

AMERICAN INTERNATIONAL ASSURANCE COMPANY, LIMITED

and

AIA SINGAPORE PRIVATE LIMITED

**SCHEME FOR THE TRANSFER OF INSURANCE BUSINESS UNDER SECTION 49FB OF
THE INSURANCE ACT, CHAPTER 142**

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**SCHEME FOR THE TRANSFER OF INSURANCE BUSINESS UNDER SECTION 49FB OF
THE INSURANCE ACT, CHAPTER 142 BETWEEN
AMERICAN INTERNATIONAL ASSURANCE COMPANY, LIMITED AND
AIA SINGAPORE PRIVATE LIMITED**

1. PRELIMINARY

1.1 Definitions

In this Scheme, unless there is something in the subject or context inconsistent therewith:

(a) the following expressions bear the following meanings, namely:

Expression	Meaning
"ACRA"	Accounting and Corporate Regulatory Authority
"Act"	the Insurance Act, Chapter 142 of Singapore
"AIA Co"	American International Assurance Company, Limited (Company Registration Number: 2047), whose registered office is at AIA Building, 1 Stubbs Road, Wanchai Hong Kong
"AIA Co Singapore"	AIA Co, acting through its Singapore branch (Company Registration No. S58FC0028G) whose registered office is at 1 Robinson Road #13-00 AIA Tower, Singapore 048542
"AIA Co Singapore Insurance Business"	<p>the entire business, assets, liabilities (whether known or contingent), duties, rights and obligations of the life and general insurance business of AIA Co Singapore as at the Effective Date, including without limitation:</p> <ul style="list-style-type: none"> i. all Insurance Policies; ii. all policy liabilities in connection with the Insurance Policies;

- iii. all insurance funds established under Section 17 of the Act;
- iv. all insurance and non-insurance receivable and payable balances in connection with the Insurance Policies;
- v. all cash balances and other assets to support the policy liabilities and reserves transferred in connection with the Insurance Policies;
- vi. all reinsurance contracts and treaties relating to Insurance Policies entered into by AIA Co Singapore;
- vii. all renewal rights of the Insurance Policies;
- viii. all fixed assets including office furniture and equipment, computers, leasehold improvement and real property owned by AIA Co Singapore, including, but not limited to, the real property assets listed in Schedule 1;
- ix. the entire investment portfolio, including without limitation equity shares, fixed income bonds, preference shares and other securities held by AIA Co Singapore;
- x. all obligations assumed by AIA Co Singapore pursuant to a remission being granted in relation to certain tax matters;
- xi. all liability to contribute to the

AIA Singapore Agents'
Provident Fund in accordance
with the APF Rules;

- xii. all agency contracts entered into between AIA Co Singapore and its agents,
- xiii. all agreements with insurance intermediaries and referral parties relating to the Insurance Policies;
- xiv. all agreements and accounts with asset managers, fund managers and custodian banks relating to the Insurance Policies entered into or opened by AIA Co Singapore;
- xv. all other contracts and agreements to which AIA Co Singapore was a party, including without limitation, agreements with suppliers and other service providers;
- xvi. all data, files and records in every case of or belonging to and in the possession of AIA Co Singapore as of the Effective Date, including such data, files and records as may be required for compliance with the Goods and Services Tax Act;
- xvii. all rights to accept applications for insurance cover made to AIA Co Singapore and to rely on the representations and warranties in such applications;
- xviii. all intellectual property rights;

xix. all contracts of employment with employees of AIA Co Singapore

but excluding the Excluded Assets and Liabilities

"AIAS"	AIA Singapore Private Limited (Company Registration No. 201106386R), a company incorporated in Singapore whose registered office is at 1 Robinson Road #13-00 AIA Tower, Singapore 048542
"APF Rules"	the Rules of the AIA Singapore Agents' Provident Fund; as amended or modified from time to time
"Book Value"	the amount at which an asset or liability is recorded on the balance sheet of AIA Co Singapore, under its existing accounting policies, which are in compliance with the Singapore Financial Reporting Standards
"Companies Act"	the Companies Act, Chapter 50 of Singapore
"Consideration"	the meaning ascribed to it in Clause 2.2(a)
"Effective Date"	0001 hours on 1 January 2012 or such later date as AIA Co and AIAS may agree in writing and the High Court may allow
"Excluded Assets and Liabilities"	the meaning ascribed to it in Clause 2.1(b)
"High Court"	High Court of the Republic of Singapore
"Insurance Policies"	contracts of insurance of any description issued by AIA Co Singapore, whether expired, current or capable of renewal recorded in or

accidentally omitted from the insurance policy register of AIA Co Singapore as at the Effective Date, including all accounts securing or evidencing such contracts subsisting as at the Effective Date

