IMPORTANT NOTICE

THIS OFFERING IS AVAILABLE ONLY TO INVESTORS WHO ARE OUTSIDE THE UNITED STATES IN AN OFFSHORE TRANSACTION IN RELIANCE ON REGULATION S (AS DEFINED BELOW).

IMPORTANT: You must read the following before continuing. If you are not the intended recipient of this message, please do not distribute or copy the information contained in this e-mail, but instead, delete and destroy all copies of this e-mail, including all attachments. The following applies to the offering circular (the "**Offering Circular**") following this page, and you are therefore advised to read this carefully before reading, accessing or making any other use of the Offering Circular. In accessing the Offering Circular, you agree to be bound by the following terms and conditions, including any modifications to them from time to time, any time you receive any information from us as a result of such access.

NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN OFFER OF SECURITIES FOR SALE IN THE UNITED STATES OR ANY OTHER JURISDICTION WHERE IT IS UNLAWFUL TO DO SO. THE SECURITIES HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR THE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR OTHER JURISDICTION AND THE SECURITIES MAY NOT BE OFFERED, SOLD, RESOLD, TRANSFERRED OR DELIVERED, DIRECTLY OR INDIRECTLY, WITHIN THE UNITED STATES, EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF, THE SECURITIES ACT AND APPLICABLE STATE OR LOCAL SECURITIES LAWS. ACCORDINGLY, THE SECURITIES ARE BEING OFFERED AND SOLD OUTSIDE THE UNITED STATES IN AN OFFSHORE TRANSACTION IN RELIANCE ON REGULATION S UNDER THE SECURITIES ACT ("REGULATION S"). THE OFFERING CIRCULAR MAY NOT BE FORWARDED OR DISTRIBUTED TO ANY OTHER PERSON AND MAY NOT BE REPRODUCED IN ANY MANNER WHATSOEVER, AND IN PARTICULAR, MAY NOT BE FORWARDED TO ANY UNITED STATES ADDRESS. ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THE OFFERING CIRCULAR IN WHOLE OR IN PART IS UNAUTHORISED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS. ANY INVESTMENT DECISION SHOULD BE MADE ON THE BASIS OF THE CONDITIONS OF THE SECURITIES AND THE INFORMATION CONTAINED IN THE OFFERING CIRCULAR (AS AMENDED AND RESTATED FROM TIME TO TIME) THAT WILL BE DISTRIBUTED TO YOU PRIOR TO THE PRICING DATE AND NOT ON THE BASIS OF THE ATTACHED DOCUMENTS. IF YOU HAVE GAINED ACCESS TO THIS TRANSMISSION CONTRARY TO ANY OF THE FOREGOING RESTRICTIONS, YOU ARE NOT AUTHORISED AND WILL NOT BE ABLE TO PURCHASE ANY OF THE SECURITIES DESCRIBED IN THE OFFERING CIRCULAR.

Confirmation of your Representation: The Offering Circular is being sent at your request and by accepting the e-mail and accessing the Offering Circular, you shall be deemed to have represented to us that the electronic mail address that you gave us and to which this e-mail has been delivered is not located in the United States and that you consent to the delivery of such Offering Circular by electronic transmission. The Offering Circular is being furnished in connection with an offshore transaction as defined in the Securities Act in compliance with Regulation S.

You are reminded that the Offering Circular has been delivered to you on the basis that you are a person into whose possession the Offering Circular may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located and you may not, nor are you authorised to, deliver or disclose the contents of the Offering Circular, electronically or otherwise, to any other person.

The materials relating to any offering of securities described in the Offering Circular do not constitute, and may not be used in connection with, an offer or solicitation in any place where offers or solicitations are not permitted by law. If a jurisdiction requires that the offering be made by a licensed broker or dealer and any Dealer (as described in the Offering Circular) or any affiliate of a Dealer is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by such Dealer or such affiliate on behalf of the Issuer in such jurisdiction.

The Offering Circular has been sent to you in an electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of electronic transmission, and consequently none of the Issuer (as described in the Offering Circular), the Joint Lead Managers and Bookrunners (as described in the Offering Circular) nor any person who controls any of them nor any director, officer, employee nor agent of any of them or affiliate of any such person accepts any liability or responsibility whatsoever in respect of any discrepancies between the Offering Circular distributed to you in electronic format and the hard-copy version available to you on request from the Joint Lead Managers and Bookrunners .

Actions that you may not take: If you receive this document by e-mail, you should not reply by e-mail to this notice, and you may not purchase any securities by doing so. Any reply e-mail communications, including those you generate by using the "Reply" function on your e-mail software, will be ignored or rejected. You are responsible for protecting against viruses and other destructive items. Your use of this e-mail is at your own risk, and it is your responsibility to take precautions to ensure that it is free from viruses and other items of a destructive nature.

STRICTLY CONFIDENTIAL

AVIVA SINGLIFE HOLDINGS PTE. LTD.

