl Jend Sudirman Kav 58, Jakarta - 12190, Indonesia.
Eastspring Investments Asia Oceania U&I Bond Fund	Units	69.74%	Japan	Eastspring Investments Limited, Marunouchi Park Bldg., 2-6-1, Marunochi, Chiyoda-ku, Tokyo, Japan 100-6905
Eastspring Investments Emerging Markets Star Players	Units	33.14%	Japan	Eastspring Investments Limited, Marunouchi Park Bldg., 2-6-1, Marunochi, Chiyoda-ku, Tokyo, Japan 100-6905
Eastspring Investments Limited	Ordinary shares	100%	Japan	Marunouchi Park Building, 6-1 Marunouchi 2-chome, Chiyoda-Ku, Tokyo, Japan
India Innovation High Growth EQ QII	Units	100%	Japan	Eastspring Investments Limited, Marunouchi Park Bldg., 2-6-1, Marunochi, Chiyoda-ku, Tokyo, Japan 100-6905
M&G Real Estate Japan Co., Ltd.	Ordinary shares	33%	Japan	Tokyo Toranomon Global Square, 1-3-1 Toranomon, Minato-ku, Tokyo 105-0001, Japan

PRUDENTIAL CORPORATION HOLDINGS LIMITED

NOTES ON THE ACCOUNTS (continued)

6. Shares in Group undertakings (continued)

Name of entity	Classes of shares held	Proportion held	Country of incorporation	Registered office address
Eastspring Asset Management Korea Co. Ltd.	Ordinary shares	100%	Korea (the Republic of)	22F (Seoul International Finance Center, Yeouido dong), 10 Gukjegeumyung-ro, Yeongdeungpo-gu, Seoul, Republic of Korea 07326
Eastspring Investment K-Short Term Bond Alpha Securities Investment Trust (Bond Balanced)	Units	21.57%	Korea (the Republic of)	22 nd Floor One IFC, 10 Gukjegeumyung-ro, Youngdangpo-gu, Seoul 07326, Korea (the Republic of)
M&G Real Estate Korea Co., Ltd.	Ordinary shares	33%	Korea (the Republic of)	17 th Floor, Kyobo Building 1, Jongno, Jongno-Gu, Seoul, Korea
Prudential Life Assurance (Lao) Company Limited	Ordinary shares	99.99%	Laos	5 th Floor, Lao International Business and Tourist Centre Project (Vientiane Center), Khouvieng Road, Nongchan Village, Sisattanak District, Vientiane Capital, Lao PDR
Eastspring Investments – Asia Opportunities Equity Fund	Units	100%	Luxembourg	26, Boulevard Royal, L-2449, Luxembourg
Eastspring Investments – European Investment Grade Bond Fund	Units	99.29%	Luxembourg	26, Boulevard Royal, L-2449, Luxembourg
Eastspring Investments – Global Growth Equity Fund	Units	66.74%	Luxembourg	26, Boulevard Royal, L-2449, Luxembourg
Eastspring Investments – Global Low Volatility Equity Fund	Units	99.32%	Luxembourg	26, Boulevard Royal, L-2449, Luxembourg
Eastspring Investments – Global Technology Fund	Units	81.53%	Luxembourg	26, Boulevard Royal, L-2449, Luxembourg
Eastspring Investments – Greater China Equity Fund	Units	93.60%	Luxembourg	26, Boulevard Royal, L-2449, Luxembourg
Eastspring Investments – Pan European Fund	Units	60.47%	Luxembourg	26, Boulevard Royal, L-2449, Luxembourg
Eastspring Investments – US High Investment Grade Bond Fund	Units	92.67%	Luxembourg	26, Boulevard Royal, L-2449, Luxembourg
Eastspring Investments – US High Yield Bond Fund	Units	46.24%	Luxembourg	26, Boulevard Royal, L-2449, Luxembourg
Eastspring Investments – US Investment Grade Bond Fund	Units	65.18%	Luxembourg	26, Boulevard Royal, L-2449, Luxembourg
Eastspring Investments – World Value Equity Fund	Units	95.30%	Luxembourg	26, Boulevard Royal, L-2449, Luxembourg
Eastspring Investments Asia Pacific Equity Fund	Units	99.99%	Luxembourg	26, Boulevard Royal, L-2449, Luxembourg
Eastspring Investment Asia Real Estate Multi Asset Income Fund	Units	63.78%	Luxembourg	26, Boulevard Royal, L-2449, Luxembourg
Eastspring Investment Asia Sustainable Bond Fund	Units	99.06%	Luxembourg	26, Boulevard Royal, L-2449, Luxembourg
Eastspring Investments Asian Bond Fund	Units	46.83%	Luxembourg	26, Boulevard Royal, L-2449, Luxembourg
Eastspring Investments Asian Dynamic Fund	Units	94.59%	Luxembourg	26, Boulevard Royal, L-2449, Luxembourg
Eastspring Investments Asian Equity Fund	Units	99.37%	Luxembourg	26, Boulevard Royal, L-2449, Luxembourg
Eastspring Investments Asian Equity Income Fund	Units	84.85%	Luxembourg	26, Boulevard Royal, L-2449, Luxembourg
Eastspring Investments Asian High Yield Bond Fund	Units	33.17%	Luxembourg	26, Boulevard Royal, L-2449, Luxembourg

