

## 1. OVERVIEW

The Group's forecast (i) consolidated operating profit, (ii) consolidated operating profit after tax attributable to shareholders of AIA Group Limited and (iii) consolidated net profit attributable to shareholders of AIA Group Limited for the fiscal year ending 30 November 2010 is set forth in the section headed "Financial Information – Profit Forecast for the Fiscal Year Ending 30 November 2010" in this prospectus.

For the purposes of this Appendix II, the following defined terms have the following meaning:

"investment experience" means realised and unrealised investment gains and losses recognised in the consolidated income statement

"non-operating investment return" consists of:

- (i) investment experience;
- (ii) investment income related to investment-linked contracts;
- (iii) investment management expenses related to investment-linked contracts;
- (iv) corresponding changes in insurance and investment contract liabilities for investment-linked contracts;
- (v) corresponding changes in insurance contract liabilities for participating funds; and
- (vi) corresponding changes in third party interests in consolidated investment funds

"consolidated operating profit" refers to profit before tax, excluding the following non-operating items:

- (i) investment experience;
- (ii) investment income related to investment-linked contracts;
- (iii) investment management expenses related to investment-linked contracts;
- (iv) corresponding changes in insurance and investment contract liabilities for investment-linked contracts;
- (v) corresponding changes in insurance contract liabilities for participating funds;
- (vi) corresponding changes in third party interests in consolidated investment funds
- (vii) policyholders' share of tax relating to changes in insurance and investment contract liabilities; and
- (viii) items that the Group considers to be non-operating income and expenses

"consolidated operating profit after tax attributable to shareholders of AIA Group Limited" is presented after deducting non-controlling interest.

"consolidated net profit attributable to shareholders of AIA Group Limited" is presented after deducting taxes and non-controlling interest.

"Group's equity exposure" consists of the Group's equity investments (accounted for at fair value through profit and loss) attributable to other policyholders and shareholders of AIA Group Limited and the Group's share of the equity investments in participating funds (accounted for at fair value through profit and loss).

"Capital Appreciation Rate, or CAR" refers to the expected average percentage increase/decrease in the fair value of the average of (i) the Group's equity exposure as at 31 May 2010 and (ii) the Group's expected equity exposure as at 30 November 2010 across the geographical markets in which the Group operates.

## 2. BASES AND ASSUMPTIONS

The forecast of the Group's (i) consolidated operating profit, (ii) consolidated operating profit after tax attributable to shareholders of AIA Group Limited and (iii) range of consolidated net profit attributable to shareholders of AIA Group Limited for the year ending 30 November 2010 has been prepared based on the audited consolidated financial statements of the Group for the six months ended 31 May 2010 and a forecast of the Group's results for the remaining six months ending 30 November 2010. The range of consolidated net profit attributable to shareholders of AIA Group Limited has also been prepared based on estimated CAR for the year ending 30 November 2010.

While the excluded non operating items are significant components of the Group's consolidated net profit, the Group considers that the presentation of consolidated operating profit and consolidated operating profit after tax attributable to shareholders of AIA Group Limited enhances the understanding and comparability of its performance and that of its operating segments. The Group considers that trends can be more clearly identified without the fluctuating effects of non operating items, many of which are largely dependent on market factors.

The forecast for the year ending 30 November 2010 has been prepared based on accounting policies consistent with those adopted for the purpose of the Accountant's Report in Appendix I to this prospectus and on the assumptions set forth below:

- (i) There is no adverse change in the economic conditions, operating environment and demographic fundamentals in the countries in which the Group operates in the 6-month period from 1 June 2010;
- (ii) There are no significant fluctuations in the local currency to US dollar exchange rates in the geographical markets in which the Group operates in comparison with the exchange rates prevailing at 31 July 2010. The Hong Kong dollar remains pegged against the US dollar in the 6-month period from 1 June 2010; and
- (iii) The regulatory environment in the geographical markets in which the Group operates will remain stable with no significant change in regulatory requirements and government policies. In particular, the Group has assumed that the solvency margin requirements applicable to its operations will remain unchanged over the forecast period.

## 3. SENSITIVITY ANALYSIS

The profit forecast is forward looking and is therefore subject to changes in market conditions. The following analysis shows how changes in the assumptions may impact the consolidated operating profit, consolidated operating profit after tax attributable to shareholders of AIA Group Limited and consolidated net profit attributable to shareholders of AIA Group Limited for the year ending 30 November 2010.

### Movements in foreign exchange

An analysis of the movements in foreign exchange, in particular US dollars against the local currency of each country in the markets in which the Group operates, is shown in the table below. For the purpose of the profit forecast, the Group has assessed the impact of the movements of US dollars against the local currency of each country (with the foreign exchange rate at 31 July 2010 as the basis) based on its forecasted performance for the year ending 30 November 2010.