(Registered in the Republic of Singapore on 17 July 2020)
(UEN: 202020546N)

S$550,000,000 Fixed Reset Subordinated Notes due 2031

Aviva Singlife Holdings Pte. Ltd., a private limited company incorporated in the Republic of Singapore (the "**Issuer**"), is offering (the "**Offering**") S$550,000,000 Fixed Reset Subordinated Notes due 2031 (the "**Notes**"), as part of the financing of the proposed acquisition of Aviva Ltd., a public company limited by shares incorporated in the Republic of Singapore ("**Aviva Singapore**"), Aviva Asia Pte. Ltd., a private company limited by shares incorporated in the Republic of Singapore ("**Aviva Asia**" and together with Aviva Singapore, "**Aviva**") and Singapore Life Pte. Ltd., a private company limited by shares incorporated in the Republic of Singapore ("**Singlife Singapore**") by the Issuer (the "**Acquisition**"). After the completion of the Acquisition, the Issuer intends to effect a merger or other combination of Aviva Singapore and Singlife Singapore. The Issuer is a holding company formed in connection with the Acquisition and will not control Aviva Singapore, Aviva Asia and Singlife Singapore prior to the consummation of the Acquisition.

The Notes will bear interest (i) from (and including) the Issue Date (as defined herein) to (but excluding) 24 February 2026 at 3.375% per annum; and (ii) from (and including) 24 February 2026 to (but excluding) the Maturity Date (as defined below)) at the Reset Rate of Interest (as defined in the Terms and Conditions). Interest will be payable semi-annually in arrear on 24 February and 24 August of each year, commencing on 24 February 2021.

Payments on the Notes will be made without deduction for or on account of taxes of Singapore to the extent described under "*Terms and Conditions of the Notes — Taxation*".

Unless previously redeemed or purchased and cancelled, the Notes will be redeemed by the Issuer at their principal amount in Singapore dollars on 24 February 2031 (the "**Maturity Date**") together with interest accrued but unpaid (if any) to (but excluding) the Maturity Date.

As set out in the Terms and Conditions, the Issuer may redeem all (but not some only) of the Notes then outstanding on 24 February 2026 and any other Interest Payment Date (as defined in the Terms and Conditions) thereafter at their principal amount together with interest accrued but unpaid (if any) to (but excluding) the date of redemption. Any such redemption of Notes by the Issuer is subject to the Issuer obtaining any prior written approval of the MAS then required under prudential rules in Singapore governing capital of insurance companies or insurance group holding companies.

The Issuer may at its option redeem at any time all (but not some only) of the Notes (in accordance with the Terms and Conditions) at their principal amount together with interest accrued but unpaid (if any) to (but excluding) the date fixed for redemption and any Additional Amounts (as defined in the Terms and Conditions) then due or which will become due on or before the date fixed for redemption, if the Issuer satisfies the Trustee that (a) the Issuer has or will become obliged to pay Additional Amounts or (b) payments of interest on the Notes will or would be treated as "distributions" or dividends within the meaning of the Income Tax Act, Chapter 134 of Singapore (the "**Income Tax Act**") or any other act in respect of or relating to Singapore taxation or would otherwise be considered as payments of a type that are non-deductible for Singapore income tax purposes, in each case as a result of any change in, or amendment to, the laws, treaties, regulations or rulings of Singapore. Any such redemption of Notes by the Issuer is subject to the Issuer obtaining any prior written approval of the MAS then required under prudential rules in Singapore governing capital of insurance companies or insurance group holding companies.

The Issuer may redeem at any time all (but not some only) of the Notes at their principal amount together with interest accrued but unpaid (if any) to (but excluding) the date of redemption if a Change of Qualification Event (as defined in the Terms and Conditions) has occurred. Any such redemption of Notes by the Issuer is subject to the Issuer obtaining any prior written approval of the MAS then required under prudential rules in Singapore governing capital of insurance companies or insurance group holding companies.

If an Acquisition Failure Event (as defined in the Terms and Conditions) occurs, then the Issuer shall redeem all (but not some only) of the Notes at 101 per cent. of their principal amount together with interest accrued but unpaid (if any) to (but excluding) the date of redemption in accordance with the Terms and Conditions. On the Acquisition Failure Event Redemption Date (as defined in the Terms and Conditions), the amounts standing to the credit of the Escrow Account (as defined in the Terms and Conditions) shall be released in accordance with the terms of the Escrow Account Agreement (as defined in the Terms and Conditions) and transferred to an account as specified by the Escrow Bank (as defined in the Terms and Conditions) and shall satisfy to such extent the obligations of the Issuer to pay the Acquisition Failure Event Redemption Amount (as defined in the Terms and Conditions).

The Notes constitute direct, unsecured and subordinated obligations of the Issuer and shall at all times rank pari passu and without any preference among themselves. The rights and claims of the Noteholders are subordinated pursuant to Condition 3.2 of the Terms and Conditions.

If a Default (as defined in the Terms and Conditions) occurs in relation to the Notes and is continuing, the sole remedy available to the Trustee shall be the right to institute proceedings in Singapore (but not elsewhere) for the winding-up of the Issuer. No Noteholder shall be entitled to proceed directly against the Issuer or to institute proceedings for the winding-up of the Issuer in Singapore or to prove in any winding-up of the Issuer unless the Trustee, having become so bound to proceed (in accordance with the terms of the Trust Deed and the Terms and Conditions) or being able to prove in such winding-up, fails to do so within a reasonable period and such failure shall be continuing, in which case the Noteholder shall have only such rights against the Issuer as those which the Trustee is entitled to exercise. See Condition 9 of the Terms and Conditions.

