

## **MANAGEMENT PRESENCE**

The Company has applied for and the Stock Exchange has granted a waiver from the requirement that there be any executive directors ordinarily resident in Hong Kong under Listing Rule 8.12. The Company's headquarters is in the UK and its major business operations are widely spread internationally. The executive directors of the Company reside in the UK, the US and Hong Kong, as the Company believes it would be more effective and efficient for its executive directors to be based in a location where the Company's headquarters are based. As such, the Company will not be able to comply with the requirements of Listing Rule 8.12 for sufficient management presence in Hong Kong.

In light of the foregoing, in order to ensure that the Directors and authorised representatives can be contactable by the Stock Exchange, the Company has implemented or will implement the following:

- the assistant company secretary appointed by the Company will be based in Hong Kong and will act as an alternate authorised representative and a principal channel of communication with the Stock Exchange;
- the compliance adviser will act as an additional channel of communication with the Stock Exchange;
- the authorised representatives and the assistant company secretary should have means for contacting all directors promptly at all times as and when the Stock Exchange wishes to contact the directors on any matters;
- there are senior executives of the Company (including Barry Lee Stowe, an executive director) based in Hong Kong;
- its Directors who are not ordinarily resident in Hong Kong possess or will apply for valid travel documents to visit Hong Kong so as to be able to meet with the Stock Exchange when required, within a reasonable period; and
- each Director will provide their respective mobile phone numbers, office phone numbers, e-mail addresses and fax numbers to the Stock Exchange.

## **MANAGEMENT CONTINUITY**

It is a requirement under Listing Rule 8.05 that a new applicant must have, among other things, management continuity for at least the three preceding financial years.

We have applied for, and the Hong Kong Stock Exchange has granted, a waiver from strict compliance with Rule 8.05(3)(b) of the Listing Rules relating to management continuity pursuant to Rule 8.05A of the Listing Rules on the grounds that our Directors and senior management members have sufficient and satisfactory experience of at least three years in our line of business and industry and that there was management continuity for the most recent audited financial year.

## **RULE 9.09 OF THE LISTING RULES**

According to Rule 9.09 of the Listing Rules, there must be no dealing in the securities for which listing is sought by any connected person of the issuer from four clear business days before the expected hearing date until listing is granted (the "Relevant Period"). The Company has an ongoing share incentivisation programme which involves the granting of share options and awards to directors and its chief executive. To enhance the Company's ability to attract talent and maintain its competitiveness in the market, such grants, the vesting and exercise of these options and/or awards by the Directors and chief executive of the Company may only take place during short windows that are open four times a year when there is no regulatory blackout on dealings in securities and granting of share options/awards.

## WAIVERS

The Company's relevant window open for dealings commenced after the announcement of its results on 9 March 2010, thus it is important that the granting and accepting of share options/awards and the vesting and exercise thereof by the directors and chief executive (the "**Option Acceptances and Exercises**") be allowed throughout this period.

As a result, the Company has applied for, and the Stock Exchange has granted, a waiver from Listing Rule 9.09(b) for the four business days before the listing committee hearing date.

In addition, in the context of a dual primary listing of a widely held, publicly traded company currently having its issued Shares listed on the London Stock Exchange, the Company has no control over the investment decisions of its shareholders and the investing public in the UK.

As at the Latest Practicable Date, Capital Research and Management Company ("**Capital**"), being a substantial shareholder of the Company interested in more than 10% of the issued share capital of the Company, is regarded as a connected person of the Company under the Listing Rules.

The Company has applied for, and the Stock Exchange has granted, a waiver from strict compliance with Rule 9.09(b) of the Listing Rules in respect of dealings by Capital on the following conditions:

- Capital has not been, and will not be, involved in the management and operation of the Group and the floatation exercise prior to the Company's listing in Hong Kong;
- the Company does not have control of the investment decisions of Capital;
- the Company's Directors and chief executive officer will not deal in Shares before the listing of Shares in Hong Kong (other than the granting and accepting of share options/awards and the vesting and exercise thereof by the Directors and chief executive);
- the Company will notify the Stock Exchange of any dealing or suspected dealing by Capital when it becomes aware; and
- the Company and the Sponsor undertake that no non-public information will be disclosed to the Capital group.

