Certain information and statistics set forth in this section have been extracted or derived from various publicly available sources, including government publications. No independent verification has been carried out on the information and statistics contained in such publicly available sources. While reasonable care has been exercised in extracting and reproducing such information and statistics, none of the Company, the Selling Shareholder, the Joint Global Coordinators, the Joint Bookrunners, the Joint Sponsors, the Joint Lead Managers, the Underwriters, their respective directors, agents, employees and advisers nor any other party involved in the Global Offering makes any representation as to the accuracy of such information and statistics. In addition, we cannot ensure that more updated or complete information or statistics has not been prepared or released. You should not place undue reliance on any of such information and statistics contained in this section.

The information and statistics provided for the "Asia Pacific" life insurance market in this section do not include Macau or Brunei data and neither of these markets is discussed in this section. As used below, unless otherwise indicated, "Europe" includes the following countries: Austria, Belgium, Cyprus, Denmark, Finland, France, Germany, Greece, Iceland, Ireland, Italy, Luxembourg, Malta, the Netherlands, Norway, Portugal, Spain, Sweden, Switzerland, Turkey and the United Kingdom. As used below, unless otherwise indicated, "North America" is as classified in *Sigma* reports published by Swiss Reinsurance Company and includes the United States and Canada.

For the purpose of this section, data on "life insurance premiums" indicated as derived from *Sigma* reports is primarily based on the following metrics from *Sigma* reports: "premium income", "premium volume", "premiums", "life insurance premium" and "life premiums". Market share data based on "life insurance premiums" or "total premiums" is generally based on data published by the industry source indicated.

Described below are some of the key sources and methodologies used in calculating certain information and statistics provided in this section. Please note that the description below is not an exhaustive list of the sources and methodologies used to present the information and statistics set out in this section.

Sigma reports present life insurance premium data on a local currency basis converted to U.S. dollars using the average local currency to U.S. dollar exchange rate for the year indicated. The figures are presented on a nominal basis and are not inflation-adjusted. In calculating simple and compound average growth rates for life insurance premiums, we use the as-converted U.S. dollar figures published in the *Sigma* reports. Since the data is converted at the average yearly exchange rate for each year and is presented in nominal terms, exchange rate and inflation fluctuations may impact the growth rates described in this prospectus.

Sigma reports present GDP data on a local currency basis converted to U.S. dollars using the average local currency to U.S. dollar exchange rate for the year indicated. GDP data from the *Sigma* reports is presented on a nominal basis and is not inflation-adjusted. In calculating simple and compound average growth rates for GDP, we use the as-converted U.S. dollar figures published in the *Sigma* reports. Since the data is converted at the average yearly exchange rate for each year and is presented in nominal terms, exchange rate and inflation fluctuations may impact the growth rates described in this prospectus.

This section also includes penetration rate, density rate and total population data from the *Sigma* reports. Penetration rate is a market's life insurance premium as a percentage of its GDP. Density rate is a market's life insurance premium per capita.

Household savings rate data and data on the population above the age of 65 is based on data published in Euromonitor International, an independent market research firm that provides business information on industries, countries and consumers. Savings rate is defined as annual savings as a percentage of annual disposable income. In calculating simple and compound average growth rates for the population above the age of 65 and the percentage of population above the age of 65, we use data as published by Euromonitor International.

Projected GDP and projected total population growth rates are based on data published by Global Insight, an independent market research firm that provides economic, financial and political coverage to support planning and decision making.

ASIA PACIFIC LIFE INSURANCE MARKET

The Asia Pacific life insurance market is one of the largest in the world with US$358.0 billion of life insurance premiums in 2009, comprising 15.4% of aggregate global life insurance premiums. The region recorded positive GDP growth of 5.0% in 2009, compared to GDP growth rates of negative 10.2% in Europe and negative 2.2% in North America during the same period. Life insurance premiums in the Asia Pacific region grew at a CAGR of 13.5% from 2004 to 2009, primarily driven by strong regional economic growth, favourable demographic changes, social welfare reforms, healthcare demand and insurance market reforms.

We believe that the Asia Pacific life insurance market is and will continue to be a growing and attractive market, and that the AIA Group is uniquely positioned to benefit from potential future market growth.

Industry Overview and Trends

We believe that the following trends characterise the Asia Pacific life insurance market and industry.

Strong Economic Growth

The Asia Pacific region has recently experienced strong economic growth and increases in income per capita. GDP in the Asia Pacific region grew at a CAGR of 14.7% from 2004 to 2009, with positive GDP growth of 5.0% in 2009. This growth is significantly higher than the growth experienced by Europe and North America (CAGR of 4.9% and 4.2% from 2004 to 2009, and GDP growth of negative 10.2% and negative 2.2% in 2009, respectively). In addition, strong economic growth is expected for the Asia Pacific region, with GDP projected to grow at a CAGR of 10.2% from 2009 to 2014 compared to projected CAGRs of 4.4% in North America and 2.5% in Europe. We believe the strong projected economic growth may support future growth in the Asia Pacific life insurance industry.

The following table sets forth key historical macroeconomic data for the Asia Pacific region for the periods indicated.

	2004	2005	2006	2007	2008	2009	CAGR 2004–9
GDP (US$bn)	5,018	6,028	6,886	8,251	9,478	9,956	14.7%
Nominal GDP growth (%)	16.1	20.1	14.2	19.8	14.9	5.0	
GDP per capita (US$)	1,699	2,006	2,241	2,660	3,032	3,152	

Source: Swiss Reinsurance Company Sigma Reports

The following table sets forth nominal historical and nominal forecast GDP growth by country for the Asia Pacific region, as well as regional GDP growth for Europe, North America and Japan, for the periods indicated.