On the Issue Date, the Issuer will cause the net proceeds of the Offering to be deposited directly into the Escrow Account subject to, and in accordance with, the terms of the Escrow Account Agreement. On the Acquisition Completion Date (a) the amounts standing to the credit of the Escrow Account shall be released in accordance with the terms of the Escrow Account Agreement and transferred to an account as specified by the Issuer and (b) the Notes shall continue to remain outstanding and be subordinated Tier 2 capital of the Issuer in accordance with the Terms and Conditions; provided that if an Acquisition Failure Event occurs, then the provisions of Condition 6.4A of the Terms and Conditions shall apply. See Condition 3.4 of the Terms and Conditions for a description of the escrow arrangement; and "*Risk Factors—The Acquisition is subject to significant uncertainties and risks and, in the event of an Acquisition Failure Event, the Notes will be redeemed by the Issuer*" for risk factors in relation to the escrow arrangement.

Application has been made for the listing and quotation of the Notes on the Singapore Exchange Securities Trading Limited (the "**SGX-ST**"). The SGX-ST assumes no responsibility for the correctness of any of the statements made or opinions expressed or information contained in this Offering Circular. Admission for the listing and quotation of the Notes on the SGX-ST is not to be taken as an indication of the merits of the offering, the Issuer, Aviva, Singlife (as defined below) or the Notes. The Notes will be traded on the SGX-ST in a minimum board lot size of S$200,000 or its equivalent for so long as the Notes are listed on the SGX-ST and the rules of the SGX-ST so require. There is no public market for the Notes.

The Notes are complex and high-risk financial instruments and are not a suitable or appropriate investment for all investors. Investors should not purchase the Notes in the primary or secondary markets unless they are professional investors and understand the risks involved. The Notes are not suitable for retail investors. There are risks inherent in the holding of any Notes, including for example in respect of subordination and the circumstances in which Noteholders may suffer loss as a result of holding any Notes. **Investing in the Notes involves risks. For a discussion of certain factors to be considered in connection with an investment in the Notes, see the section entitled "*Risk Factors*".**

The Notes will be issued only in registered form in minimum denominations of S$250,000.

THE NOTES HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT") OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES.

The Notes may not be offered or sold except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. The Notes will initially be offered and sold outside the United States in compliance with Regulation S under the Securities Act and will be represented by a global note in registered form (the "**Global Note**"). The Global Note will be deposited with and registered in the name of The Central Depository (Pte) Limited ("**CDP**") on or about 24 November 2020 (the "**Issue Date**"). Interests in the Global Note will be shown on, and transfers thereof will be effected only through, records maintained by CDP. Definitive Notes evidencing holdings of interests in the Notes will be issued in exchange for interests in the Global Note only in certain limited circumstances described in the Global Note. See "*Summary of Provisions Relating to the Notes while in Global Form*".

The Notes are expected, on the Issue Date, to be rated "Baa3" by Moody's and "BBB-" by Fitch. A rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the assigning rating organisation.

Sole Global Coordinator

Standard Chartered Bank (Singapore) Limited

Joint Lead Managers and Bookrunners

DBS Bank Ltd. | **Standard Chartered Bank (Singapore) Limited**

Offering Circular dated 17 November 2020

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IMPORTANT

This Offering Circular does not constitute an offer of, or an invitation by or on behalf of, Standard Chartered Bank (Singapore) Limited as sole global coordinator ("**Sole Global Coordinator**") or DBS Bank Ltd. (together with the Sole Global Coordinator, the "**Joint Lead Managers and Bookrunners**") or any person who controls them, or any of their respective directors, officers, employees, representatives, agents, affiliates or advisers, to subscribe for or purchase, any of the Notes. The distribution of this Offering Circular and the offering of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Offering Circular comes are required by the Issuer, Aviva Singapore, Aviva Asia, Singlife Singapore and the Joint Lead Managers and Bookrunners to inform themselves about and observe any such restrictions. This Offering Circular does not constitute, and may not be used for or in connection with, an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorised or to any person to whom it is unlawful to make such offer or solicitation.

No person is authorised to give any information or to make any representation not contained in this Offering Circular and any information or representation not so contained must not be relied upon as having been authorised by or on behalf of the Issuer, Aviva Singapore, Aviva Asia, Singlife Singapore or the Joint Lead Managers and Bookrunners. The delivery of this Offering Circular or the offering, sale and delivery of the Notes at any time does not imply that the information contained in this Offering Circular is correct at any time subsequent to its date.

To the fullest extent permitted by law, none of the Joint Lead Managers and Bookrunners, the Trustee, the Principal Paying Agent and the Registrar (each as defined herein) accept any responsibility for the accuracy and completeness of the contents of this Offering Circular or for any statement, made or purported to be made by the Joint Lead Managers and Bookrunners, the Trustee, the Principal Paying Agent or the Registrar or on its or their behalf in connection with the Issuer or the issue and offering of the Notes. The Joint Lead Managers and Bookrunners, the Trustee, the Principal Paying Agent and the Registrar accordingly disclaim all and any liability whether arising in tort or contract or otherwise which it might otherwise have in respect of this Offering Circular or any such statement.

This Offering Circular should not be considered as a recommendation by the Issuer, Aviva Singapore, Aviva Asia, Singlife Singapore or the Joint Lead Managers and Bookrunners that any recipient of this Offering Circular should purchase any of the Notes. Each investor contemplating a purchase of the Notes should make its own independent investigation of the Issuer's, Aviva Singapore's, Aviva Asia's and Singlife Singapore's financial conditions and affairs and its own appraisal of the Issuer's, Aviva Singapore's, Aviva Asia's and Singlife Singapore's creditworthiness.