### **SHARE CAPITAL CHANGES FOR THE GROUP**

According to paragraph 26 of Appendix 1A, paragraph 24 of Appendix 1B and paragraph 20 of Appendix 1F to the Listing Rules, a listing document should include particulars of any alterations in the capital of any member of the group within the two years immediately preceding the issue of the listing document. The Company has over 300 subsidiaries which are held under six principal second-tier subsidiaries. For further details, please refer to Note 17 of the Accountants' Report set out in Appendix I to this listing document. Information relating to share changes other than these principal subsidiaries is not material or meaningful to investors. In addition, it would be unduly burdensome for the Company to produce information relating to share changes for such a large number of companies over a period of two years. The Company has applied for, and the Stock Exchange has granted, a waiver from strict compliance with paragraph 26 of Appendix 1A, paragraph 24 of Appendix 1B and paragraph 20 of Appendix 1F to the Listing Rules which require the Company to disclose particulars of any alterations in the capital of any member of the Group within the two years immediately preceding the issue of a listing document.

Paragraph 13 of Appendix 1A, paragraph 8 of Appendix 1B and paragraph 8 of Appendix 1F to the Listing Rules require the issuer to include any particulars of any commissions, discounts, brokerages or other special terms granted within the two years immediately preceding the issue of the listing document in connection with the issue or sale of any capital of any member of the group, together with the names of any directors or proposed directors, promoters or experts (as named in the listing document) who received any such payment or benefit and the amount or rate of the payment.

## WAIVERS

For the same reasons set out above, the Company has applied for, and the Stock Exchange has granted, a waiver from strict compliance with paragraph 13 of Appendix 1A, paragraph 8 of Appendix 1B and paragraph 8 of Appendix 1F to the Listing Rules on the basis that information relating to commissions, discounts, brokerages or other special terms granted by the Company and the six principal subsidiaries of the Group during the two year period immediately preceding the issue of the listing document will be disclosed. Disclosure of such information other than in relation to these principal subsidiaries is not material or meaningful to investors. In addition, it would be unduly burdensome for the Company to produce information relating to grants of commissions, discounts, brokerages or other special terms granted for such a large number of companies over a period of two years.

### **PUBLICATION OF ANNOUNCEMENTS OF PRICE SENSITIVE INFORMATION IN HONG KONG**

Pursuant to Listing Rule 2.07C(4)(a), announcements must not be submitted to the HKSE between 9:00am and 4:15pm on a normal business day unless they fall within certain exemptions contained in the that rule.

Compliance with UK Disclosure and Transparency Rules by the Company could require an announcement of inside information to be made by the Company outside the permitted periods for submitting announcements to the Stock Exchange under Rule 2.07C(4)(a) of the Listing Rules.

Under the UK Disclosure and Transparency Rules an announcement on inside information is required to be made as soon as possible regardless of whether such announcement is made during normal trading hours. No suspension of the trading of the Company's securities would generally be imposed by the London Stock Exchange or the UK Listing Authority.

If trading of Shares on the Stock Exchange is suspended as a result of the Hong Kong Listing Rules, this would have an adverse result on the trading of the Company's securities as this could potentially put Hong Kong investors at a disadvantage compared to investors in the UK and US who may be able to deal in the Company's securities whilst Hong Kong investors are prevented from doing so.