	CAGR 2004–2009 (%)	CAGR 2009–2014E (%)
Hong Kong	4.9	5.2
Thailand	10.1	8.5
Singapore	10.6	6.2
Malaysia	10.5	8.6
China	23.4	11.4
Korea	4.5	9.1
Philippines	13.4	8.1
Indonesia	16.0	14.4
Vietnam	15.4	11.6
Taiwan	4.4	8.9
India	12.6	10.0
Australia	8.9	6.6
New Zealand	3.6	5.2
Asia Pacific	14.7	10.2
Europe	4.9	2.5
North America	4.2	4.4
Japan	1.6	3.3

Source: Swiss Reinsurance Company Sigma Reports, International Monetary Fund World Economic Outlook Database 2010

High Historical Life Insurance Premium Growth Rates

Asia Pacific life insurance premiums increased significantly in recent years, growing at a CAGR of 13.5% from 2004 to 2009 (life insurance premiums grew from US$189.9 billion in 2004 to US$358.0 billion in 2009). Emerging economies within the Asia Pacific region such as China, India and Indonesia each achieved life insurance premium CAGRs of over 20.0% from 2004 to 2009. Relatively more developed economies within the Asia Pacific region such as Hong Kong, Taiwan and Singapore recorded life insurance premium CAGRs of 9.9%, 9.4% and 6.2%, respectively, during the same period. Moreover, according to Sigma Swiss Re estimates, life insurance premiums in the region are projected to grow at a CAGR of approximately 12.3% between 2009 and 2014.

Continued Low Penetration and Density Rates

Markets such as China, Thailand, the Philippines, Indonesia, Vietnam and India all have reported density rates under US$100 and penetration rates under 5%. We believe that if these economies grow and standards of living improve, the low density and penetration rates in these markets indicate significant growth potential for the Asia Pacific life insurance industry.

The following table sets forth certain life insurance premium and macroeconomic data for the Asia Pacific region, Japan, North America and Europe for the periods indicated.

	Life insurance premiums		GDP	Penetration rate	Density rate
	2009 (US$bn)	CAGR 2004–2009 (%)	2009 (US$bn)	2009 (%)	2009 (US$)
Hong Kong	20.3	9.9	211	9.6	2,887
Thailand	6.2	15.0	264	2.4	92
Singapore	9.1	6.2	177	5.1	1,912
Malaysia(1)	5.7	6.2	199	2.9	207
China	109.2	26.0	4,736	2.3	81
Korea(1)	57.4	3.4	882	6.5	1,181
AIA Group's Key Geographical Markets Total	**207.8**	**13.7**	**6,469**	**3.2**	**138**
Philippines	1.6	15.5	161	1.0	17
Indonesia	5.1	21.0	541	0.9	22
Vietnam	0.7	6.7	92	0.7	8
Taiwan	52.2	9.4	379	13.8	2,257
India	57.1	26.7	1,255	4.6	48
Australia	32.5	4.8	943	3.4	1,525
New Zealand	1.1	8.1	116	0.9	249
AIA Group's Other Geographical Markets Total(2)	**150.2**	**13.3**	**3,487**	**4.3**	**91**
Asia Pacific Total	**358.0**	**13.5**	**9,956**	**3.6**	**113**
Japan	399.1	0.4	5,099	7.8	3,139
North America	536.0	0.2	15,597	3.4	1,573
Europe	927.7	5.9	16,769	5.5	1,911

Source: Swiss Reinsurance Company Sigma Reports

(1) Life insurance industry data is for the 12 months ended 31 March of the year subsequent to the year indicated.

(2) Excluding Macau and Brunei.

Favourable Demographic Changes

The Asia Pacific region had a population of approximately 3.2 billion people, or 46% of the total population in the world in 2009. The Asia Pacific region has experienced high population growth rates historically, and the region's population is expected to increase by approximately 295 million people by 2019. Moreover, from 2004 to 2009, the population in the region above the age of 65 grew at a CAGR of 2.9% (compared to 1.5% and 1.8% for Europe and North America, respectively). In particular, the percentage of the population above the age of 65 in Korea and Singapore has grown significantly from 2004 to 2009, with CAGRs of 4.5% and 4.8%, respectively. Asia Pacific markets are also expected to see significant growth in the population segment between the ages of 40 and 65. According to data from the U.S. Census Bureau International Database 2010, the population segment between the ages of 40 and 65 in the Philippines and Vietnam are forecast to grow 40% between 2009 and 2020. In comparison, according to the same source, the same segment is forecast to grow 5% in the United States and 3% in the United Kingdom during the same period. In addition, urbanisation trends among emerging and developing markets in Asia are also favourable. In particular, the percentage of the total population in these markets living in urban areas is expected to grow to 47.5% in 2020 compared to 33.8% in 2000, according to data published by Euromonitor International. As populations move increasingly into urban areas, they become more accessible to distributors. We believe that the increasing size of the Asia Pacific region's population and certain aging and urbanisation trends and demographic mixes within the region may result in increasing demand for insurance products in the future.

The following table sets forth certain demographic data for the Asia Pacific region, North America and Europe for the periods indicated.

	Population (mm)		Population aged 65 and above	
	2009	CAGR 2004–2009	% population 2009	CAGR 2004–2009
Asia Pacific	3,158.3	1.3%	7.3	2.9%
North America	340.8	1.0	13.0	1.8
Europe	485.5	0.9	16.2	1.5

Source: Euromonitor for population above the age of 65; Swiss Reinsurance Company Sigma Reports for total population

High Household Savings Rates

Household savings rates in China (36.7% in 2009), Hong Kong (24.9% in 2009), Singapore (32.2% in 2009), Korea (19.4% in 2009), Thailand (18.0% in 2009) and Malaysia (15.8% in 2009) have remained above 10% from 2004 to 2009, which are relatively higher than household savings rates in the United States (2.8% in 2009) and the United Kingdom (negative 0.5% in 2009). We believe that the high household savings rates in many markets within the Asia Pacific region represent an opportunity for the insurance industry as customers may diversify their savings across a spectrum of financial products, including those offered by insurance companies.