<u>US\$m</u>	<u>Impact on consolidated operating profit for the year ending 30 November 2010 (Forecast)</u>
Depreciation of US dollars against each country's local currency by 5% . . . .	38
Appreciation of US dollars against each country's local currency by 5% . . . .	(38)
Depreciation of US dollars against each country's local currency by 10% . . .	75
Appreciation of US dollars against each country's local currency by 10% . . .	(75)

**Changes in yield of interest income on forecasted net new money allocated to debt securities**

Debt securities comprise the majority of the Group's financial investments. A change in the yield of interest income on forecasted net new money allocated to debt securities in the 6-month forecast period from 1 June 2010 (assumed to be 90%) will impact the Group's consolidated operating profit as shown in the table below.

<u>US\$m</u>	<u>Impact on consolidated operating profit for the year ending 30 November 2010 (Forecast)</u>
Interest rate +0.5% .....	8
Interest rate -0.5% .....	(8)

**Changes in Group effective tax rates on operating profit**

Based on historical experience, the Group's effective tax rate on consolidated operating profit is expected to be in the range of 16% to 24%. The Group's effective tax rate on consolidated operating profit for 2009 was 19%. For the profit forecast, the Group has assumed an effective tax rate on consolidated operating profit for 2010 to be approximately 20%. An analysis of the impact of a change in the Group's effective tax on consolidated operating profit after tax attributable to shareholders of AIA Group Limited is shown in the table below.

<u>US\$m</u>	<u>Impact on consolidated operating profit after tax attributable to shareholders of AIA Group Limited for the year ending 30 November 2010 (Forecast)</u>
Group effective tax rate is reduced to 16% .....	31
Group effective tax rate is increased to 24% .....	(38)

The following specific items may impact the forecast tax charge for the year ending 30 November 2010:

- Changes to the statutory reserving basis in China, which may lead to changes to the taxable profits of the China operations; and
- Variances from forecast in the underlying sources of operating profit and non-operating investment return, which may impact the Group's effective tax rate.

**Non-operating investment return**

Non-operating investment return forecast reflects an assumed increase/decrease in the CAR, in respect of the average of (i) the Group's equity exposure as at 31 May 2010 and (ii) the Group's expected equity exposure as at 30 November 2010 across the geographical markets in which it operates.

In FY 2009, the fluctuation in non-operating investment return was mainly attributable to fair value movement in the Group's equity exposure. The Group is of the view that fluctuation in the Group's equity exposure will continue to be the key contributing factor to non-operating investment return for the year ending 30 November 2010 and has therefore estimated the CAR increase/decrease in respect of its equity exposure only.

For the 6-month period ended 31 May 2010, the non-operating investment return was positive US\$265 million. The following table illustrates the sensitivity of the forecast non-operating investment return and the corresponding impact on consolidated net profit attributable to shareholders of AIA Group Limited to changes in the expected CAR for 2010:

<u>CAR (%)</u>	<u>(10%)</u>	<u>(5%)</u>	<u>5%</u>	<u>10%</u>	<u>15%</u>
<b>Non-operating investment return (US\$m)</b> .....	(172)	46	484	702	921
<b>Impact on consolidated net profit attributable to shareholders of AIA Group Limited (US\$m)</b> .....	(168)	(3)	349	521	693

The above sensitivity analyses are for references only and are intended to show a range of possible outcomes under different market conditions given the Group's exposure to movement in equity markets in the 6-months period from 1 June 2010. Any actual variation could exceed the ranges of CAR shown above. The above sensitivity analyses are (i) not meant to be exhaustive and (ii) not meant to be a best case and worse case. The changes in the fair value of the equity securities for the year ending 30 November 2010 as at the relevant time may differ materially from the assumed range above and are dependent on market conditions and other factors which are beyond the Group's control.

#### 4. PROFIT FORECAST FOR THE YEAR ENDING 30 NOVEMBER 2010

##### Forecast consolidated operating profit for the year ending 30 November 2010

— expected to be not less than ..... US\$2,000 million

##### Forecast consolidated operating profit after tax attributable to shareholders

of AIA Group Limited for the year ending 30 November 2010

— expected to be not less than ..... US\$1,600 million

Add:

<b>CAR (%)</b>	<b>(10%)</b>	<b>(5%)</b>	<b>5%</b>	<b>10%</b>	<b>15%</b>
<i>Non-operating investment return</i> ..... (US\$m)	(172)	46	484	702	921
<i>Other non-operating items</i> ..... (US\$m)	(27)	(27)	(27)	(27)	(27)
<i>Tax (expense) / credit on non-operating items</i> ..... (US\$m)	4	(43)	(135)	(181)	(228)
<b>Consolidated net profit for the year</b> ..... <b>(US\$m)</b>	<b>1,405</b>	<b>1,576</b>	<b>1,922</b>	<b>2,094</b>	<b>2,266</b>
<b>Consolidated net profit for the year attributable to:</b>					
— <i>shareholders of AIA Group Limited (US\$m)</i> .....	1,405	1,576	1,922	2,094	2,266
— <i>Non-controlling interest (US\$m)</i> .....	—	—	—	—	—

Based on the above, the Directors believe that, on the bases and assumptions set out above and in the absence of unforeseen circumstances:

- the Group's consolidated operating profit for the year ending 30 November 2010 is expected to be not less than US\$2,000 million;
- the Group's consolidated operating profit after tax attributable to shareholders of AIA Group Limited for the year ending 30 November 2010 is expected to be not less than US\$1,600 million; and
- the Group's consolidated net profit attributable to the shareholders of AIA Group Limited for the year ending 30 November 2010 is expected to fall within the range of US\$1,400 million and US\$2,300 million.