Accordingly, the Company has applied for and the Stock Exchange has granted a waiver in respect of Rule 2.07C(4)(a) such that it is allowed to issue announcements pursuant to Rule 13.09(1) between 9:00am and 4:15pm simultaneously with the issue of the same announcement in accordance with Rule 2 of the DTR in London without a subsequent suspension of dealings or trading halt in the Company's securities subject to the following conditions:

- (i) the Company shall disclose in this listing document the grant of this waiver setting out relevant details including a clear indication of the impact of the waiver on the Hong Kong investing public given that the waiver is not subject to a condition requiring there to be a trading halt immediately following any announcement under the waiver;
- (ii) the Company shall inform the Stock Exchange in the first instance in the event of any material change being made to the UK regime on disclosure of inside information as such information may be of material relevance to an assessment of the ongoing appropriateness of the waiver. The Stock Exchange will evaluate the impact of any of these changes and indicate to the Company whether or not it intends to amend or revoke the waiver; and
- (iii) the Company shall comply with relevant provisions in the event of changes to the Hong Kong regulatory regime and the Listing Rules in relation to disclosure of price sensitive information and the applicable requirements for publication through the Stock Exchange's electronic publication system unless the Stock Exchange agrees to amend the waiver or grant a new waiver in the circumstances then prevailing.

## WAIVERS

The Company would also agree to notify the Stock Exchange of the pending announcements and the expected time of release and submit the electronic copies of the English and Chinese versions of announcements at least 10 minutes in advance of the expected time of release.

The impact of the above waiver for investors in Hong Kong is that trading in the Company's securities will continue in the event that an announcement containing price-sensitive information is released by the Company during normal trading hours in Hong Kong. **As a result, investors in Hong Kong should consider whether any price-sensitive information has been released during trading hours in Hong Kong prior to making an investment decision regarding the Company's securities.** The above waiver does not apply to announcements published in discharge of the disclosure obligations under the Listing Rules for notifiable and connected transactions. Investors can access announcements released by the Company (including those containing price-sensitive information) via the Stock Exchange's website at [www.hkex.com.hk](http://www.hkex.com.hk). Announcements will also be published on the Company's website at [www.prudential.co.uk](http://www.prudential.co.uk) in accordance with the Listing Rules. The Listing Rules require that, where an announcement is submitted to the Stock Exchange for publication on its website during trading hours, publication on the Company's own website must be no later than one hour after such submission.

## DISCLOSURE OF INTERESTS

Part XV of the SFO imposes duties of disclosure of interest in Shares. The Company is presently subject to a requirement to disclose the interests of its directors and shareholders who hold 3% or more of the Shares under the DTR and for every subsequent 1% increment thereafter. The Company has applied for, and the SFC has granted, a partial exemption under section 309(2) from all of the provisions of Part XV of the SFO (other than Divisions 5, 11 and 12) for shareholders, directors and the chief executive to notify their interests in securities of the Company and for the Company to prepare registers and maintain records. Division 5 of Part XV of the SFO relates to a listed corporation's powers to investigate into ownership of its share capital. Division 11 of Part XV of the SFO relates to the power of the Financial Secretary of Hong Kong to investigate into ownership of its share capital of listed corporations. Division 12 of Part XV of the SFO allows for applications for a court order to impose restrictions on shares the subject of investigations by a listed corporation or the Financial Secretary pursuant to the exercise of powers under Divisions 5 and 11 of Part XV of the SFO. The SFC has granted such partial exemption on the condition that it will include in the Company's listing document and its relevant shareholder communications after Listing such interests as are notified to it under the DTR in lieu of information disclosed under Part XV of the SFO.

In addition, the Company has applied for, and the Stock Exchange has granted a waiver from strict compliance with the requirements of paragraphs 41(4) and 45 of Appendix 1A, paragraphs 34 and 38 of Appendix 1B, paragraphs 30 and 34 of Appendix 1F and paragraph 12 of Appendix 16 to the Listing Rules on the basis that it has included in this listing document and will include in its relevant shareholder communications after Listing, such interests as are notified to it under the DTR in lieu of information disclosed in Part XV of the SFO.