Growing Commercially Attractive Population, Significant High Net Worth Populations and Increasing Financial Sophistication

The Asia Pacific region has a growing commercially attractive population and a significant high net worth population. In particular, markets such as Hong Kong and Singapore already have an established commercially attractive population, and many other markets in the Asia Pacific region have an emerging commercially attractive population. The number of households with annual disposable income between US$10,000 and US$25,000 in emerging and developing Asia is expected to increase from 81 million in 2009 to 182 million in 2014, according to Euromonitor International. This represents an expected growth in disposable income from US$2,804 billion in 2009 to US$5,132 billion in 2014 in these markets, according to Euromonitor International. We believe the growth in commercially attractive populations with disposable income above US$10,000 represents increased opportunity for life insurers in the Asia Pacific region. In 2009, the Asia Pacific region (including Kazakhstan, Myanmar, Pakistan and Sri Lanka) had approximately 1.4 million high net worth individuals ("HNWI") according to CapGemini, a consulting company that publishes industry research. High net worth individuals are defined as individuals with assets of US$1 million or more, excluding primary residence, collectables, consumables and other consumer goods. The Asia Pacific region combined with Japan, Kazakhstan, Myanmar, Pakistan and Sri Lanka had a total of 3.0 million HNWI and US$9.7 trillion in wealth as of 31 December 2009, an increase of 30.9% from 2008 and surpassing Europe for the first time. In addition, the high net worth population in China is currently the fourth largest in the world after the United States, Japan and Germany. We believe that the growing commercially attractive population and significant high net worth population in the Asia Pacific region are becoming increasingly financially sophisticated and aware of insurance products and therefore these groups may contribute to future growth in the Asia Pacific life insurance market.

Gaps in A&H Coverage Driving Growth for A&H Insurance Products

There is a wide spectrum of public and private healthcare schemes across the Asia Pacific region. While many markets have government-provided healthcare, such healthcare is often subject to limitations, including with respect to the extent and quality of coverage. Moreover, individual out-of-pocket costs for healthcare are a significant percentage of healthcare expenditures in the Asia Pacific region. Even in markets such as Hong Kong and Korea, which provide broad healthcare coverage for residents, individual out-of-pocket healthcare expenditures account for over 30% of total healthcare expenditures, based on data published by the World Health Organization (compared to

16% for Japan, 18% for the U.S. and 16% for Europe). Individual out-of-pocket costs for healthcare are projected to continue to be a significant percentage of healthcare expenditures in many Asia Pacific markets: by 2014, a projected 66% in Singapore, 60% in Hong Kong, 55% in Malaysia, 54% in China, 45% in Korea and 36% in Thailand, according to the *World Pharmaceutical Fact Book 2009* published by Epsicom, an independent market research firm providing business information services with a focus on the global pharmaceutical and medical sectors. This compares to 43% in the United States, 25% in Europe and 14% in Japan. Per capita expenditures of retirees in East Asia (as classified by the World Health Organization) are projected to triple by 2015. Many markets in the region have been receptive to private sector solutions that address A&H coverage gaps and reduce individual out-of-pocket healthcare expenditures.

We believe that there is a growing gap in A&H coverage in the Asia Pacific region and that there is growing customer awareness of A&H needs and insurance products. We believe these trends present an opportunity in both the group health insurance segment (serving employers who provide A&H insurance benefits to their employees) and in the individual segment (in particular, to HNWIs who seek more comprehensive healthcare coverage).

Developing Pension Markets

In 2009, the Asia Pacific region accounted for approximately 46% of the world population but only a small portion of global pension assets. In particular, in 2009, China, Korea, India, Hong Kong, Taiwan and Singapore had an aggregate of approximately 39% of the world's population and 13% of global GDP, but had only approximately US$570 billion of private pension assets according to Cerulli Associates, a research firm specializing in asset management and distribution trends worldwide. This amount represented only 1.9% of global private pension assets (which totaled approximately US$30 trillion). In addition, government sponsored pension programmes in developed economies in the Asia Pacific region like Singapore and Hong Kong have created an opportunity for the private sector and benefited insurance companies in the region. For example, a significant portion of Singapore's pension assets are held by the Central Provident Fund (the "CPF") and insurance products accounted for approximately 67.3% of the CPF's pension assets in the first half of 2009. We believe the relatively low percentage of pension assets represent a sustainable growth opportunity for the Asia Pacific insurance industry. We further believe that insurance companies in the region may benefit from any such increase in pension market size, particularly if government-initiated pension schemes in the region create opportunities for the private sector.

Shift to Multi-Channel Distribution

While life insurance companies in the Asia Pacific region have historically focused on traditional agency distribution, many have expanded their distribution network to include other channels such as bancassurance, direct marketing, and financial advisers/brokers. In certain markets within the Asia Pacific region, bancassurance has become a significant distribution channel and has enabled life insurance companies to reach a broader customer base, in part as a result of certain markets' extensive banking networks. We believe that the shift from traditional agency to multi-channel distribution in many Asia Pacific markets will continue.

THE AIA GROUP'S KEY GEOGRAPHICAL MARKETS

The following section discusses the life insurance industry and major trends for each of the AIA Group's Key Geographical Markets.

Hong Kong

Industry Overview

With approximately US$20.3 billion in life insurance premiums in 2009, the Hong Kong life insurance market is the sixth largest in the Asia Pacific region. The table below outlines key macroeconomic and life insurance industry data for the periods indicated:

	2004	2005	2006	2007	2008	2009	CAGR 2004–9
Macroeconomic data							
GDP (US$bn)	166	178	190	207	215	211	4.9%
GDP growth rate (%)	5.7	7.2	6.7	8.9	3.9	(1.9)	
Population (mm)	6.9	7.0	7.1	7.2	7.0	7.0	0.3%
GDP per capita (US$)	24,058	25,429	26,761	28,750	30,714	30,143	
Life insurance industry data							
Life insurance premiums (US$bn)	12.6	14.8	17.1	22.2	21.3	20.3	9.9%
Life insurance premiums growth rate (%)	27.4	16.8	16.1	29.4	(3.9)	(4.9)	
Penetration rate (%)	7.6	8.3	9.2	10.7	9.7	9.6	
Savings rate (%)	27.3	27.4	27.0	26.0	25.4	24.9	
Density rate (US$)	1,835.9	2,096.8	2,451.2	3,077.6	2,978.7	2,886.6	