PRUDENTIAL CORPORATION HOLDINGS LIMITED

NOTES ON THE ACCOUNTS (continued)

6. Shares in Group undertakings (continued)

Name of entity	Classes of shares held	Proportion held	Country of incorporation	Registered office address
Eastspring Investments Asian Infrastructure Equity Fund	Units	71.86%	Luxembourg	26, Boulevard Royal, L-2449, Luxembourg
Eastspring Investments Asian Investment Grade Bond Fund	Units	89.95%	Luxembourg	26, Boulevard Royal, L-2449, Luxembourg
Eastspring Investments Asian Low Volatility Equity Fund	Units	99.50%	Luxembourg	26, Boulevard Royal, L-2449, Luxembourg
Eastspring Investments Asian Multi Factor Equity Fund	Units	67.71%	Luxembourg	26, Boulevard Royal, L-2449, Luxembourg
Eastspring Investments Asian Property Securities Fund	Units	98.74%	Luxembourg	26, Boulevard Royal, L-2449, Luxembourg
Eastspring Investments China A Shares Growth Fund	Units	71.38%	Luxembourg	26, Boulevard Royal, L-2449, Luxembourg
Eastspring Investments Dragon Peacock Fund	Units	94.37%	Luxembourg	26, Boulevard Royal, L-2449, Luxembourg
Eastspring Investments Funds – Monthly Income Plan	Units	31.62%	Luxembourg	26, Boulevard Royal, L-2449, Luxembourg
Eastspring Investments Global Emerging Markets Bond Fund	Units	99.35%	Luxembourg	26, Boulevard Royal, L-2449, Luxembourg
Eastspring Investments Global Emerging Markets ex-China Dynamic Fund	Units	100%	Luxembourg	26, Boulevard Royal, L-2449, Luxembourg
Eastspring Investments Global Equity Navigator Fund	Units	95.74%	Luxembourg	26, Boulevard Royal, L-2449, Luxembourg
Eastspring Investments Global Market Navigator Fund	Units	99.81%	Luxembourg	26, Boulevard Royal, L-2449, Luxembourg
Eastspring Investments Global Multi Asset Income Plus Growth Fund	Units	99.99%	Luxembourg	26, Boulevard Royal, L-2449, Luxembourg
Eastspring Investments India Equity Fund	Units	80.90%	Luxembourg	26, Boulevard Royal, L-2449, Luxembourg
Eastspring Investments (Luxembourg) S.A.	Ordinary shares	100%	Luxembourg	26, Boulevard Royal, L-2449, Luxembourg
Eastspring Investments SICAV-FIS - Alternative Investments Fund	Units	100%	Luxembourg	26, Boulevard Royal, L-2449, Luxembourg
Eastspring Investments SICAV-FIS - Asia Pacific Loan Fund	Units	74.23%	Luxembourg	26, Boulevard Royal, L-2449, Luxembourg
Eastspring Investments SICAV-FIS - Asia Balanced Fund	Units	95.23%	Luxembourg	26, Boulevard Royal, L-2449, Luxembourg
Eastspring Investments SICAV-FIS - Asian Infrastructure Equity Fund	Units	98.42%	Luxembourg	26, Boulevard Royal, L-2449, Luxembourg
Eastspring Investments Unit Trusts – Global Technology Fund	Units	86.75%	Luxembourg	26, Boulevard Royal, L-2449, Luxembourg
Eastspring Investments Unit Trusts – Pan European Fund	Units	64.86%	Luxembourg	26, Boulevard Royal, L-2449, Luxembourg
Eastspring Investments US Corporate Bond Fund	Units	51.25%	Luxembourg	26, Boulevard Royal, L-2449, Luxembourg
Templeton Asian Growth Fund	Units	30.35%	Luxembourg	8A, Rue Albert Borschette, L-1245 Luxembourg
USD Investment Grade Infrastructure Debt Fund SCSp	Units	21.78%	Luxembourg	35a, Avenue J.F. Kennedy, L-1855, Luxembourg