Investors may not reproduce or distribute this Offering Circular, in whole or in part, and investors may not disclose any of the contents of this Offering Circular or use any information herein for any purpose other than considering an investment in the Notes. Investors agree to the foregoing by accepting delivery of this Offering Circular.

If a jurisdiction requires that the offering be made by a licensed broker or dealer and any of the Joint Lead Managers and Bookrunners or their respective affiliates is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by the Joint Lead Managers and Bookrunners or their respective affiliates on behalf of the Issuer in such jurisdiction.

This Offering Circular does not constitute an offer to sell or an invitation to subscribe for or purchase any of the Notes in any jurisdiction in which such offer or invitation is not authorised or to any person to whom it is unlawful to make such an offer or invitation. Investors must comply with all laws that apply to it in any place in which the investor buys, offers or sells any Notes or possess this Offering Circular. Investors must also obtain any consents or approvals that it needs in order to purchase any Notes. The Issuer, Aviva Singapore, Aviva Asia, Singlife Singapore and the Joint Lead Managers and Bookrunners are not responsible for the compliance with these legal requirements. Investors may be required to bear the financial risks of investing in the Notes for an indefinite period of time.

For a description of certain further restrictions on offers and sales of the Notes and distribution of this Offering Circular, see the sections entitled "*Subscription and Sale*".

Investors are not to construe the contents of this Offering Circular as investment, legal or tax advice. Investors should consult their own counsel, accountant and other advisers as to legal, tax, business, financial and related aspects of a purchase of the Notes. Investors are responsible for making their own examination of the Issuer, Aviva Singapore, Aviva Asia and Singlife Singapore and their own assessment of the merits and risks of investing in the Notes. The Issuer, Aviva Singapore, Aviva Asia and Singlife Singapore are not, and the Joint Lead Managers and Bookrunners are not, making any representations to the investor regarding the legality of an investment in the Notes made by the investor.

The information contained in this Offering Circular has been furnished by the Issuer, Aviva Singapore, Aviva Asia and Singlife Singapore and other sources they believe to be reliable. No representations or warranties, express or implied, are made by the Joint Lead Managers and Bookrunners as to the accuracy or completeness of any of the information set out in this Offering Circular, and nothing contained in this Offering Circular is or shall be relied upon as a promise or representation by the Joint Lead Managers and Bookrunners, whether as to the past or the future. This Offering Circular contains summaries, believed by the Issuer, Aviva Singapore, Aviva Asia and Singlife Singapore to be accurate, of some of the terms of specified documents, but reference is made to the actual documents, copies of which will be made available by the Issuer upon request, for the complete information contained in those documents. Upon prior written request and satisfactory proof of holding, copies of the Trust Deed, the Agency Agreement and the CDP Deed of Covenant will be (i) available to Noteholders for inspection during normal business hours (being between 9.00 a.m. and 3.00 p.m.) at the principal office for the time being of the Trustee being at One Temasek Avenue, #02-01 Millenia Tower, Singapore 039192 and at the specified office of each of the Paying Agents, and (ii) available electronically via e-mail from the Principal Paying Agent. All summaries of the documents contained herein are qualified in their entirety by this reference. Investors agree to the foregoing by accepting this Offering Circular.

The Issuer reserves the right to withdraw this offering of the Notes at any time, and the Issuer and the Joint Lead Managers and Bookrunners reserve the right to reject any commitment to subscribe for the Notes in whole or in part and to allot to the investor less than the full amount of Notes subscribed for by any investor.

Website addresses in this Offering Circular are included for reference only, and the contents of such websites are not incorporated by reference into, and do not form part of, this Offering Circular.

NOTICE TO UK INVESTORS – This Offering Circular is for distribution only to persons who (i) are outside the United Kingdom, (ii) have professional experience in matters relating to investments falling within Article 19(5) the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the "**Financial Promotion Order**"), (iii) are persons falling within Article 49(2)(a) to (d) ("**high net worth companies, unincorporated associations etc.**") of the Financial Promotion Order, or (iv) are persons to whom an invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000 (the "**FSMA**")) in connection with the issue or sale of any securities may otherwise lawfully be communicated or caused to be communicated (all such persons together being referred to as "**relevant persons**"). This Offering Circular is directed only at relevant persons and must not be acted on or relied on by persons who are not relevant persons. Any investment or investment activity to which this document relates is available only to relevant persons and will be engaged in only with relevant persons.

PRIIPS REGULATION – PROHIBITION OF SALES TO EEA AND UK RETAIL INVESTORS – The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area ("**EEA**") or the United Kingdom (the "**UK**"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of MIFID II; or (ii) a customer within the meaning of Directive (EU) 2016/97 (as amended, the "**Insurance Distribution Directive**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II. Consequently, no key information document required by Regulation (EU) No 1286/2014 (as amended, the "**PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the EEA or the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA or the UK may be unlawful under the PRIIPS Regulation.