Source: Euromonitor for savings rate data, Swiss Reinsurance Company Sigma Reports for all other data

The Hong Kong life insurance market had approximately 46 life insurance companies and 19 composite insurance companies as of 30 June 2010. The following table sets forth the top five life insurance companies in Hong Kong by market share of direct in-force individual and group business premiums in 2009 based on data classified and published by the Hong Kong Office of the Commissioner of Insurance ("OCI"):

Company	2009 Market Share (%)(1)
AIA Group	**15.9**
HSBC	11.7
Prudential plc	9.1
Manulife	8.8
AXA AP	8.7

(1) Market share data excludes retirement scheme-related group business classes G and H, as categorised by the OCI.

Industry Trends

Significant Wealth Management Market

Hong Kong is one of the largest wealth management markets in the Asia Pacific region due to its significant high net worth population. Hong Kong had approximately 76,000 HNWIs as of 31 December 2009, which was an increase of 104% from 2008, and held financial assets of US$181 billion as of 31 December 2008. Hong Kong also has the highest average financial wealth per HNWI (approximately US$4.9 million in 2008) in the Asia Pacific region.

Positive Economic Integration with Pearl River Delta and Regional Financial Centre

Hong Kong is a financial centre for the Asia Pacific region and has historically served as a gateway to China and, in particular, the Pearl River Delta, which generated 9.9% of China's GDP in 2008. We believe that favourable demographic and economic trends in China, such as a large, growing population and strong economic growth, have contributed to Hong Kong's economic growth and created significant potential for growth in Hong Kong's economy and life insurance industry.

Healthcare Reform and Changing Demographics Driving A&H Insurance Growth

Although the Hong Kong government provides public healthcare for its residents, there is a significant demand for non-public healthcare services, with out-of-pocket expenses representing a substantial percentage of an individual's healthcare expenses. Hong Kong's out-of-pocket health expenditure is expected to represent 60% of total health expenditure by 2014, according to the World Pharmaceutical Fact Book 2009. Hong Kong's population above the age of 65 represented approximately 12.5% of its total population as of the end of 2009. This demographic is projected to grow to an estimated 28% of Hong Kong's total population by 2039, according to data published by the Mandatory Provident Fund Schemes Authority of Hong Kong. We believe that this projected growth in Hong Kong's population above the age of 65, as well as a potential increase in consumer awareness of A&H needs and products, could result in significant increases in healthcare expenditures.

In addition, the Hong Kong government is exploring reform that could reduce its role in providing healthcare. Although medical reform has not yet been finalised, the Hong Kong government has put forth options that may increase demand for A&H insurance products offered by insurance companies. We believe that in much the same way that schemes under the Mandatory Provident Fund Scheme Ordinance (the "MPFSO") stimulated growth for retirement products, potential healthcare reform may increase the demand for A&H insurance products.

Retirement Protection Opportunity

Hong Kong has a significant population above the age of 65 and this demographic is projected to grow in the future. Hong Kong's population currently has significant assets invested with MPFSO schemes (approximately HK$317 billion as of 31 March 2010 according to data published by the Mandatory Provident Fund Schemes Authority of Hong Kong). We believe that MPFSO schemes have raised awareness of the importance of retirements savings and planning and that Hong Kong's growing and aging population will result in an increase in MPFSO scheme assets, which may, in turn, benefit insurance companies if there is an increased demand for their retirement and pension products offered by insurance companies.

Shift to Multi-Channel Distribution

While agency distribution remains a significant distribution channel, bancassurance and other alternative distribution channels are growing. Bancassurance is becoming a significant channel and, although it is still relatively small, direct marketing has emerged as an important distribution channel. The IFA/brokerage channel is also increasingly important in the high net worth customer segment. We believe that the market will continue to include multiple distribution channels.

Thailand

Industry Overview

With approximately US$6.2 billion in life insurance premiums in 2009, the Thai life insurance market is the eighth largest in the Asia Pacific region. The table below outlines key macroeconomic and life insurance industry data for the periods indicated:

	2004	2005	2006	2007	2008	2009	CAGR 2004–9
Macroeconomic data							
GDP (US$bn)	163	177	206	246	273	264	10.1%
GDP growth rate (%)	14.0	8.6	16.4	19.4	11.0	(3.3)	
Population (mm)	62.4	64.2	63.4	63.9	67.4	67.8	1.7%
GDP per capita (US$)	2,612	2,757	3,249	3,850	4,050	3,894	
Life insurance industry data							
Life insurance premiums (US$bn)	3.1	3.5	3.9	4.9	5.7	6.2	15.0%
Life insurance premiums growth rate (%)	19.9	13.7	10.5	26.3	15.6	9.4	
Penetration rate (%)	1.9	2.0	1.9	1.8	2.1	2.4	
Savings rate (%)	15.3	14.8	16.0	20.0	19.1	17.9	
Density rate (US$)	50.7	54.7	61.3	70.8	83.4	91.7	

Source: Euromonitor for savings rate data, Swiss Reinsurance Company Sigma Reports for all other data

There were 24 life insurance companies in the Thai life insurance market as of 31 December 2009. The following table sets forth the top five life insurance companies in Thailand by market share of total weighted premiums in 2009 based on data classified and published by the Thai Life Assurance Association:

Company	2009 Market Share (%)
AIA Group	**35.6**
Thai Life	13.6
Muang Thai Life	8.0
Bangkok Life	8.0
Siam Commercial New York Life	8.0

Industry Trends

Favourable Demographic Changes

Thailand's population above the age of 65 increased to 8.0% of the total population in 2009, up from 6.0% in 1999. We believe that this population segment is becoming increasingly aware of insurance and pension products and may make greater use of such products for retirement planning in the future. We also believe that insurance companies with a strong and broad agency network and the ability to provide individual advice will be well-placed to capitalise on potential future opportunities.