## SHARE REPURCHASE AND TREASURY SHARES

According to Rule 10.06(5) of the Listing Rules, an issuer must ensure that the documents of title of purchased shares are cancelled and destroyed as soon as reasonably practicable following settlement of any such purchase. The Company is incorporated in England and Wales and listed on the London Stock Exchange, thus has the ability to hold any Shares it repurchases in treasury pursuant to English law. The inability to do so will adversely affect the Company's normal arrangements for Share repurchases and put the Company at a disadvantage compared to other London listed English companies. The Company has applied for, and the Stock Exchange has granted, a waiver from strict compliance with Rule 10.06(5) of the Listing Rules which require the Company to cancel and destroy as soon as reasonably practicable the documents of title of

## WAIVERS

repurchased Shares following settlement of any such repurchase. The waiver has been granted subject to the following conditions:

- (i) the Company complies with the Companies (Acquisition of Own Shares) (Treasury Shares) Regulations 2003 and the UK Listing Rules in relation to shares held by the Company in treasury ("**Treasury Shares**") and informs the Stock Exchange as soon as practicable in the event of any failure to comply or any waiver to be granted;
- (ii) the Company shall inform the Stock Exchange as soon as reasonably practicable in the event of any change being made to the English regime on Treasury Shares;
- (iii) the Company shall disclose in this Listing Document the grant of the waiver setting out relevant details including the circumstances and the conditions imposed;
- (iv) the Company shall confirm compliance with the waiver conditions in its annual reports and circulars seeking Shareholders approval of the repurchase mandate; and
- (v) in the event that the Company is no longer listed on the London Stock Exchange, the Company shall comply, subject to statutory and regulatory provisions applicable to the Company in the UK, with the relevant provisions of the Listing Rules applicable to Treasury Shares.

Under the UK Companies Act 2006 (as amended) a company incorporated in England that holds treasury shares is entitled to (i) sell such treasury shares for cash, (ii) transfer such treasury shares for the purposes of, or pursuant to, an employees' share scheme, or (iii) cancel such treasury shares. A sale of treasury shares for cash will be subject to the pre-emption rights of the existing holders of that class of shares (other than the company by virtue of it holding treasury shares). This is subject to the extent that, amongst others, (i) the sale of such treasury shares falls within the limit of the general authority to disapply pre-emption rights, or (ii) the Company is selling treasury shares for cash to an employees' share scheme. The UK Listing Rules require that the price at which the company sells such shares must not be at a discount of more than 10% to the middle market quotation of those listed shares (as derived from the daily official list of the London Stock Exchange) at the time of announcing the relevant offer or agreeing the placing of such shares unless the sale of such treasury shares is pursuant to a pre-existing general authority to disapply pre-emption rights or the sale at a discount is specifically approved by the company's shareholders. If a company cancels any of its treasury shares it must also diminish the amount of its issued share capital by the nominal amount of the shares cancelled.

Chapter 12 of the UK Listing Rules provides additional regulatory controls in respect of treasury shares. These include, amongst others, the requirement (i) not to sell for cash or transfer for the purposes of or pursuant to an employees' share scheme any treasury shares during a prohibited period (within the meaning of the UK Listing Rules) other than in certain limited circumstances provided for in the UK Listing Rules, and (ii) to make a notification to a Regulatory Information Service for dissemination to the UK market if (a) by virtue of it holding treasury shares, a company is allotted bonus shares (as described below) and (b) a company sells for cash, transfers for the purposes of, or pursuant to, an employees' share scheme or cancels any treasury shares it holds. When any repurchase of its shares is made, a company must also state in its notification relating to the repurchase the number of shares which will be or have been cancelled and the number of shares which will be or are held in treasury following any such repurchase. Pursuant to the Company's obligations under the Listing Rules, notifications will also be made by the Company to the Stock Exchange. In addition, the Company must disclose in its annual report and accounts sales of treasury shares for cash made otherwise than through the market, or in connection with an employees' share scheme, or otherwise than pursuant to an opportunity which was made available to all holders of the Company's listed shares on the same terms.