SINGAPORE SFA PRODUCT CLASSIFICATION – In connection with Section 309B of the Securities and Futures Act (Chapter 289) of Singapore, as modified or amended from time to time (the "**SFA**"), unless otherwise specified before an offer of Notes, the Issuer has determined, and hereby notifies all persons, including relevant persons (as defined in Section 309A(1) of the SFA), that the Notes are "**prescribed capital markets products**" (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore (the "**CMP Regulations 2018**")) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

STABILISATION: In connection with this offering, Standard Chartered Bank (Singapore) Limited will act as the stabilisation manager (the "**Stabilisation Manager**") and it or any of its affiliates (or persons acting on behalf of the Stabilisation Manager), may, to the extent permitted by applicable laws and regulations, over allot or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail for a limited time after the Issue Date. However, there is no assurance that the Stabilisation Manager or any of its affiliates (or persons acting on behalf of the Stabilisation Manager) will undertake any stabilising action. Any stabilising action may begin on or after the date on which adequate public disclosure of the terms of the offer of the Notes is made and, if begun, may be ended at any time, but it must end no later than the earlier of 30 days after the Issue Date and 60 days after the date of the allotment of the Notes. Any stabilising action must be conducted by the Stabilisation Manager or any of its affiliates (or persons acting on behalf of the Stabilisation Manager) in accordance with all applicable laws and rules.

CERTAIN DEFINED TERMS AND CONVENTIONS AND PRESENTATION OF FINANCIAL INFORMATION

Certain Defined Terms and Conventions

In this Offering Circular, unless otherwise specified or the context otherwise requires, all references to "**Singapore dollars**", "**S$**" and "**SGD**" are to the lawful currency of Singapore, all references to "**U.S. dollars**" and "**US$**" are to the lawful currency of the United States of America, all references to "**Euro**", "**euro**", "**EUR**" and "**€**" are to the lawful currency of the member states of the European Union that have adopted or may adopt the single currency in accordance with the treaty establishing the European Community (signed in Rome on 25 March 1957), as amended by the treaty on European Union, all references to "**Hong Kong dollars**" and "**HKD**" are to the lawful currency of Hong Kong, all references to "**RMB**", "**Renminbi**" and "**CNY**" are to the lawful currency of China and all references to "**Sterling**" and "**GBP**" are to the lawful currency of the UK.

As used in this Offering Circular, the "**Issuer**" refers to Aviva Singlife Holdings Pte. Ltd., "**Aviva Singapore**" refers to Aviva Ltd., "**Aviva Asia**" refers to Aviva Asia Pte. Ltd., "**Singlife Singapore**" refers to Singapore Life Pte. Ltd., "**Singlife**" refers to Singlife Singapore and its subsidiary, Singlife Philippines, and the "**Group**" refers to the Issuer, Aviva Singapore, Aviva Asia and Singlife Singapore and their consolidated subsidiaries on a *pro forma* consolidated basis after giving effect to the Acquisition.

Presentation of Financial Information

Unless otherwise indicated, the financial information contained in this Offering Circular has been expressed in S$. As Singlife's financial results are reported in US$ in the Singlife Financial Statements, translations of Singlife's financial information into S$ have been included in this Offering Circular and in the Unaudited Pro Forma Financial Information at a S$ to US$ exchange rate based on:

- in respect of Singlife's financial information as at 31 December 2017, 2018 and 2019 and 30 June 2019 and 2020, the spot rate provided by the MAS as at those dates, which was S$1.3366 per US$1.00, S$1.3648 per US$1.00, S$1.3472 per US$1.00, S$1.3535 per US$1.00 and S$1.3932 per US$1.00, respectively; and

- in respect of Singlife's financial information for the years ended 31 December 2017, 2018 and 2019 and for the six month periods ended 30 June 2019 and 2020, the average of the spot rates provided by the MAS for those periods, which was S$1.3749 per US$1.00, S$1.3494 per US$1.00, S$1.3632 per US$1.00, S$1.3576 per US$1.00 and S$1.4004 per US$1.00, respectively.

The exchange rates applied in presenting such financial information in this Offering Circular may differ from the exchange rates applied in the preparation of the financial statements included elsewhere in this Offering Circular. These translations should not be construed as representations that the US$ amounts represent such S$ amounts or could be, or could have been, converted into S$ at the rates indicated or at all.

References to a particular "**fiscal year**" year are to a financial year ended or ending 31 December of that year.

Certain monetary amounts and percentages in this Offering Circular have been subject to rounding adjustments; accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures which precede them. Any discrepancies in the tables included herein between the listed amounts and totals thereof are due to rounding.

Aviva Singapore's financial information

This Offering Circular includes the audited standalone financial statements of Aviva Singapore for the fiscal years ended 31 December 2017, 2018 and 2019 ("**Aviva Singapore Standalone Annual Financial Statements**") and the unaudited condensed interim financial information of Aviva Singapore for the six months ended 30 June 2020 ("**Aviva Singapore Reviewed Financial Statements**", together with the Aviva Singapore Standalone Annual Financial Statements, the "**Aviva Singapore Financial Statements**").

The Aviva Singapore Standalone Annual Financial Statements have been audited by PwC and the Aviva Singapore Reviewed Financial Statements have been reviewed by PwC. Each of the Aviva Singapore Financial Statements have been prepared in accordance with the Singapore Financial Reporting Standards ("**SFRS**").

Following the consummation of the Acquisition, Aviva Singapore will be a direct subsidiary of the Issuer.

Aviva Asia's financial information

This Offering Circular includes the audited standalone financial statements of Aviva Asia for the fiscal years ended 31 December 2017, 2018 and 2019 ("**Aviva Asia Standalone Annual Financial Statements**") and the unaudited condensed interim financial information of Aviva Asia for the six months ended 30 June 2020 ("**Aviva Asia Reviewed Financial Statements**", together with the Aviva Asia Standalone Annual Financial Statements, the "**Aviva Asia Financial Statements**").