"MAS" the Monetary Authority of Singapore

"Other Agreements" the meaning ascribed to it in Clause 3(e)(i)

"Reinsurance Agreements" the meaning ascribed to it in Clause 3(d)(i)

"Scheme" this scheme for the transfer of the AIA Co Singapore Insurance Business to AIAS (or if modified or amended in accordance with paragraph 6 below, this Scheme as from time to time so amended or modified)

- (b) any reference to a statutory provision shall include such provision and any regulations made in pursuance thereof as from time to time modified or re-enacted, whether before or after the date of this Scheme;
- (c) all references to "S\$" and "Dollar" are to the lawful currency of Singapore;
- (d) words denoting the singular number only shall include the plural and vice versa; and
- (e) words importing persons shall include corporations.

1.2 Reasons for the Scheme

- (a) AIA Co, the transferor in this Scheme, is a company incorporated in the Special Administrative Region of Hong Kong under the provisions of the Hong Kong Companies Ordinance, which acting through its Singapore branch, is currently registered with MAS as a Singapore composite insurer to carry on life and general insurance business in Singapore under the provisions of the Act.
- (b) AIAS, the transferee in this Scheme, is a wholly-owned subsidiary of AIA Co incorporated in Singapore under the provisions of the Companies Act. AIAS has obtained approval in principle from MAS on 16 August 2011 to be registered as a Singapore composite insurer to carry on life and general insurance business in Singapore under the provisions of the Act.

- (c) The object of this Scheme is to effect the transfer of the AIA Co Singapore Insurance Business to AIAS with effect from the Effective Date, subject to confirmation by the High Court.
- (d) Following confirmation of the Scheme by the High Court but prior to the Effective Date, AIA Co shall subscribe for, and AIAS shall issue and allot 100 million new ordinary shares in the capital of AIAS to AIA Co, at a total cash consideration of S\$100 million, following which AIAS shall have a total issued share capital of S\$100,000,001.
- (e) AIAS shall have a capital adequacy ratio of not less than 200% as at the Effective Date.
- (f) Section 49FB of the Act provides that the whole or part of the insurance business of a registered insurer may only be transferred to another registered insurer by way of a scheme under the Act. Accordingly, the transfer of the AIA Co Singapore Insurance Business to AIAS as contemplated and provided for under this Scheme will only become effective provided that AIAS is registered as a Singapore composite insurer in accordance with the provisions of the Act on or before the Effective Date.
- (g) It is intended that an application shall be made pursuant to Section 49FB of the Act for an order of the Honourable High Court that the AIA Co Singapore Insurance Business be transferred to and vested in AIAS by virtue of this Scheme without further or other assurance and be dealt with in accordance with this Scheme from the Effective Date.

2. THE SCHEME

2.1 Transfer of the AIA Co Singapore Insurance Business

- (a) AIAS shall acquire that part of the undertaking of AIA Co comprising the AIA Co Singapore Insurance Business (save as expressly excluded in this Scheme) to the extent that the same shall be transferred to and vested in AIAS with effect from the Effective Date for all the estate and interest of AIA Co therein and that all the liabilities, obligations, debts and duties (whether actual or contingent) of AIA Co in connection with the AIA Co Singapore Insurance Business (save as expressly excluded in this Scheme) shall be transferred to and become the liabilities, obligations, debts and duties of AIAS with effect from the Effective Date.
- (b) The transfer of the AIA Co Singapore Insurance Business shall not include the following (the "**Excluded Assets and Liabilities**");

- (i) the tax obligations and tax recovery entitlements of AIA Co Singapore in connection with the AIA Co Singapore Insurance Business, including but not limited to, current tax and goods and services tax incurred or arising prior to Effective Date (but shall not include all tax obligations of AIA Co Singapore pursuant to a remission being granted in relation to certain tax matters and such other tax obligations and tax recovery entitlements of AIA Co Singapore assumed by AIAS);
- (ii) cash or other liquid assets representing such amounts due, payable, distributable or remittable to AIA Co as at the Effective Date as will be determined by AIA Co and AIAS; and
- (iii) rights and obligations under the agreements referred to in clauses 3(d)(ii) and 3(e)(ii).

2.2 Consideration

- (a) The consideration payable for the transfer of the AIA Co Singapore Insurance Business to AIAS shall be the audited Book Value of the total assets less the audited Book Value of the total liabilities, of the AIA Co Singapore Insurance Business as at the Effective Date (the "**Consideration**"). The Consideration will be satisfied by the issue and allotment of new ordinary shares in the capital of AIAS to AIA Co, credited as fully-paid.
- (b) The audited Book Value of the total assets and the audited Book Value of the total liabilities of the AIA Co Singapore Insurance Business as at the Effective Date shall be based on its audited accounts as at the date falling one day before the Effective Date, prepared in accordance with the Singapore Financial Reporting Standards.