Shares held in treasury by a company incorporated in England remain part of such company's existing issued share capital. However, a company cannot exercise any right in respect of the treasury

shares it holds; in particular, the company does not have any right to attend and vote at meetings of the company, nor does it have a right to any dividend or other distribution of the company's assets in respect of the treasury shares it holds. However, in the event of a capitalisation issue, the company is entitled to receive fully paid bonus shares in respect of the treasury shares it holds. The company can elect either to cancel or to hold in treasury such bonus shares after their allotment provided that the aggregate nominal value of the shares held in treasury, from time to time, does not exceed 10% of the nominal value of the company's total issued share capital (including its treasury shares).

As a consequence of the grant of Rule 10.06(5) waiver to the Company, certain Listing Rules would be modified to show how the relevant Listing Rules will be changed. These modifications will be posted on the Company's website for reference.

## **SUMMARY OF ENGLISH LAWS AND INSPECTION OF LEGISLATION AND REGULATIONS**

Pursuant to Rule 19.10(3) of the Listing Rules, a listing document to be issued by an overseas issuer must contain a summary of the relevant regulatory provisions of the jurisdiction in which the overseas issuer is incorporated (the "Summary").

The Company has made an application to the Stock Exchange for and has been granted a waiver from strict compliance with Rule 19.10(3) of the Listing Rules in this listing document and in all subsequent listing documents of the Company following the Listing on the grounds that:

- (i) the Company is incorporated in England and is subject to regulations regarding shareholders' rights and protections and directors' powers in England which are at least equivalent to those required under Hong Kong laws;
- (ii) given the equivalent shareholders' rights and protections and directors' powers under English regulatory provisions, the exclusion of the Summary from this listing document will not affect an investor's assessment of the merits of the Listing; and
- (iii) the Company also considers the additional time, costs and printing space in a listing document required for the inclusion of the Summary disproportionately burdensome given the equivalence of the English and Hong Kong regulatory provisions and the ineffectiveness of such summaries on an investor's assessment of the merits of the Listing.

The Company is making available for inspection, pursuant to the waiver from strict compliance with Rule 19.10(6) of the Listing Rules as set out below, the websites at which investors may access the UK Listing Rules, the Disclosure and Transparency Rules and the FSA Handbook.

Rule 19.10(6) of the Listing Rules provides that an overseas issuer must offer for inspection a copy of any statutes or regulations which are relevant to the summary of the regulatory provisions of the jurisdiction in which the overseas issuer is incorporated. In the case of the Company, these include FSMA 2000, the UK Listing Rules, the Disclosure and Transparency Rules and the FSA Handbook. These copies of legislation are lengthy and subject to change from time to time. In addition, these copies of legislation can be readily accessed via the internet. For further details about how to access these copies of legislation via the internet, please refer to the section headed "Documents available for inspection" in Appendix X to this listing document. The Company has sought, and the Stock Exchange has granted, a waiver from strict compliance with Rule 19.10(6) of the Listing Rules.

## **ARTICLES OF ASSOCIATION**

The Stock Exchange has granted waivers from strict compliance with paragraphs 4(1), 5, 6(2), 7(1), 7(3), 8, 11(1), 12 and 14 of Appendix 3 to the Listing Rules in respect of the provisions of the Articles of Association of the Company on the basis that the existing provisions of the Articles of Association of the Company, taken together with relevant UK statutory obligations have a substantially similar effect as the relevant requirements of Appendix 3. Requiring the Company

to amend its Articles to comply strictly with the requirements of Appendix 3 through seeking shareholders' approval for the relevant amendments would be disproportionate to the relative benefit to shareholders of such amendments.

The waiver granted by the Stock Exchange in respect of paragraph 7(1) of Appendix 3 to the Listing Rules is conditional upon the Company complying with the manner of publication in the newspapers as prescribed under the Listing Rules where the Company uses its powers under the Articles of Association of the Company to give notice by advertisement by publication in the newspapers in Hong Kong.