PRUDENTIAL CORPORATION HOLDINGS LIMITED

NOTES ON THE ACCOUNTS (continued)

6. Shares in subsidiary undertakings (continued)

Name of entity	Classes of shares held	Proportion held	Country of incorporation	Registered office address
Eastspring Al-Wara' Investments Berhad	Ordinary shares	100%	Malaysia	Level 25, Menara Hong Leong, No. 6 Jalan, Damanlela, Bukit Damansara, 50490 Kuala Lumpur, Wilayah Persekutuan, Malaysia
Eastspring Investments Asian High Yield Bond MY Fund	Units	42.33%	Malaysia	Eastspring Investments Berhad, Level 22, Menara Prudential, Persiaran TRX Barat, 55188 Tun Razak Exchange, Kuala Lumpur, Malaysia
Eastspring Investments Berhad	Ordinary shares	100%	Malaysia	Level 25, Menara Hong Leong, No. 6 Jalan Damanlela, Bukit Damansara, 50490 Kuala Lumpur, Wilayah Persekutuan, Malaysia
Eastspring Investments Equity Income Fund	Units	33.22%	Malaysia	Eastspring Investments Berhad, Level 22, Menara Prudential, Persiaran TRX Barat, 55188 Tun Razak Exchange, Kuala Lumpur, Malaysia
Eastspring Investments Global Equity Fund	Units	96.64%	Malaysia	Eastspring Investments Berhad, Level 22, Menara Prudential, Persiaran TRX Barat, 55188 Tun Razak Exchange, Kuala Lumpur, Malaysia
Eastspring Investments Global Growth Fund	Units	24.78%	Malaysia	Eastspring Investments Berhad, Level 22, Menara Prudential, Persiaran TRX Barat, 55188 Tun Razak Exchange, Kuala Lumpur, Malaysia
Eastspring Investments Japan Dynamic MY Fund	Units	33.87%	Malaysia	Eastspring Investments Berhad, Level 22, Menara Prudential, Persiaran TRX Barat, 55188 Tun Razak Exchange, Kuala Lumpur, Malaysia
Eastspring Investments MY Focus Fund	Units	28.48%	Malaysia	Eastspring Investments Berhad, Level 22, Menara Prudential, Persiaran TRX Barat, 55188 Tun Razak Exchange, Kuala Lumpur, Malaysia
Prudential Assurance Malaysia Berhad	Ordinary shares	51%	Malaysia	Level 20, Menara Prudential, Persiaran TRX Barat, 55188 Tun Razak Exchange, Kuala Lumpur, Malaysia
Prudential BSN Takaful Berhad	Ordinary shares	49%	Malaysia	Level 13, Menara Prudential, Persiaran TRX Barat, 55188 Tun Razak Exchange, Kuala Lumpur, Malaysia
Prudential Services Asia Sdn. Bhd.	Ordinary shares Class D Preference shares	100% 100%	Malaysia	Suite 1005, 10 th Floor, Wisma Hamzah-Kwong Hing, No. 1 Leboh Ampang, 50100 Kuala Lumpur, Malaysia
Sri Han Suria Sdn. Bhd.	Ordinary shares	51%	Malaysia	Suite 1005, 10 th Floor, Wisma Hamzah-Kwong Hing, No. 1 Leboh Ampang, 50100 Kuala Lumpur, Malaysia
Eastspring Investments India Consumer Equity Open Limited	Ordinary shares	100%	Mauritius	3rd Floor, 355 NEX, Rue du Savoir, Cybercity Ebene 77201, Mauritius
Eastspring Investments India Equity Open Limited	Ordinary shares	100%	Mauritius	3rd Floor, 355 NEX, Rue du Savoir, Cybercity Ebene 77201, Mauritius
Eastspring Investments India Infrastructure Equity Open Limited	Ordinary shares	100%	Mauritius	3rd Floor, 355 NEX, Rue du Savoir, Cybercity Ebene 77201, Mauritius
Prudential Mauritius Holdings Limited	Ordinary shares	100%	Mauritius	3rd Floor, 355 NEX, Rue du Savoir, Cybercity Ebene 77201, Mauritius
Pru Life Insurance Corporation of U.K.	Ordinary shares	100%	Philippines	9/F, Uptown Place Tower 1, 1 East 11 th Drive, Uptown Bonifacio, 1634 Taguig City, Metro Manila, Philippines
Pru Life UK Asset Management and Trust Corporation	Ordinary shares	100%	Philippines	9/F, Uptown Place Tower 1, 1 East 11 th Drive, Uptown Bonifacio, 1634 Taguig City, Philippines
PRUInvest PH Equity Index Tracker Fund	Units	99.23%	Philippines	9/F, Uptown Place Tower 1, 1 East 11 th Drive, Uptown Bonifacio, 1634 Taguig City, Philippines