Rural Areas Remain Under-Served

We believe that most life insurance companies are primarily focused on the Bangkok metropolitan area despite the fact that it represents only 16.1% of Thailand's total population. Thailand had a life insurance penetration rate of 2.4% in 2009, and we believe that rural areas are less penetrated than the Bangkok metropolitan area. We believe this under-penetration in rural areas represents a potentially significant growth opportunity, especially for the AIA Group's broad agency force, as it has the ability to deliver a variety of products, and the AIA Group's operational scale to efficiently underwrite rural business.

Agency-Dominated Distribution Complemented by Bancassurance

The agency channel has historically been the primary distribution channel for insurance products in Thailand. However, bancassurance has emerged as a successful distribution channel for life insurance companies. Although products sold through the bancassurance channel are primarily traditional savings and single premium insurance products, we believe that there is potential for a wider array of insurance products, such as investment-linked and annuity products, to be distributed through this channel in the future.

Regulatory Reforms Driving Potential Growth

The Thai life insurance industry operates under the (Thailand) Life Insurance Act and is regulated by the Office of the Insurance Commission of Thailand ("OIC"). In December 2008, the Thai government approved an increase in the personal tax deduction for life insurance premiums to encourage the use of insurance protection products. In addition, the Thai government, supported by the OIC, is currently considering tax incentives for certain savings, retirement, annuity and investment-linked products, and is also closer to its objective to establish a centralised pension scheme that may include a role for insurance companies. We believe these potential regulatory reforms may create additional insurance product opportunities, improve investment options for life insurance companies, and provide sustainable growth opportunities for insurance companies in Thailand.

Singapore

Industry Overview

With approximately US$9.1 billion in life insurance premiums in 2009, Singapore's life insurance market is the seventh largest in the Asia Pacific region. The table below outlines key macroeconomic and life insurance industry data for the periods indicated:

	2004	2005	2006	2007	2008	2009	CAGR 2004–9
Macroeconomic data							
GDP (US$bn)	107	117	132	161	182	177	10.6%
GDP growth rate (%)	17.6	9.3	12.8	22.0	13.0	(2.7)	
Population (mm)	4.3	4.3	4.4	4.4	4.6	4.7	1.8%
GDP per capita (US$)	24,884	27,209	30,000	36,591	39,565	37,660	
Life insurance industry data							
Life insurance premiums (US$bn)	6.7	6.6	8.0	10.0	10.1	9.1	6.2%
Life insurance premiums growth rate (%)	20.2	(2.2)	22.3	25.1	0.8	(10.5)	
Penetration rate (%)	6.0	6.0	5.4	6.2	5.6	5.1	
Savings rate (%)	33.0	33.5	33.4	33.2	32.5	32.2	
Density rate (US$)	1,483.9	1,619.1	1,616.5	2,263.5	2,193.1	1,912.0	

Source: Euromonitor for savings rate data, Swiss Reinsurance Company Sigma Reports for all other data

There were approximately 16 life insurance companies in the Singapore life insurance market as of 31 December 2009. The following table sets forth the top five life insurance companies in Singapore by market share of total weighted life insurance premium income in 2009 based on data published by the Monetary Authority of Singapore:

Company	2009 Market share (%)
AIA Group	**24.9**
Great Eastern	18.3
Prudential plc	17.3
Manulife	16.1
Aviva	5.9

Industry Trends

A Centre For Wealth Management

Singapore has established itself as a regional financial centre in part as a result of its location, developed legal and educational systems, relative political stability and developed infrastructure. Singapore's offshore assets under management ("AUM") were estimated at US$500 billion in 2008. Singapore has a high density of high net worth households (8.5% in the high net worth segment as of 31 December 2008), and its high net worth population increased by a CAGR of 8.8% from 2003 to 2008 (compared to 1.6% in the United States and 0.8% in Europe over the same period).

Advanced Multi-Channel Distribution Model

Life insurance products are distributed through a broad mix of distribution channels in Singapore. While agency distribution remains a core distribution channel, bancassurance is a significant distribution channel. In addition, the direct marketing and financial adviser/brokerage channels are becoming increasingly important; as the percentage of new business sold through licensed financial advisers increased to 14.0% in the first half of 2010 from 8.0% in 2008, based on data published by the Singapore Life Insurance Association.

Sales Boosted by Change in CPF Regulations

The Singapore government introduced a compulsory savings scheme, the CPF, in 1955. Employers and employees are required to make monthly contributions that can be used to fund financial and insurance needs such as housing, retirement and healthcare. As of 31 March 2010, based on CPF statistics, total CPF members' funds amounted to approximately 172.1 billion Singaporean Dollars. CPF regulations introduced in April 2008 limit the amount of single premium products that an individual can invest in or purchase. Following the implementation of these regulations, sales of single premium life insurance products have declined and sales of regular premium products have risen, based on data published by the Singapore Life Insurance Association. We believe this shift is beneficial to the insurance industry since regular premium products are typically products with higher margins than single premium products.

Malaysia

Industry Overview

With life insurance premiums of approximately US$5.7 billion in the twelve-month period ended 31 March 2010, Malaysia's life insurance market is the ninth largest in the Asia Pacific region. The table below outlines key macroeconomic and life insurance industry data (life insurance industry data is for the 12 months ended 31 March of the year subsequent to the year indicated) for the periods indicated:

	2004	2005	2006	2007	2008	2009	CAGR 2004–9
Macroeconomic data							
GDP (US$bn)	121	135	154	192	209	199	10.5%
GDP growth rate (%)	14.2	11.6	14.1	24.7	8.9	(4.8)	
Population (mm)	25.2	25.3	26.1	26.6	27.0	27.5	1.8%
GDP per capita (US$)	4,802	5,336	5,900	7,218	7,741	7,236	
Life insurance industry data							
Life insurance premiums (US$bn)	4.2	4.5	5.2	5.7	5.9	5.7	6.2%
Life insurance premiums growth rate (%)	21.8	6.6	15.1	9.5	3.8	(3.2)	
Penetration rate (%)	3.5	3.3	3.2	2.9	2.8	2.9	
Savings rate (%)	13.9	14.6	15.2	15.4	15.6	15.8	
Density rate (US$)	167.3	177.0	189.0	209.7	217.2	206.9	