The Articles of Association of the Company do not prohibit but do not automatically entitle Shareholders whose registered address is outside the United Kingdom to notices from the Company. However, in practice, the Company will send notices to Shareholders whose addresses are in Hong Kong pursuant to the Listing Rules.

Please refer to the "Appendix VII — Summary of Memorandum and Articles of Association" for a description of the provisions of the Articles of Association of the Company.

### **SHARE OPTION SCHEMES**

The Stock Exchange has granted the Company a waiver from strict compliance with the following requirements of Chapter 17 of the Listing Rules which apply to the Prudential Savings Related Share Option Scheme, the Prudential 2003 Savings Related Share Option Scheme (together the "**UK SAYE Scheme**"), Prudential International Assurance Sharesave Plan (the "**Irish SAYE Scheme**"), Prudential International Savings Related Share Option Scheme (the "**International SAYE Scheme**"), Prudential International Savings Related Share Option Scheme (non-employees) (the "**International NE SAYE Scheme**") (the UK SAYE Scheme, the Irish SAYE Scheme, the International SAYE Scheme and the International NE SAYE Scheme, together, the "**SAYE Schemes**"):

- (i) Note (1) to Rule 17.03(3) of the Listing Rules which provides that the total number of securities which may be issued under all of the Company's share schemes must not exceed 10% of the Company's ordinary shares as at the date of approval of the scheme;
- (ii) Rule 17.03(5) which requires that the scheme documents must provide a period of not more than 10 years within which securities must be taken up under options under that scheme;
- (iii) Note (1) to Rule 17.03(9) of the Listing Rules which requires that the scheme documents must provide that the minimum exercise price of options be not lower than the higher of (a) the closing price of Shares on the day of grant and (b) the average closing price of Shares on the 5 days preceding the date of grant; and
- (iv) Rule 17.03(11) of the Listing Rules which requires that scheme documents must set out the life of the scheme, which must not be more than 10 years.

Pursuant to the waiver granted by the Stock Exchange:

- (i) the total number of Shares subject to the SAYE Schemes may not exceed 10% of the Company's issued share capital from time to time;
- (ii) under the International SAYE Scheme and the International NE SAYE Scheme, the period within which Shares must be taken up by optionholders under options under those schemes may be more than 10 years from the date of grant of such options;
- (iii) the exercise price for options granted under SAYE Schemes may continue to be determined in accordance with the rules of such schemes to be at up to a 20% discount to the arithmetic average of the middle-market quotations of a Share as derived from the Daily Official List of the London Stock Exchange for the three consecutive trading days

## WAIVERS

determined by the Board which fall within the period of 30 days immediately preceding the day on which the relevant options are granted; and

- (iv) the International SAYE Scheme and the Irish SAYE Scheme may have a life exceeding 10 years provided that the Company will amend the rules of the International SAYE Scheme and the Irish SAYE Scheme at the annual general meeting in 2011 so that their terms will not be more than 10 years.

The Company will not be required to change the rules of any of the Schemes provided that it operates the Schemes in accordance with Chapter 17 of the Hong Kong Listing Rules (subject to the specific waivers granted above).

### **DISCLOSURES RELATING TO SHARE OPTIONS**

Information relating to the share option schemes in place prior to the Introduction is set out in the section "Business — Share awards and share option plans" and Appendix IX to this document.

Pursuant to paragraph 27 of Part A of Appendix 1 to the Listing Rules, the Company is required to disclose the following details in this listing document and, pursuant to paragraph 25 of Appendix 1B and paragraph 21 of Appendix 1F, in each listing document issued by the Company following the Listing, if any person has, or is entitled to be given, an option to subscribe for Shares:

- a) the number, description and amount of the Shares to be subscribed for under the option;
- b) the consideration paid or payable for the grant of the option;
- c) the period during which the option is exercisable;
- d) the price to be paid for the Shares and/or other capital subscribed for under the option; and
- e) the names and addresses of the grantees of the options.