3. **EFFECT OF SCHEME**

Without prejudice to or limiting the generality of Clause 2.1:

(a) Insurance Policies

Pursuant to this Scheme, on the Effective Date:

- (i) all the Insurance Policies will vest without further act or other assurance in AIAS so as to constitute AIAS as insurer of the Insurance Policies in place of AIA Co Singapore; and
- (ii) all references in an Insurance Policy, proposal or application for an Insurance Policy, trust deed, policy loan agreement or any other document evidencing or relating to an Insurance Policy to AIA Co Singapore will have effect and be construed as a reference to AIAS.

(b) Holders of Insurance Policies

Pursuant to this Scheme, every holder of an Insurance Policy shall on and from the Effective Date become entitled in substitution for any right or rights available to him under such policy against AIA Co Singapore to the same right or rights against AIAS and (as regards policies under which premiums continue to be payable) shall account to AIAS for any further premiums as and when they become due.

(c) Proceedings Pending by or Against AIA Co

- (i) If on the Effective Date, any proceedings shall be pending by or against AIA Co in any Court in connection with the AIA Co Singapore Insurance Business to be transferred to AIAS under this Scheme, the same shall be continued by or against AIAS, and any judgment entered after the Effective Date for or against AIA Co in any such proceedings shall have effect between AIA Co and AIAS as if such judgment had been entered for or against AIAS.
- (ii) On the Effective Date, AIAS shall, to the extent provided for under the applicable laws be fully subrogated to all defences, set-offs, counterclaims to which AIA Co Singapore would otherwise have been entitled to against any holder of an Insurance Policy in the absence of the transfer of such Insurance Policy pursuant to this Scheme.

(d) AIA Co Reinsurance Agreements

- (i) As of the Effective Date, the rights and obligations of AIA Co in respect of each of the indemnity reinsurance agreements or treaties relating to the Insurance Policies entered into by AIA Co in relation to the AIA Co Singapore Insurance Business (the "**Reinsurance Agreements**") will be transferred, novated or assigned over to AIAS, to the extent that such rights and obligations can be transferred, novated or assigned without the consent of the relevant reinsurer, or that the consent of the relevant reinsurer has been obtained prior to or on the Effective Date for the transfer, novation or assignment of such rights and obligations.
- (ii) In the event that consent of the relevant reinsurer is required for the transfer, novation or assignment of the rights and obligations of AIA Co in respect of any Reinsurance Agreement and such consent has not been obtained for the transfer, novation or assignment of such rights and obligations to AIAS prior to or on the Effective Date, AIAS will use its reasonable endeavours to arrange for an alternative indemnity reinsurance agreement at similar rates as well as terms and conditions as those contained in such Reinsurance Agreement.

(e) Other Agreements

- (i) As of the Effective Date, the rights and obligations of AIA Co in respect of any other contracts relating to AIA Co Singapore Insurance Business

entered into by AIA Co and not otherwise described in this Clause 3 (the "Other Agreements") will be transferred to AIAS pursuant to this Scheme, to the extent that such rights and obligations can be transferred without the consent of the relevant counterparty, or that the consent of the relevant counterparty has been obtained prior to or on the Effective Date for the novation of such rights and liabilities.

- (ii) In the event that the consent of the relevant counterparty is required for the novation of the rights and obligations of AIA Co in respect of any Other Agreement and such consent has not been obtained for the novation of such rights and obligations to AIAS prior to or on the Effective Date, AIAS shall use its reasonable endeavours in cooperation with AIA Co to arrange for an alternative arrangement to be entered into by AIAS on similar terms and conditions as those contained in such Other Agreement.

(f) Offshore Agreements

Subject to paragraph 3(e) above, if any assets or liabilities of AIA Co to be transferred under this Scheme are situated outside of Singapore, and this Scheme and the order of the High Court are not effective under the laws of the foreign jurisdiction in which such assets and liabilities are situated to effect the transfer of the same, each of AIA Co and AIAS shall use their reasonable endeavours to procure the transfer of such assets in accordance with the laws of such foreign jurisdiction.

4. UNDERTAKINGS

4.1 Undertakings by AIA Co

AIA Co undertakes that:

- (a) it will carry on the AIA Co Singapore Insurance Business in the ordinary course and in the usual manner and will maintain the same as a going concern up to the Effective Date;
- (b) it shall lodge or procure the lodgement of this Scheme with ACRA on such date as may be agreed to in writing by each of AIA Co and AIAS;
- (c) it will not on or after the Effective Date issue any new insurance policies in Singapore; and
- (d) it will take the necessary steps to surrender its composite insurance licence in Singapore as soon as practicable after the Effective Date.