PRUDENTIAL CORPORATION HOLDINGS LIMITED

NOTES ON THE ACCOUNTS (continued)

6. Shares in Group undertakings (continued)

Name of entity	Classes of shares held	Proportion held	Country of incorporation	Registered office address
Eastspring Investments Group Pte. Ltd.	Ordinary shares	100%	Singapore	10 Marina Boulevard, #32-01, Marina Bay Financial Centre, Singapore 018983
Eastspring Investments (Singapore) Limited	Ordinary shares	100%	Singapore	10 Marina Boulevard, #32-01, Marina Bay Financial Centre, Singapore 018983
Eastspring Investments Services Pte. Ltd.	Ordinary shares	100%	Singapore	10 Marina Boulevard, #32-01, Marina Bay Financial Centre, Singapore 018983
Eastspring Investments Unit Trusts - Dragon Peacock Fund	Units	97.67%	Singapore	10 Marina Boulevard, #32-01, Marina Bay Financial Centre, Singapore, 018983
Eastspring Investments Unit Trusts - Singapore ASEAN Equity	Units	99.33%	Singapore	10 Marina Boulevard, #32-01, Marina Bay Financial Centre, Singapore, 018983
Eastspring Investments Unit Trusts - Singapore ASEAN Equity	Units	66.03%	Singapore	10 Marina Boulevard, #32-01, Marina Bay Financial Centre, Singapore, 018983
M&G Asia Property TS Trust	Units	50%	Singapore	8 Marina Boulevard, #05-02 Marina Bay Financial Centre, 018981, Singapore
M&G Real Estate Asia Holding Company Pte. Ltd.	Ordinary shares	33%	Singapore	138 Market Street, #35-01 CapitaGreen, Singapore 048946
M&G Real Estate Asia Pte. Ltd.	Ordinary shares	33%	Singapore	138 Market Street, #35-01 CapitaGreen, Singapore 048946
Prudential Assurance Company Singapore (Pte) Limited	Ordinary shares	100%	Singapore	30 Cecil Street, #30-01 Prudential Tower, Singapore 049712
Prudential Services Singapore Pte. Ltd.	Ordinary shares	100%	Singapore	1 Wallich Street, #19-01 Guoco Tower, Singapore 078881
Prudential Singapore Holdings Pte. Limited	Ordinary shares Preference shares	100% 100%	Singapore	30 Cecil Street, #30-01 Prudential Tower, Singapore 049712
Pulse Ecosystems Pte. Ltd.	Ordinary shares	100%	Singapore	1 Wallich Street, #19-01 Guoco Tower Singapore 078881
Rhodium Investment Fund	Units	99.82%	Singapore	10, Marina Boulevard #32-01, Marina Bay Financial Centre, Singapore 018983
Scotts Spazio Pte. Ltd.	Ordinary shares	45%	Singapore	316 Tanglin Road, #01-01, Singapore 247978