Source: Euromonitor for savings rate data, Swiss Reinsurance Company Sigma Report for all other data

There were approximately 16 registered life insurers in Malaysia's life insurance market as of 31 December 2009. The following table sets forth the top five life insurance companies in Malaysia by market share of total in-force annual premiums in 2009 based on data classified and published by the Life Insurance Association of Malaysia:

Company	2009 Market Share (%)
Great Eastern	28.3
Prudential plc	19.2
AIA Group	**12.6**
ING	11.2
Hong Leong	6.0

Industry Trends

Continued Growth Of Takaful Insurance

The Takaful insurance market has expanded significantly in recent years and is expected to be a key driver of overall insurance industry growth. Gross Takaful contribution premiums globally grew at a CAGR of approximately 40% from 2004 to 2008 and are expected to reach US$8.9 billion by 2010. Malaysia was the largest Takaful market in the Asia Pacific region and the second largest Takaful market in the world in 2008. Malaysian Takaful contribution premiums grew 16% in 2009 according to data published by Bank Negara Malaysia. In addition, Takaful life and non-life insurance contribution premiums grew at a CAGR of 29% between 2005 to 2008, according to the 2010 World Takaful

Report. We believe that Malaysia's large Muslim population (approximately 60% of the population, or an estimated 16 million people), current low penetration rate of Takaful insurance products (only 0.5% in 2009 based on data published by Bank Negara Malaysia) and low density rate should support future growth in this market.

Many international insurance companies have actively sought to procure licences to distribute Takaful insurance products in order to participate in this potentially high growth market. The AIA Group was the first foreign life insurer to receive an international Takaful operator licence in Malaysia in 2008, and is currently one of the few life insurers in Malaysia offering Takaful products in international currencies. Bank Negara Malaysia has announced that it will issue only a limited number of Takaful operator licences. On 1 September 2010, Bank Negara Malaysia announced the issuance of four new Family Takaful operator licences. AIA Malaysia, along with its joint venture partner Alliance Bank Malaysia Berhad, was one of the recipients of this licence. Please refer to the section headed "Business — Our Primary Operating Units — Malaysia" in this prospectus for more details regarding our joint venture with Alliance Bank Malaysia Berhad.

Increased Market Liberalisation

Bank Negara Malaysia regulates the insurance industry and the entire financial sector. In 2001, Bank Negara Malaysia released a ten-year Financial Sector Master Plan that laid out a blueprint for domestic insurance companies to improve their financial and operating performance and to achieve market liberalisation in successive phases. Bank Negara Malaysia has relaxed certain investment limits, introduced risk-based capital regulations and guidelines for dynamic solvency testing, and increased the foreign ownership limit to 70% from 49% for all financial institutions except commercial banks.

Shift to Multi-Channel Distribution

Malaysia's life insurance market has a multi-channel distribution network. Malaysia's bancassurance distribution channel has grown significantly since its introduction, and it is currently a significant distribution channel in the market. We believe that recent liberalisation of the bancassurance channel by Bank Negara Malaysia should support future distribution through this channel. In addition, we believe that distribution through IFAs may grow in the future as customers seek independent advice on insurance products.

China

Industry Overview

With life insurance premiums of approximately US$109.2 billion in 2009, the Chinese life insurance market is the largest in the Asia Pacific region and the sixth largest in the world. The table below outlines key macroeconomic and life insurance industry data for the periods indicated:

	2004	2005	2006	2007	2008	2009	CAGR 2004–9
Macroeconomic data							
GDP (US$bn)	1,654	2,225	2,626	3,214	4,323	4,736	23.4%
GDP growth rate (%)	16.7	34.5	18.0	22.4	34.5	9.6	
Population (mm)	1,297.2	1,315.8	1,323.6	1,328.3	1,337.4	1,345.8	0.7%
GDP per capita (US$)	1,275	1,691	1,984	2,420	3,232	3,519	
Life insurance industry data							
Life insurance premiums (US$bn)	34.4	39.6	45.0	58.7	95.8	109.2	26.0%
Life insurance premiums growth rate (%)	3.9	15.2	13.7	30.3	63.3	13.9	
Penetration rate (%)	2.1	1.8	1.7	1.8	2.2	2.3	
Savings rate (%)	31.6	35.6	36.4	36.6	36.6	36.7	
Density rate (US$)	27.3	30.1	34.0	44.2	71.7	81.1	

Source: Euromonitor for savings rate data, Swiss Reinsurance Company Sigma Reports for all other data

China's life insurance market is currently dominated by six domestic Chinese life insurance companies that collectively held an aggregate market share of almost 86% of total premiums in 2009. Foreign life insurance companies held an aggregate market share of approximately 6% of total premiums in 2009 according to data classified and published by the China Insurance Regulatory Commission (the "CIRC"). The following table sets forth the top five foreign and foreign joint venture life insurance companies by market share of life insurance premiums in 2009 based on data classified and published by the CIRC:

Company	2009 Market Share (%)
AIA Group	**1.0**
Generali China	0.6
Huatai Life	0.5
Aviva-COFCO	0.5
CITIC-Prudential	0.5

Industry Trends

Favourable Macroeconomic Trends

China's GDP has grown at a CAGR of 23.4% from 2004 to 2009, increasing to US$4,736 billion in 2009. This strong growth is expected to continue with GDP projected to grow at a CAGR of 9.1% from 2009 to 2014. In addition, China's life insurance penetration rate was only 2.3% in 2009. This low penetration rate is due in part to the relatively late liberalisation of the insurance industry in 1996 when People's Insurance Company of China, the then-state-owned and largest insurance company in China, was restructured. We believe that China's macroeconomic trends and low penetration rate coupled with other related factors, such as rising per capita income and high household savings rates, may result in future growth of the insurance market.

