
EMBEDDED VALUE

To enhance investors' understanding of our economic value and profitability, we have disclosed information regarding our embedded value, as discussed below. These measures are determined on a discounted cash flow valuation using commonly applied actuarial methodologies. As a relatively recent development, alternative valuation methodologies and approaches have emerged. However, there is no single adopted standard for the form, determination or presentation of the embedded value of a life insurance company. We have also discussed the value of one year's sales in respect of our new life insurance business. Because of the technical complexity involved in these calculations and the fact that these estimates vary materially with any change in key assumptions, you should read the following discussion as well as the Actuarial Consultants' Report of Towers Watson set forth in Appendix III to this prospectus in their entirety, interpret the embedded value results with special care, and seek the advice of experts familiar with the interpretation of embedded value results. See also the section headed "Forward Looking Statements" in this prospectus.

We report our results of operations in accordance with IFRS. See the Accountant's Report set forth in Appendix I to this prospectus. The embedded value method is a commonly adopted alternative method of measuring the value and profitability of a life insurance company. Embedded value is an actuarially determined estimate of the economic value of a life insurance business based on a particular set of assumptions as to future experience, excluding any economic value attributable to any future new business. In addition, the value of new business represents an actuarially determined estimate of the economic value arising from new life insurance business issued in the last 12 months.

We believe that reporting our embedded value provides useful information to investors, in that it reports the value of shareholders' interests in the earnings distributable from assets allocated to the business in-force after sufficient allowance for the aggregate risks in that business. In addition, the value of new business issued in a year provides useful information as to the value being created for investors by new business activity and hence the company's ability to generate profitable new business in the future. Towers Watson, consulting actuaries, has prepared a report on its review of our embedded value as of 31 May 2010 and the value of new business in respect of new policies issued for the 12 months ended 31 May 2010 as calculated by us. A copy of Towers Watson's review report is included in Appendix III to this prospectus. This report does not constitute an audit opinion of the financial information used in the report. In its review of embedded value and the value of new business, Towers Watson has relied upon audited and unaudited information supplied by, or on behalf of, the Company for periods up to 31 May 2010 and on information from a range of public sources. Towers Watson's review report provides further information regarding its use of, and reliance on, the data and information supplied to it.

In Towers Watson's review report, values have been shown under a range of assumptions, given the particular uncertainties associated with the future investment environment and other future operational uncertainties in relation to our portfolio of policies. We advise you to consider the range of values contained in Towers Watson's review report in order to gain an understanding of the impact on those values arising from the use of alternative assumptions as to future investment and operational experience. Moreover, the values shown do not encompass the full range of potential outcomes.

The embedded value results are not intended to represent an opinion of market value and should not be interpreted in that manner. Actual market value is determined by investors based on many factors. In particular, embedded value does not include the potential contribution arising from future new business which will depend on, among other things, the prospects of the Asia Pacific life insurance market, our future position in this market and the profitability of future new business.

The embedded value results are presented as of 31 May 2010 and are based on a series of assumptions as to the future. It should be recognised that actual future results may vary from those shown, on account of changes in the operating and economic environments and natural variations in experience and such differences may be material. No warranty is given that future experience will be in line with the assumptions made.