Eastspring Securities Investment Trust Co., Ltd.	Ordinary shares	99.54%	Taiwan	4th Floor, No.1 Songzhi Road, Taipei 110, Taiwan
PCA Life Assurance Co. Ltd.	Ordinary shares	99.79%	Taiwan	8th Floor, No.1 Songzhi Road, Taipei 11047, Taiwan
North Sathorn Holdings Company Limited	Ordinary shares	100%	Thailand	No. 63, Athenee Tower, 34th Floor, Wireless Road, Lumpini Subdistrict Pathumwan District, Bangkok Metropolis, Thailand
Prudential Life Assurance (Thailand) Public Company Limited	Ordinary shares	99.93%	Thailand	944 Mitrtown Office Tower, 10th, 29th-31st Floor, Rama 4 Road, Wangmai, Pathumwan, Bangkok, 10330, Thailand
Staple Limited	Ordinary shares	100%	Thailand	No. 63, Athenee Tower, 34th Floor, Wireless Road, Lumpini Subdistrict Pathumwan District, Bangkok Metropolis, Thailand
Thanachart Fund Management Co., Ltd.	Ordinary shares	50.10%	Thailand	Units 902-908, 9th Floor, Mitrtown Office Tower, 944 Rama 4 Road, Wangmai, Patumwan, Bangkok 10330 Thailand
TMB Asset Management Co., Ltd.	Ordinary shares	65%	Thailand	9th Floor, Mitrtown Office Tower, 944 Rama 4 Road, Wangmai, Pathumwan, Bangkok 10330, Thailand
Eastspring Investments Incorporated	Ordinary shares	100%	United States of America	874 Walker Road, Suite C, City of Dover, County of Kent, State of Delaware, 19904, USA
Eastspring Investments Fund Management Limited Liability Company	Membership interest	100%	Vietnam	23rd Floor, Saigon Trade Center, 37 Ton Duc Thang Street, District 1, Ho Chi Minh City, Vietnam

PRUDENTIAL CORPORATION HOLDINGS LIMITED**NOTES ON THE ACCOUNTS (continued)****6. Shares in Group undertakings (continued)**

Name of entity	Classes of shares held	Proportion held	Country of incorporation	Registered office address
Eastspring Investments Vietnam Navigator Fund	Units	77.02%	Vietnam	23rd Floor, Saigon Trade Center, 37 Ton Duc Thang Street, District 1, Ho Chi Minh City, Vietnam
Prudential Vietnam Assurance Private Limited	Ownership interest	100%	Vietnam	25th Floor, Saigon Trade Centre, 37 Ton Duc Thang Street, District 1, Ho Chi Minh City, Vietnam

7. Participating interests

Participating interests of \$344,929,000 (2020: \$344,929,000) mainly relate to the Company's 22.09% holding in ICICI Prudential Life Insurance Company Limited in India, and 50% holding in CITIC - Prudential Life Insurance Company Limited in China.