Demographic Fundamentals Support Retirement and Pension Product Growth

China's population above the age of 65 increased by approximately 2.8 million in 2009, representing 9.6% of the population. China's elderly demographics are expected to constitute an increased percentage of China's total population in the future as a result of low birth rates coupled with increasing life expectancies. This could result in a lower percentage of working population supporting a growing group of retirees. In addition, only 20% of individuals above the age of 60 are covered by pension programmes according to International Financial Services London (formerly IFSL), an independent promotional body for the United Kingdom's financial services industry that has joined TheCityUK, the new promotional body for the UK-based financial services industry. We believe that increases in China's population above the age of 65, shifting demographics and challenges facing the pension system, including low coverage, may result in increased demand for retirement and pension products offered by private sector insurance companies.

Healthcare Needs Create A&H Opportunity

The World Health Organization has indicated that total healthcare expenditure in China had risen from 3% of GDP in 1978 to 4.5% of GDP in 2007, while government funding as a percentage of total healthcare expenditure decreased (from approximately 32% in 1978 to 20% in 2007) and the percentage of out-of-pocket healthcare expenditure increased (from approximately 20% in 1978 to more than 45% in 2007) and is expected to continue to increase (to 54% by 2014). In part as a result of these trends, the cost of healthcare appears to be shifting to the individual. Rising per capita incomes and high household savings rates indicate that individuals may be able to bear some of these costs and we believe that savings products and A&H insurance products may play a significant role in meeting the healthcare needs of China's population.

Potential for Growth Through Bancassurance

The bancassurance distribution channel has been one of the main drivers of recent growth in the Chinese insurance industry. Products sold through the bancassurance channel are limited and there is potential to expand the products available through this channel. We believe that China's large geographic size and extensive bank branch network with a large customer base present an excellent opportunity for growth in the bancassurance distribution channel.

Liberalisation in Investment Regulation Provides an Opportunity for Higher Investment Returns And Improved Asset-Liability Management

Due to Chinese regulatory restrictions, the types of assets in which insurance companies are permitted to invest in remain limited, with a requirement that the largest portion of investments consists of fixed income securities issued by the Chinese government and financial institutions. A relaxation of regulatory restrictions announced in April 2009 allows life insurance companies to invest in a wider range of bonds and up to 6% of assets in bonds backed by infrastructure projects. The CIRC is also exploring the possibility of further liberalisation. These regulatory changes may enable insurance companies to achieve better investment diversity, higher investment returns and better asset-liability management.

Korea

Industry Overview

With approximately US$57.4 billion in life insurance premiums in the 12 months ended 31 March 2010, the Korean life insurance market is the second largest in the Asia Pacific region and the eighth largest in the world. The table below outlines key macroeconomic and life insurance industry data (life insurance industry data is for the 12 months ended 31 March of the year subsequent to the year indicated) for the periods indicated:

	2004	2005	2006	2007	2008	2009	CAGR 2004–9
Macroeconomic data							
GDP (US$bn)	707	805	913	995	840	882	4.5%
GDP growth rate (%)	13.8	13.9	13.4	9.0	(15.6)	5.0	
Population (mm)	48.4	48.6	48.8	49.1	48.6	48.7	0.1%
GDP per capita (US$)	14,607	16,564	18,709	20,265	17,284	18,111	
Life insurance industry data							
Life insurance premiums (US$bn)	48.5	60.7	70.3	80.4	60.6	57.4	3.4%
Life insurance premiums growth rate (%)	14.0	25.2	15.8	14.5	(24.7)	(5.2)	
Penetration rate (%)	6.9	7.5	7.7	8.2	7.2	6.5	
Savings rate (%)	19.2	19.1	19.5	19.4	19.4	19.4	
Density rate (US$)	1,007.3	1,248.2	1,438.5	1,652.3	1,247.6	1,180.6	

Source: Euromonitor for savings rate data, Swiss Reinsurance Company Sigma Reports for all other data

The Korean life insurance market had approximately 22 life insurance companies as of 31 March 2010. The following table sets forth the top five life insurance companies in Korea by market share of total premium income in 2009 based on data classified and published by the Korea Life Insurance Association:

Company	2009 Market share (%)
Samsung Life	27.4
Korea Life	13.7
Kyobo Life	13.0
ING	5.7
Mirae Asset	4.5

Industry Trends

Growth of Retirement Protection Market Due to Pension Reforms and Aging Population

The Korean government implemented a pension scheme in 2005 that provided employers with increased flexibility in the management of their employee pension plans through third-party financial institutions. As a result, the size of the market for pension products has grown substantially since 2005, with assets under the scheme growing from approximately 16.3 billion Korean Won as of 31 December 2005 to approximately 14,024.8 billion Korean Won as of 31 December 2009, based on data published by the Financial Supervisory Service of Korea (the "FSS"). Life insurance companies have benefited significantly from the 2005 pension scheme, managing approximately 33.4% of assets within the scheme as of 31 December 2009, based on data published by the FSS. We believe that other factors and trends affecting the market, including changes in tax regulation that may make pension products offered by insurance companies more attractive, changes in the corporate pension product market and an aging population (Korea's population above the age of 65 has increased from 6.9% in 1999 to 10.7% in 2009), may contribute to future growth in the pension products market.

Supplementary A&H Insurance Growth

Korean regulators have commented that there has been consistent demand for private health insurance and other products to meet the healthcare needs of Korea's population. We believe that this demand may increase as Korea's population ages and per capita income and customer awareness of A&H insurance products potentially increase. Increases in such demand may contribute to increased sales of A&H insurance products by insurance companies in the future. In addition, as a result of the adoption of standard policy terms for medical reimbursement products, a market segment that historically had been dominated by general insurance companies, we believe that life insurance companies may increase their market share in this segment.