The Aviva Asia Standalone Annual Financial Statements have been audited by PwC and the Aviva Asia Reviewed Financial Statements have been reviewed by PwC. Each of the Aviva Asia Financial Statements have been prepared in accordance with SFRS.

Following the consummation of the Acquisition, Aviva Asia will be a direct subsidiary of the Issuer.

Singlife's financial information

This Offering Circular includes the audited standalone financial statements of Singlife Singapore for the fiscal years ended 31 December 2017 and 2018 ("**Singlife Standalone Annual Financial Statements**"), the audited consolidated financial statements of Singlife for the fiscal year ended 31 December 2019 ("**Singlife Consolidated Annual Financial Statement**") and the unaudited interim condensed consolidated financial statements of Singlife for the six months ended 30 June 2020 ("**Singlife Reviewed Financial Statements**", together with the Singlife Standalone Annual Financial Statements and the Singlife Consolidated Annual Financial Statements, the "**Singlife Financial Statements**").

The Singlife Standalone Annual Financial Statements and Singlife Consolidated Annual Financial Statement have been audited by E&Y and the Singlife Reviewed Financial Statements have been reviewed by E&Y. Each of the Singlife Financial Statements have been prepared in accordance with SFRS.

Following the consummation of the Acquisition, Singlife Singapore will be a direct subsidiary of the Issuer.

Issuer's pro forma financial information

This Offering Circular includes certain unaudited pro forma consolidated financial information of the Issuer as at, and for the six month period ended, 30 June 2020, and as at, and for the year ended, 31 December 2019 (the "**Unaudited Pro Forma Financial Information**"). The Unaudited Pro Forma Financial Information comprises an unaudited pro forma consolidated statement of financial position as at 30 June 2020 and 31 December 2019 (the "**Unaudited Pro Forma Consolidated Statement of Financial Position**"), an unaudited pro forma consolidated statement of comprehensive income for the six months ended 30 June 2020 and for the year ended 31 December 2019 (the "**Unaudited Pro Forma Consolidated Statement of Comprehensive Income**") and the related notes, each of which have been prepared to give effect to the proposed Acquisition. The Unaudited Pro Forma Financial Information has been prepared as though the Acquisition occurred as at 1 January 2019.

The Unaudited Pro Forma Financial Information, which has been prepared in accordance with the Singapore Financial Reporting Standards (International) ("**SFRS (I)**"), do not purport to project the results of operations or financial condition of the Issuer for any future period nor does it purport to represent what the actual results of operations or financial condition of the Issuer would have been had the Acquisition occurred on the date indicated above. The pro forma adjustments are based upon currently available information and upon certain assumptions that the Issuer believes are reasonable. The Unaudited Pro Forma Financial Information has been derived from, and should be read in conjunction with, the Aviva Singapore Financial Statements, the Aviva Asia Financial Statements and the Singlife Financial Statements included elsewhere herein. Neither the assumptions underlying the pro forma adjustments nor the resulting pro forma financial information have been audited or reviewed in accordance with any generally accepted auditing standards.

The Unaudited Pro Forma Financial Information has been compiled by KPMG and have been prepared in accordance with the Singapore Standards on Related Services 4410. As part of this process, information about the Group's financial position and financial performance have been extracted from the audited financial statements of Singlife, Aviva Singapore and Aviva Asia for the year ended 31 December 2019, the reviewed financial statements of Singlife, Aviva Singapore and Aviva Asia for the six months ended 30 June 2020 and other information provided by management. The acquisition accounting and purchase price allocation exercise will not be performed until the actual completion of the Acquisition, and therefore certain adjustments have been made to the Unaudited Pro Forma Financial Information based on management's judgement, assumptions and estimates. The significant judgement, assumptions and estimates are disclosed in Notes 2 and 3 of the Unaudited Pro Forma Financial Information.

The Unaudited Pro Forma Financial Information is not an assurance report, KPMG has not been required to verify the accuracy or completeness of the information provided to it by management in the compilation and preparation of the Unaudited Pro Forma Financial Information. Accordingly, KPMG has not expressed an audit opinion or a review conclusion on whether the Unaudited Pro Forma Financial Information are prepared in accordance with the basis of accounting described in Notes 2 and 3 to the Unaudited Pro Forma Financial Information.

The Aviva Singapore Financial Statements, the Aviva Asia Financial Statements, the Singlife Financial Statements and the Unaudited Pro Forma Financial Information are included in this Offering Circular, beginning on page F-1.

Other Financial Measures

This Offering Circular includes non-SFRS financial measures and ratios to measure the economic, financial and operating performance of the Group's business. The definitions of each of such non-SFRS measures can be found at "*Glossary*". These measures are supplemental measures of the Group's performance and liquidity that are not required by or presented in accordance with SFRS. Investors should not place undue reliance on these non-SFRS measures as financial indicators and should not consider these measures as (a) alternative measures of gross profit, operating income or net income determined in accordance with SFRS or measures of operating performance (b) alternative measures of cash flow from operating, investing or financing activities (as determined in accordance with SFRS) or measures of the ability of the Group to meet its cash needs or (c) alternatives to other measures of performance under SFRS or any other generally accepted accounting principles. These measures are not meant to be predictive of future results. Other companies may not calculate these measures or may calculate similarly titled measures in a manner different to the Group and, accordingly, the Group's presentation of these measures may not be consistent with similarly titled measures used by other companies.