There are approximately 5,549 individual grantees who have been granted options under the SAYE Schemes. Further, as at the Latest Practicable Date, there are 14,213,325 outstanding (i.e. unexercised) options over 14,213,325 Shares in the Company (representing approximately 0.56% of the Company's total issued share capital) granted pursuant to the SAYE Schemes. Accordingly, the Company has applied to and obtained from the Stock Exchange a waiver from strict compliance with the disclosure requirements of paragraph 27 of Part A of Appendix 1, paragraph 25 of Appendix 1B and paragraph 21 of Appendix 1F to the Listing Rules (the "Options Disclosure Requirements") on the grounds (inter alia) that full compliance with the Options Disclosure Requirements would be unduly burdensome for the Company in light of the large number of grantees, on the condition that the Company discloses in this listing document and in each listing document issued by the Company following the Listing the following information:

- (A) the total number of Shares to be issued pursuant to the exercise in full of all share options granted thereunder;
- (B) the consideration or the range of consideration paid or payable for the grant of share options thereunder;
- (C) the exercise period or range of exercise periods during which share options granted thereunder are exercisable;
- (D) the exercise price or range of exercise price payable for the Shares under share options granted thereunder; and
- (E) compliance with the Options Disclosure Requirements in respect of share options granted to Directors.



## WAIVERS

Further, the Company will comply with Rule 17.02(1)(b) of the Listing Rules in disclosing the potential dilutive effect of its share options and the impact on the earnings per share arising from the exercise of such outstanding options.

### **FURTHER ISSUE OF SECURITIES**

Having regard to the Rights Issue and the fact that the Company is a financial institution subject to regulatory requirements for capital adequacy and liquidity, it is important for the Company to maintain flexibility in fund raising or financing acquisitions through the issue of shares. The Company has therefore applied for, and the Stock Exchange has granted, a waiver from strict compliance with the restrictions on further issue of securities within 6 months from the Listing Date as required by Rule 10.08 of the Listing Rules.

### **RULES 5.01, 5.06 AND PARAGRAPH 3(a) OF PRACTICE NOTE 16 OF THE LISTING RULES**

The Company has applied to the Stock Exchange for, and the Stock Exchange has granted, a waiver from compliance with Rules 5.01 and 5.06 of the Listing Rules and paragraph 3(a) of Practice Note 16 of the Listing Rules in respect of the requirement to issue a property valuation report on the grounds that (i) the Company's core business is not investment in properties, and properties constitute an immaterial part of the Group's total assets; (ii) to require the Company to comply with the above requirements, considering the immateriality of the properties held by the Group and that the majority of the property is held to back insurance operations with limited economic risk and benefit flow to the Group, would be unduly burdensome, unnecessary, inappropriate and impractical; (iii) the information contained in this listing document relating to properties will enable shareholders and the public to make a properly informed assessment of the Company's securities; (iv) to require the Company to comply with the above requirements would involve preparation of a property valuation report in respect of more than 1,200 properties which is expected to run over 2,400 pages of English text; and (v) for the reasons set out in paragraphs (i) to (iii) above, the waiver sought would not be repugnant to, or conflict with the duties of, the Stock Exchange and the general principles under Rule 2.03 of the Listing Rules.

### **CONTINUING CONNECTED TRANSACTIONS**

The AIA Group has entered into, and is expected to continue, certain transactions which will constitute non-exempt continuing connected transactions of the Company under the Listing Rules upon the Listing. Accordingly, the Company has applied to the Stock Exchange for, and the Stock Exchange has agreed to grant, waivers in relation to certain continuing connected transactions between the Enlarged Group and certain connected persons under Chapter 14A of the Listing Rules. For further details in this respect, please see the section headed "Information about the AIA Group — Connected transactions" in this listing document.

### **RULE 8.17 OF THE LISTING RULES**

The Company has applied for and the Stock Exchange has granted a waiver from strict compliance with Rule 8.17 of the Listing Rules on the grounds that the Company Secretary is not ordinarily resident in Hong Kong and that the Company Secretary is being assisted by the Company's assistant company secretary who, by virtue of her qualifications and experience, is capable of discharging the functions required of a company secretary under the requirements of the Listing Rules.