Shift to Multi-Channel Distribution

The market has shifted to a multi-channel distribution network. Korean regulatory authorities approved the sale of savings insurance products in 2003 and certain types of protection products in 2005 via banks on a limited basis, and bancassurance has developed into a significant distribution channel. Direct marketing and hybrid marketing, a channel that relies on agents trained in both face-to-face and telephone distribution, have emerged as distribution channels and we believe they may represent future growth opportunities for insurance companies.

OTHER GEOGRAPHICAL MARKETS

The following section provides certain key macroeconomic and life insurance industry data for the Philippines, Australia, Indonesia, Vietnam, Taiwan, New Zealand and India. Data for Macau and Brunei is not provided. Additional information on these markets is provided in the subsections headed "— Market Overview" in the sections headed "Business — Our Primary Operating Units — Other Geographical Markets" and "Business — Our Primary Operating Units — Joint Ventures" in this prospectus.

Philippines

The table below sets forth certain key macroeconomic and life insurance industry data for the Philippines.

	2004	2005	2006	2007	2008	2009
GDP (US$bn)	86	98	117	144	167	161
GDP growth rate (%)	8.9	14.0	19.4	23.1	16.0	(3.6)
Life insurance premiums (US$bn)	0.8	0.9	1.1	1.3	1.5	1.6
Life insurance premiums growth rate (%)	5.7	19.1	22.7	19.9	11.9	5.0
Penetration rate (%)	0.9	0.9	1.0	0.9	0.9	1.0
Density rate (US$)	9.4	10.9	12.9	15.1	16.5	17.0

Source: Swiss Reinsurance Company Sigma Reports

Australia

The table below sets forth certain key macroeconomic and life insurance industry data for Australia.

	2004	2005	2006	2007	2008	2009
GDP (US$bn)	616	707	753	910	988	943
GDP growth rate (%)	21.0	14.8	6.5	20.8	8.6	(4.6)
Life insurance premiums (US$bn)	25.7	26.0	28.3	34.7	42.7	32.5
Life insurance premiums growth rate (%)	23.3	1.2	8.7	22.8	23.0	(24.0)
Penetration rate (%)	4.2	3.7	3.8	3.8	4.3	3.4
Density rate (US$)	1,286.5	1,287.5	1,377.9	1,674.1	2,026.1	1,524.8

Source: Swiss Reinsurance Company Sigma Reports

Indonesia

The table below sets forth certain key macroeconomic and life insurance industry data for Indonesia.

	2004	2005	2006	2007	2008	2009
GDP (US$bn)	258	281	364	433	514	541
GDP growth rate (%)	6.2	8.9	29.5	19.0	18.7	5.3
Life insurance premiums (US$bn)	2.0	2.1	3.3	4.7	4.7	5.1
Life insurance premiums growth rate (%)	29.8	9.0	53.3	44.8	(0.5)	7.7
Penetration rate (%)	0.6	0.8	0.8	1.1	0.9	0.9
Density rate (US$)	7.5	9.6	12.3	20.4	20.7	22.0

Source: Swiss Reinsurance Company Sigma Reports

Vietnam

The table below sets forth certain key macroeconomic and life insurance industry data for Vietnam.

	2004	2005	2006	2007	2008	2009
GDP (US$bn)	45	53	61	71	91	92
GDP growth rate (%)	15.4	17.8	15.1	16.4	28.2	1.1
Life insurance premiums (US$bn)	0.5	0.5	0.5	0.6	0.6	0.7
Life insurance premiums growth rate (%)	15.8	4.5	1.6	13.8	7.8	6.2
Penetration rate (%)	1.4	1.0	0.9	0.8	0.7	0.7
Density rate (US$)	7.2	6.0	6.0	6.5	7.3	7.6

Source: Swiss Reinsurance Company Sigma Reports

Taiwan

The table below sets forth certain key macroeconomic and life insurance industry data for Taiwan.

	2004	2005	2006	2007	2008	2009
GDP (US$bn)	306	346	355	385	391	379
GDP growth rate (%)	6.6	13.1	2.6	8.5	1.6	(3.1)
Life insurance premiums (US$bn)	33.3	38.8	41.3	49.8	52.7	52.2
Life insurance premiums growth rate (%)	21.0	16.6	6.4	20.8	5.9	(1.0)
Penetration rate (%)	11.1	11.2	11.6	12.9	13.5	13.8
Density rate (US$)	1,494.6	1,702.5	1,800.3	2,165.7	2,288.1	2,257.3

Source: Swiss Reinsurance Company Sigma Reports

New Zealand

The table below sets forth certain key macroeconomic and life insurance industry data for New Zealand.

	2004	2005	2006	2007	2008	2009
GDP (US$bn)	97	108	105	126	126	116
GDP growth rate (%)	21.3	11.3	(2.8)	20.0	0.0	(7.9)
Life insurance premiums (US$bn)	0.7	0.8	0.8	1.1	1.1	1.1
Life insurance premiums growth rate (%)	(31.8)	15.8	0.0	33.1	1.3	(5.7)
Penetration rate (%)	1.3	0.8	0.8	0.8	0.9	0.9
Density rate (US$)	321.9	204.7	201.9	244.7	266.6	249.3

Source: Swiss Reinsurance Company Sigma Reports

India

The table below sets forth certain key macroeconomic and life insurance industry data for India. Life insurance industry data is for the twelve-month period ended 31 March of the year subsequent to the year indicated.

	2004	2005	2006	2007	2008	2009
GDP (US$bn)	692	798	910	1,167	1,159	1,255
GDP growth rate (%)	26.0	15.3	14.0	28.2	(0.7)	8.3
Life insurance premiums (US$bn)	17.5	24.0	34.6	50.2	48.2	57.1
Life insurance premiums growth rate (%)	21.3	36.9	44.3	45.1	(3.9)	18.4
Penetration rate (%)	2.5	2.8	3.9	4.4	4.2	4.6
Density rate (US$)	15.7	20.4	31.2	43.9	40.9	47.7

Source: Swiss Reinsurance Company Sigma Reports