General

The Aviva Singapore Standalone Annual Financial Statements, the Aviva Asia Standalone Annual Financial Statements, the Singlife Standalone Annual Financial Statements and the Singlife Consolidated Annual Financial Statements set out herein have been reproduced from the audited financial statements included in the annual reports of Aviva Singapore, Aviva Asia and Singlife for the years ended 31 December 2017, 2018 and 2019, and have not been specifically prepared for inclusion in this Offering Circular.

INDUSTRY AND OTHER MARKET DATA

Market data and certain industry forecasts (where applicable) used in this Offering Circular have been obtained from internal surveys, market research, publicly available information and industry publications. Industry publications generally state that the information that they contain has been obtained from sources believed to be reliable but that the accuracy and completeness of that information is not guaranteed. Similarly, internal surveys, industry forecasts and market research, while believed to be reliable, have not been independently verified, and none of the Issuer, Aviva Singapore, Aviva Asia, Singlife Singapore or the Joint Lead Managers and Bookrunners make any representation as to the accuracy of the statement.

FORWARD-LOOKING STATEMENTS

This Offering Circular and the information incorporated by reference herein contain "forward-looking statements" as that term is defined by the U.S. federal securities laws. These forward-looking statements include, but are not limited to, statements other than statements of historical facts contained in this Offering Circular, including, but without limitation, those regarding the Group's business, product, foreign currency and finance strategies, competitive, regulatory and economic factors, the timing and impacts of proposed transactions, the maturity of the Group's markets, the potential impact of the recent outbreak of the novel coronavirus ("**COVID-19**") on the Group, the anticipated impacts of new legislation (or changes to existing rules and regulations), anticipated changes in the Group's revenue, costs or growth rates, the Group's liquidity, credit risks, foreign currency risks, interest rate risks, target leverage levels, debt covenants, the Group's future projected contractual commitments and cash flows and other information and statements that are not historical fact. In some cases, these statements can be identified by terminology such as “aim”, “anticipate”, “believe”, “continue”, “could”, “estimate”, “expect”, “intend”, “may”, “plan”, “potential”, “predict”, “project”, “should”, and “will” and similar words used in this Offering Circular.

By their nature, forward-looking statements are subject to numerous assumptions, risks and uncertainties. Many of these assumptions, risks and uncertainties are beyond the Group’s control. Accordingly, actual results may differ materially from those expressed or implied by the forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding the Group’s present and future business strategies and the environment in which the Group operate. The Group cautions readers not to place undue reliance on these statements, which speak only as of the date of this Offering Circular, and the Group expressly disclaims any obligation or undertaking to disseminate any updates or revisions to any forward-looking statement contained herein, to reflect any change in its expectations with regard thereto, or any other change in events, conditions or circumstances on which any such statement is based.

Where, in any forward-looking statement, the Group expresses an expectation or belief as to future results or events, such expectation or belief is expressed in good faith and believed to have a reasonable basis, but there can be no assurance that the expectation or belief will result or be achieved or accomplished. Risks and uncertainties that could cause actual results to vary materially from those anticipated in the forward-looking statements included in this Offering Circular include those described under “*Risk Factors*”.

None of the Issuer, Aviva Singapore, Aviva Asia and Singlife represents or warrants that the actual future results, performance or achievements of the Group will be as discussed in those statements. Neither the delivery of this Offering Circular (or any part thereof) nor the issue, offering, purchase or sale of any Notes shall, under any circumstances, constitute a continuing representation or create any suggestion or implication that there has been no change in the affairs of the Group or any statement of fact or information contained in this Offering Circular since the date of this Offering Circular or the date on which this Offering Circular has been most recently amended or supplemented. Each of the Issuer, Aviva Singapore, Aviva Asia and Singlife disclaims any responsibility and undertakes no obligation to update or revise any forward-looking statement contained herein or publicly release the result of any revisions to these forward-looking statements to reflect events, conditions or circumstances after the date hereof or to reflect the occurrence of unanticipated events.

SUMMARY

The following summary is qualified in its entirety by, and is subject to, the more detailed information and financial statements included elsewhere in this Offering Circular. To understand the terms of the Notes, investors should carefully read the section entitled "Terms and Conditions of the Notes" and the risks of investing in the Notes under "Risk Factors".

Overview of the Acquisition and Merger

The Issuer has agreed to acquire all of the outstanding issued shares of Aviva Singapore and Aviva Asia (together, the "**Aviva Acquisition**") and all of the outstanding issued shares of Singlife Singapore (the "**Singlife Acquisition**", and together with the Aviva Acquisition, the "**Acquisition**"). The Issuer is offering the Notes as part of the overall financing of the Aviva Acquisition.

On 11 September 2020, the Issuer entered into a share purchase agreement (the "**Aviva Acquisition Agreement**") with Aviva Group Holdings Limited ("**Aviva UK**"), pursuant to which the Issuer agreed to purchase, and Aviva UK agreed to sell to the Issuer, all of the outstanding issued shares of (i) Aviva Singapore for an aggregate consideration of S$2,692 million, comprising (a) S$1,644.09 million in cash consideration (the "**Aviva Singapore Acquisition Cash Purchase Price**"), (b) the issuance by the Issuer to Aviva UK of 117,203,998 ordinary shares in the Issuer (subject to amendment to reflect certain Singlife share options and transaction costs), (c) the issuance by the Issuer to Aviva UK of the Additional Tier 1 Perpetual Securities (as defined and described below) and (d) the issuance by TPG to Aviva UK of loan notes in an aggregate principal amount of S$250 million (the "**Vendor Financing Loan Notes**") and (ii) Aviva Asia for a cash consideration of S$8 million (the "**Aviva Asia Acquisition Cash Purchase Price**", and together with the Aviva Singapore Acquisition Cash Purchase Price, the "**Aviva Acquisition Cash Purchase Price**").