Other participating interests include the Company's holdings in asset management operations in China, Hong Kong, India and Malaysia. During the year, the Company received income from shares in participating interests of \$178,328,000 (2020: \$122,730,000), including ICICI Prudential Asset Management Company Limited of \$78,508,000 (2020: \$54,451,000) and CITIC - Prudential Life Insurance Company Limited of \$59,561,000 (2020: \$40,006,000).

8. Intangible assets

	2021 \$000	2020 \$000
Cost:		
At 1 January	3,205,966	-
Additions	176,000	3,205,966
At 31 December	3,381,966	3,205,966
Amortisation:		
At 1 January	(165,634)	-
Charge for the year	(250,556)	(165,634)
At 31 December	(416,190)	(165,634)
Net book value:		
At 31 December	2,965,776	3,040,332
At 1 January	3,040,332	-

Intangible assets relate to fees paid in relation to the bancassurance partnership arrangements for the bank distribution of Prudential's insurance products for a fixed period of time the contractual agreement term. Intangible assets are accounted for as described in note 1(g).

PRUDENTIAL CORPORATION HOLDINGS LIMITED**NOTES ON THE ACCOUNTS (continued)****8. Intangible assets (continued)**

To assess indicators of an impairment, the Prudential Group monitors a number of internal and external factors, including indications that the financial performance of the arrangement is likely to be worse than expected and changes in relevant legislation and regulatory requirements that could impact the Prudential Group's ability to continue to sell new business through the bancassurance channel, and then applies judgement to assess whether these factors indicate that an impairment has occurred. If an impairment has occurred, a charge is recognised in the income statement for the difference between the carrying value and recoverable amount of the asset. The recoverable amount is the greater of fair value less costs to sell and value in use. Value in use is calculated as the present value of future expected cash flows from the asset or the cash generating unit to which it is allocated. Intangible assets held at 31 December 2021 have been assessed for impairment and no impairment was identified.

In 2021, PHL paid a \$176,000,000 annual conditional payment to Standard Chartered Bank. In accordance to the asset transfer agreement signed in 2020, the intangible assets acquired by PHL on or after 1 January 2020 were recognised as an intangible asset in the Company.

9. Tangible assets

	Land and buildings \$000	Fixtures & Fittings \$000	Computer equipment \$000	Other \$000	Total \$000
Cost:					
Balance at 1 January 2020	-	-	-	6	6
Additions	34,712	5,659	3,993	2,339	46,703
Disposals	-	-	(12)	(6)	(18)
At 31 December 2020	34,712	5,659	3,981	2,339	46,691
Balance at 1 January 2021	34,712	5,659	3,981	2,339	46,691
Additions	-	2,377	402	35	2,814
Disposals	-	-	(26)	(264)	(290)
At 31 December 2021	34,712	8,036	4,357	2,110	49,215
Depreciation:					
Balance at 1 January 2020	-	-	-	(1)	(1)
Charge for the year (note 10)	(10,414)	(2,302)	(1,165)	(932)	(14,813)
Eliminated on disposals	-	-	2	1	3
At 31 December 2020	(10,414)	(2,302)	(1,163)	(932)	(14,811)
Balance at 1 January 2021	(10,414)	(2,302)	(1,163)	(932)	(14,811)
Charge for the year (note 10)	(10,414)	(2,412)	(993)	(889)	(14,708)
Eliminated on disposals	-	-	15	235	250
At 31 December 2021	(20,828)	(4,714)	(2,141)	(1,586)	(29,269)
Net book value:					
At 31 December 2021	13,884	3,322	2,216	524	19,946
At 31 December 2020	24,298	3,357	2,818	1,407	31,880

PRUDENTIAL CORPORATION HOLDINGS LIMITED**NOTES ON THE ACCOUNTS (continued)****10. Leases****(a) Right-of-use assets**

Right-of-use assets related to lease properties that do not meet the definition of investment properties are presented as property, plant and equipment (see note 9):

	Land and buildings \$000	Fixtures & fittings \$000	Total \$000
Balance at 1 January 2021	24,298	3,357	27,655
Addition	-	2,377	2,377
Depreciation charge for the year	(10,414)	(2,412)	(12,826)
Balance at 31 December 2021	13,884	3,322	17,206

(b) Amounts recognised in profit or loss

The following amounts have been recognised in profit or loss for which the Company is a lessee:

	2021 \$000	2020 \$000
Interest expense on lease liabilities	793	909

11. Debtors

	2021 \$000	2020 \$000
Prepayment and accrued income	121,145	61,439
Other debtors	4,352	5,311
	125,497	66,750

12. Cash and cash equivalent

Cash and cash equivalent consist of cash at bank and in hand, and short-term highly liquid investments with less than 90 days maturity from the date of acquisition.