4.2 Undertaking by AIAS

AIAS undertakes that:

- (a) it will take the necessary steps to be registered as a Singapore composite insurer on or before the Effective Date to carry on life and general insurance business in Singapore under the provisions of the Act;
- (b) with effect from the Effective Date, it shall carry on the AIA Co Singapore Insurance Business in Singapore in accordance with sound insurance principles and the provisions of the Act; and
- (c) save in relation to the Excluded Assets and Liabilities, it shall indemnify and save harmless AIA Co against all losses, liabilities, costs (including, without limitation, legal costs), charges, expenses, actions, proceedings, claims and demands incurred by AIA Co as a result of any matter, act, omission or circumstance in respect of the AIA Co Singapore Insurance Business arising on or after the Effective Date.

5. COSTS AND EXPENSES

5.1 Costs and Expenses in connection with Scheme

Save as provided in Clause 5.2 below, AIA Co Singapore shall pay the costs and expenses (including legal fees) incurred in connection with the negotiation, preparation, execution, delivery, registration and implementation of this Scheme as well as any statutory costs and expenses and court fees which are required to be paid to give effect to this Scheme.

5.2 Reimbursement to the MAS

AIA Co and AIAS shall be jointly and severally liable to reimburse to MAS under Section 49FC of the Act for any expenses incurred by it in connection with this Scheme and such liability shall as between AIA Co and AIAS be borne equally by each of them.

6. MODIFICATION OF THE SCHEME

AIA Co and AIAS may jointly consent on behalf of all persons concerned to any modification of or amendment to this Scheme or to any condition affecting the same which the High Court may think fit to approve or impose.

7. RIGHTS OF THIRD PARTIES

A person who is not party to this Agreement shall not have any right under the Contracts (Rights of Third Parties) Act (Chapter 53B) to enforce any provision of this Agreement.

8. GOVERNING LAW

This Scheme shall be governed by, and construed in accordance with, the laws of Singapore.

SCHEDULE 1

**REAL ESTATE ASSETS REGISTERED IN THE NAME OF
AMERICAN INTERNATIONAL ASSURANCE COMPANY, LIMITED**

Property Address	Certificate of Title	Lot and Mukim/TS No	Tenure
1, Robinson Road Singapore 048542	Volume 346 Folio 29	Lot: TS1-224N	Leasehold estate for the unexpired term of 999 years commencing from 16 April 1891
371, Alexandra Road, Singapore 159963	Volume 379 Folio 84 Volume 243 Folio 28 Volume 86 Folio 24 Volume 86 Folio 23 Volume 86 Folio 22 Volume 246 Folio 56 Volume 86 Folio 21 Volume 86 Folio 20 Volume 86 Folio 19 Volume 86 Folio 18 Volume 86 Folio 17 Volume 86 Folio 16 Volume 86 Folio 15 Volume 86 Folio 14 Volume 86 Folio 13 Volume 86 Folio 12	Lot: MK1-254M Lot: MK1-251X Lot: MK1-681K Lot: MK1-680A Lot: MK1-679N Lot: MK1-651N Lot: MK1-678K Lot: MK1-677A Lot: MK1-676T Lot: MK1-675P Lot: MK1-674V Lot: MK1-673W Lot: MK1-672M Lot: MK1-671C Lot: MK1-670L Lot: MK1-699M	Estate In Fee Simple

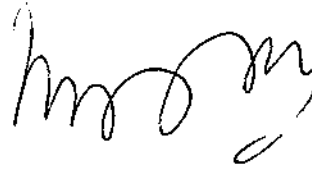
Property Address	Certificate of Title	Lot and Mukim/TS No	Tenure
1, Keong Saik Road, Singapore 089109	Volume 575 Folio 197	Lot: TS5-99655P	Estate In Fee Simple
1-A Keong Saik Road, Singapore 089109	Volume 363 Folio 148	Lot: TS5-99282M Lot: TS5-99255T Lot: TS5-99254P	
160 Changi Road, Singapore 419729	Volume 508 Folio 147 Volume 508 Folio 148	Lot: MK26-8514V Lot:MK26-8515P	

IN WITNESS WHEREOF the Parties have hereunto set their hands.

Dated the 17th day of August 2011

SIGNED by TAY KENG LENG

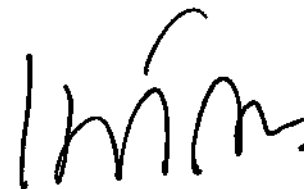
for and on behalf of)
AMERICAN INTERNATIONAL)
ASSURANCE COMPANY, LIMITED)
In the presence of:)



.....
Name of Witness SE LI SHEN

SIGNED by TAN HAK LEH

for and on behalf of)
AIA SINGAPORE PRIVATE LIMITED)
In the presence of:)



.....
Name of Witness SE LI SHEN