**5. LETTER FROM THE REPORTING ACCOUNTANT ON THE PROFIT FORECAST**

*The following is the text of a letter received from PricewaterhouseCoopers, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this prospectus.*

**PRICEWATERHOUSECOOPERS** 

羅兵咸永道會計師事務所

**PricewaterhouseCoopers**  
22/F, Prince's Building  
Central, Hong Kong

18 October 2010

The Directors  
AIA Group Limited

Citigroup Global Markets Asia Limited  
Deutsche Bank AG, Hong Kong Branch  
Goldman Sachs (Asia) L.L.C.  
Morgan Stanley Asia Limited

Dear Sirs,

We have reviewed the calculations of and accounting policies adopted in arriving at the forecast of (i) the consolidated operating profit, (ii) consolidated operating profit after tax attributable to shareholders of AIA Group Limited (the "Company") and (iii) range of consolidated net profit attributable to shareholders of the Company for the year ending 30 November 2010 (the "Profit Forecast") as set forth in the subsection headed "Profit Forecast For The Fiscal Year Ending 30 November 2010" in the section headed "Financial Information" in the prospectus of the Company dated 18 October 2010 (the "Prospectus").

We conducted our work in accordance with Auditing Guideline 3.341 on "Accountant's report on profit forecasts" issued by the Hong Kong Institute of Certified Public Accountants.

The Profit Forecast, for which the directors of the Company are solely responsible, has been prepared by them based on audited consolidated result of the Company and its subsidiaries (hereinafter collectively referred to as "the Group") for the six months ended 31 May 2010 and a forecast of the consolidated results of the Group for the remaining six months ending 30 November 2010.

In our opinion, the Profit Forecast, so far as the calculations and accounting policies are concerned, has been properly compiled in accordance with the bases and assumptions made by the directors of the Company as set out on pages II-1 to II-4 of the Prospectus, and is presented on a basis consistent in all material respects with the accounting policies adopted by the Group as set forth in Note 2 of section II of the Financial Information section in Appendix I of the Prospectus.

Yours faithfully,  
**PricewaterhouseCoopers**  
*Certified Public Accountants*  
Hong Kong

## 6. LETTER FROM THE JOINT SPONSORS

The following is the text of a letter, prepared for inclusion in this prospectus, received by the Directors from the Joint Sponsors in connection with the profit forecast of AIA Group Limited for the fiscal year ending 30 November 2010.



Deutsche Bank 

Goldman Sachs

Morgan Stanley

**Citigroup Global  
Markets Asia  
Limited**  
50/F, Citibank  
Tower  
3 Garden Road  
Central  
Hong Kong

**Deutsche Bank AG,  
Hong Kong Branch**  
48/F Cheung Kong  
Center  
2 Queen's Road  
Central,  
Central  
Hong Kong

**Goldman Sachs  
(Asia) L.L.C.**  
68/F, Cheung Kong  
Center  
2 Queen's Road  
Central,  
Central  
Hong Kong

**Morgan Stanley Asia  
Limited**  
46/F, International  
Commerce Center  
1 Austin Road West  
Hong Kong

18 October 2010

The Directors  
AIA Group Limited

Dear Sirs,

We refer to the forecast of the (i) consolidated operating profit of AIA Group Limited (the "**Company**") (ii) consolidated operating profit after tax attributable to shareholders of the Company and (iii) range of consolidated net profit attributable to shareholders of the Company for the fiscal year ending 30 November 2010 (the "**Forecast**") as set out in the section headed "Financial Information – Profit Forecast for the Fiscal Year Ending 30 November 2010" in the prospectus of the Company dated 18 October 2010 (the "**Prospectus**").

We have discussed with you the bases and assumptions made by the directors of the Company as set out in Paragraph 2 of Appendix II to the Prospectus upon which the Forecast has been made. We have also considered the letter dated 18 October 2010 addressed to yourselves and ourselves from PricewaterhouseCoopers regarding the accounting policies and calculations upon which the Forecast has been made.

On the basis of the information comprising the Forecast and on the bases of the accounting policies and calculations adopted by you and reviewed by PricewaterhouseCoopers, we are of the opinion that the Forecast, for which you as directors of the Company are solely responsible, has been made after due and careful enquiry.

Yours faithfully,

For and on behalf of

**Citigroup Global  
Markets Asia Limited**

**Edward Lam**  
*Managing Director*

**Deutsche Bank AG,  
Hong Kong Branch**

**William Nichol**  
*Managing Director*

**Goldman Sachs (Asia)  
L.L.C.**

**Alex Schrantz**  
*Managing Director*

**Morgan Stanley  
Asia Limited**

**Terence Keyes**  
*Managing Director*

**Heidi Yang**  
*Managing Director*