PRUDENTIAL CORPORATION HOLDINGS LIMITED**NOTES ON THE ACCOUNTS (continued)****13. Creditors – amounts falling due within one year**

	2021 \$000	2020 \$000
Amounts owed to ultimate parent company	1,808,534	1,433,559
Amounts owed to other Group undertakings:		
Amounts due to immediate parent company	3,286,006	3,308,846
Amounts due to subsidiaries	54,679	77,930
Amounts due to fellow subsidiary	11,621	15,729
Share-based payment liability (note 16)	-	53,427
Accruals and deferred income *	76,337	138,092
Leased Liability	12,785	12,501
	<u>5,249,962</u>	<u>5,040,084</u>

* Included in accruals and deferred income is mainly accruals for office costs of \$42,113,000 and annual bonus for employees of \$30,153,000.

14. Creditors – amounts falling due after more than one year

	2021 \$000	2020 \$000
Share-based payment liability (note 16)	-	48,287
Leased liability	4,129	14,421
	<u>4,129</u>	<u>62,708</u>

15. Called up share capital

	2021		2020	
	No. of shares ('000)	\$000	No. of shares ('000)	\$000
Issued and fully paid:				
At 1 January	2,290,000	3,033,677	2,290,000	3,033,677
Share issued	6,026	8,385	-	-
At 31 December	<u>2,296,026</u>	<u>3,042,062</u>	<u>2,290,000</u>	<u>3,033,677</u>

The holders of ordinary shares are entitled to receive dividends as declared from time to time. The Company has one shareholder, Prudential Holdings Limited.

In 2021, the Company acquired 2 ordinary shares representing 100% ownership of EIUS in consideration for which the Company issued 3,045,998 ordinary shares to PHL with an aggregate nominal value of \$4,258,000.

In connection with the transfer of EIEU from PHL to EIGP, the Company issued 2,980,204 ordinary shares to PHL with the Company receiving from PHL a promissory note issued by EIGP in the principal amount of \$4,127,000 in consideration. The Company and EIGP subsequently agreed to set-off the promissory note against the Company's subscription for 5,489,808 shares in EIGP with an aggregate nominal value of \$4,127,000. See note 6 for further details.

PRUDENTIAL CORPORATION HOLDINGS LIMITED

NOTES ON THE ACCOUNTS (continued)

16. Share-based payments

The ultimate parent Company, Prudential plc, operates several share award schemes, under which costs are accrued in the Company, including:

- Prudential Long Term Incentive Plan (three-year cliff vesting, except for the deferred awards on three-year pro-rata vesting): The scheme is a discretionary share plan. Awards are made in the form of Prudential plc ordinary shares or American Depositary Receipts ("ADRs") which have specific performance conditions attached. Dividend equivalent shares are awarded at vesting.
- Prudential Corporation Asia Long Term Incentive Plan (three years vesting period): Awards are made in the form of Prudential plc ordinary shares or ADRs. Awards are either made with specific performance conditions attached or as restricted share awards, and no dividend equivalent shares are awarded.
- Prudential Corporation Asia Deferred Bonus Plan (two years vesting period): Awards (Deferrals and Matching) are made in the form of Prudential plc ordinary shares or ADRs. No specific performance conditions are attached and awards vest in full subject to the individual being employed by Prudential at the end of the vesting period. Dividend equivalent shares for deferral awards are awarded at vesting.
- Prudential Restricted Stock Plan (vesting period depends on the terms of each award): Awards are made in the form of Prudential plc ordinary shares or ADRs. Awards are either made with specific performance conditions attached or as restricted share awards. Dividend equivalent shares may be awarded at vesting, subject to the terms of each award.
- Eligible employees outside the UK are invited to participate in arrangements similar to the Share Incentive Plan which allows the purchase of Prudential plc shares. Staff in certain countries in Asia are invited to join PRUShareplus (one year vesting period after the end of the annual cycle).