### **DIRECTORS' AUTHORITY TO ALLOT SHARES**

The Company has applied for a waiver on the Stock Exchange from strict compliance with Rule 7.19(6) of the Listing Rules. Under section 551 of the Companies Act 2006, the directors of the Company may only allot shares, or grant rights to subscribe for or convert any securities into shares,

## WAIVERS

if shareholders in general meeting have given them authority to do so (a “**Section 551 Mandate**”). This authority is renewed at each AGM. Previous investor protection committee guidelines, such as those issued by the Association of British Insurers (the “**ABI**”), have limited the amount of the Section 551 Mandate to a maximum of one-third of the ordinary share capital of the Company including both pre-emptive and non-pre-emptive issues, whether or not for cash.

On 31 December 2008, the ABI announced that it would continue to regard as routine a request for authorisation to allot new shares in an amount up to one-third of the existing issued share capital of a company. However, the ABI stated that it would also regard as routine requests to authorise the allotment of a further one-third where the additional headroom would be applied to fully pre-emptive rights issue only and the authorisation was valid for one year only.

As a measure to increase the accountability of the directors, the ABI requires that where a Section 551 Mandate for the additional one-third headroom is obtained and where (1) the aggregate usage of the authority exceeds one-third; and (2) in the case of an issue being in whole or in part by way of a fully pre-emptive rights issue, monetary proceeds exceed one-third of the pre-issue market capitalisation of the issuer, the ABI will expect that all members of the Board of Directors wishing to remain in office stand for re-election at the next AGM of the issuer following the decision to make the issue in question.

The practical effect of Rule 7.19(6) of the Listing Rules for a dual UK-Hong Kong listed company would be to limit the maximum Section 551 Mandate that could be obtained to the lower threshold of 50% as opposed to the two-thirds headroom that may be sought in accordance with the new ABI guideline. This puts the Company at a potential disadvantage against other UK listed companies after its listing in Hong Kong.

In order to place the Company on an equal footing with other listed companies in the UK, and with regard to Rule 7.19(6) of the Listing Rules, the Company’s proposes:

- (i) to seek shareholders approval at the AGMs subsequent to the HK listing on a rolling basis for the power to allot shares up to two-thirds of the existing issued share capital of the Company in line with the ABI guidance explained above;
- (ii) that the directors (excluding the independent non-executive directors) and their associates would abstain from voting on the relevant resolution in their capacity as shareholders at the AGMs; and
- (iii) that if the Company were to do a further rights issue, the Company would not need to obtain further shareholders approval under Rule 7.19(6) of the Listing Rules provided that:
  - a. the market capitalisation of the Company would not increase by more than 50% as a result of the proposed rights issue; and
  - b. the votes of any new directors appointed to the Board of Directors of the Company since the relevant AGM would not have made a difference to the outcome of the relevant resolution at the relevant AGM if they had been shareholders at the time and they had in fact abstained from voting.

## **PROFIT FORECAST MEMORANDUM**

Rule 9.11(10)(b) of the Listing Rules provide that, where the listing document does not contain a profit forecast, two copies of a draft of the board's profit forecast memorandum covering the period up to the forthcoming financial year end date after the date of listing and cash flow forecast memorandum covering at least 12 months from the expected date of publication of the listing document with principal assumptions, accounting policies and calculations for the forecasts are required to be submitted to the Stock Exchange. The Company has applied for, and the Stock Exchange has granted, a waiver from strict compliance with the requirements of Rule 9.11(10)(b) of the Listing Rules on the basis that: (i) this Listing Document does not include a profit forecast; (ii) the Company is already listed on the London and New York Stock Exchanges where there is extensive coverage on its financial position and prospects through analysts' research in the market; and (iii) it is a requirement under the UK DTR that public announcements be made by the Company where there is any material change in expectations to its financial position and prospects.