The weighted average price of Prudential plc shares in 2021 was £14.31 (equivalent to US\$19.4).

Share options and awards of Prudential plc's equity instruments, for which Prudential plc has the obligation to settle, based on stated policy, are valued using the share price at the grant date and are accounted as equity-settled, whereby the Company records a compensation expense in the profit and loss account with a corresponding contribution to the Company's equity from Prudential plc. All share-based transactions are treated as equity-settled.

The Company's obligation under a linked recharge arrangement to Prudential plc are recognised as a repayment of this contribution of equity, as services are received.

From 2021 the Company has recognised that the ultimate parent Company, Prudential plc has the obligation to settle the Company's employee share based payment schemes. Consequently, the Company recognises schemes, and associated recharge arrangements as intragroup transactions with the ultimate parent company, and does not recognise separate assets or liabilities for these schemes on its balance sheet.

17. Auditor's remuneration

Auditor's remuneration of \$34,000 (2020: \$31,000) in relation to the audit of the financial statements was borne by the Company's ultimate parent company, Prudential plc. Amounts receivable by the Company's auditor in respect of services rendered to the Prudential Group, other than the audit of the Company's financial statements, have not been disclosed, as the information is required instead to be disclosed on a Group basis in the consolidated financial statements of Prudential plc.

18. Directors' emoluments

The aggregate emoluments, including pension contributions, of the directors of the Company for the year in respect of services rendered to the Company were \$nil (2020: \$nil).

PRUDENTIAL CORPORATION HOLDINGS LIMITED

NOTES ON THE ACCOUNTS (continued)

19. Immediate and ultimate parent company

The Company's immediate parent company is Prudential Holdings Limited, and its ultimate parent company is Prudential plc. and the largest group in which the results of the Company are consolidated is that headed by Prudential plc. No other group financial statements include the results of the Company. The consolidated financial statements of the Group are available from the Company Secretary at 1 Angel Court, London EC2R 7AG.

20. Post balance sheet events

Subsequent to the balance sheet date:

- The Company acquired 26,247,375 ordinary shares of Prudential Life Assurance (Lao) Company Limited at a value of \$5,000,000 in January 2022.
- The Company transferred \$176,000,000 and \$44,000,000 to its immediate parent company, PHL for payment to Standard Chartered Bank in respect of bancassurance partnership fees in February 2022 and May 2022 respectively.
- In May 2022, the Company transferred 99.54% of the issued and fully paid-up share capital of its subsidiary, Eastspring Securities Investment Trust Co., Ltd. (43,485,769 shares transferred at a book value of \$98,549,000), to EIGP in consideration of the issue of 132,476,671 ordinary shares of EIGP to the Company at a value of \$98,549,000.
- The Company acquired 9,666,300 ordinary shares of EIGP at a value of \$7,000,000 in May 2022.
- The Company is proposing to declare a dividend of \$245,860,000 to its immediate parent company, PHL, in June 2022. The dividend is proposed to be settled by cash of \$45,000,000 as well as the assignment to PHL of the Company's rights to the intercompany loan receivables due from its ultimate parent company, Prudential plc, of \$177,761,000 and its intermediate holding company, Prudential Corporation Asia Limited, of \$23,099,000.
- It is proposed that the Company enter into a new loan agreement to lend its ultimate parent company, Prudential plc, \$230,000,000 in June 2022.
- It is proposed that the Company enter into an intra-group revolving credit facility arrangement with a maximum drawdown amount (or available commitment) of \$46,000,000 with its subsidiary, Pulse Ecosystems Pte. Ltd., in June 2022.