On 11 September 2020 and concurrent with the execution of the Aviva Acquisition Agreement, the Issuer entered into a share purchase agreement (the "**Singlife Acquisition Agreement**", together with the Aviva Acquisition Agreement, the "**Acquisition Agreements**") with the shareholders of Singlife Singapore (the "**Singlife Sellers**"), pursuant to which the Issuer agreed to purchase, and the Singlife Sellers agreed to sell to the Issuer, all of the outstanding issued shares of Singlife Singapore (the "**Singlife Acquisition**"). As consideration for the Singlife Acquisition, the Issuer agreed to issue the Singlife Sellers 120,279,752 ordinary shares in the Issuer, subject to amendments to reflect certain Singlife share options and transaction costs (the "**Singlife Consideration Shares**").

After the completion of the Aviva Acquisition and the Singlife Acquisition, the Issuer intends to effect a merger or other combination of Aviva Singapore and Singlife Singapore.

The Financing

The Issuer is issuing the Notes on the Issue Date in anticipation of the Aviva Acquisition occurring on the Acquisition Completion Date. On the Issue Date, the Issuer will cause the net proceeds of the offering of the Notes to be deposited directly into the Escrow Account subject to, and in accordance with, the terms of the Escrow Account Agreement. For more information, see "*Use of Proceeds*". On the Acquisition Completion Date (a) the amounts standing to the credit of the Escrow Account shall be released in accordance with the terms of the Escrow Account Agreement and transferred to an account specified by the Issuer; and (b) the Notes shall continue to remain outstanding and become subordinated Tier 2 capital of the Issuer, as further described in "*Terms and Conditions of the Notes—Escrow*".

In addition, on the Acquisition Completion Date, we expect that TPG will complete the TPG Equity Contribution and Sumitomo Life will complete the Sumitomo Life Equity Contribution, in each case in accordance with the terms of the Share Subscription Deed. The proceeds from the Equity Contributions will be used to fund the Aviva Acquisition in part.

On the Acquisition Completion Date, the Issuer will use the net proceeds from the issuance of the Notes, together with the proceeds from the Equity Contribution and the Senior Term Facility, to pay the Aviva Acquisition Cash Purchase Price for the acquisition of Aviva Singapore and Aviva Asia under the Aviva Acquisition Agreement.

Overview of the Group

The Issuer

The Issuer was incorporated under the laws of Singapore on 17 July 2020 as a private company limited by shares under its former name, Red Dot Life Pte. Ltd., and was renamed to Aviva Singlife Holdings Pte. Ltd. on 19 October 2020. The Issuer is a newly formed entity with no business operations and no significant assets other than the equity interests it will hold in Aviva Singapore, Aviva Asia and Singlife Singapore following the completion of the Acquisition.

The Group

Following completion of the Acquisition, the Group will be a regional, homegrown savings and protection company in Southeast Asia, which combines the complementary strengths of two of Singapore's leading insurers. The Group will be a "future first" financial services company offering a comprehensive suite of products delivered through a multi-channel distribution network, which integrates Singlife's digital capabilities with Aviva's deep product and advisory capabilities and large customer base.

Following the completion of the Acquisition and the Merger, the Group intends to measure the scale and profitability of its business using key performance indicators, including APE, GWP, ROCE, CAR, net statutory profit and multiple product holdings, among others.

Strategies of the Group

Continue to expand the multi-channel distribution network with a focus on the financial advisory channel

The Group believes that the financial advisory channel, which provides customer with both choice and quality advice, will emerge as the preferred distribution channel in the future, and the Group's vast experience in the industry as a composite insurance provider underpinned by its technology ecosystem and mobile-first strategy makes the Group well-positioned to leverage this landscape. The Group will continue to expand and strengthen its owned financial advisory channel, aiming to maintain its net recruitment growth rate for this channel. The Group will also continue to leverage its scalable and highly flexible technology to provide its advisors with a platform to seamlessly and efficiently engage with customers, provide customer insight to enable them to provide tailored advice to customers. The Group also intends to invest in the training and development of its advisors to enhance their skillsets and the quality of their advice, as well as to competitively compensate its advisors. The Group is focused on retaining its advisors and reduce advisor attrition by offering broad product capabilities and the flexibility to offer the optimal product mix to its customers, which will help generate higher income for the advisors, and in turn help the Group increase productivity and customer outreach at optimal costs.

In addition to the financial advisory channel, the Group intends to continue developing other channels of distribution by deploying its mobile-first strategy and user-friendly mobile application to the Group's affinity, partnership and brokerage channels. The Group also intends to continue focusing on the employee benefit and affinity channels. The Group believes its multi-channel distribution network positions it well to tap a range of retail, mass affluent and high net worth customers in Singapore and the rest of Asia.

Leverage technology to enhance customer experience and engagement, boost productivity and improve efficiency

The Group will leverage its mobile-first ecosystem to engage with customers directly through its relevant product offerings and user-friendly mobile application, and build on its business foundation through analytics, robotics and artificial intelligence (including to facilitate targeted customer recommendations, customer profile matching, and conversion optimization) that will enhance engagement and put it on the path of rapid and sustainable growth. The Group will also employ its digital technology capabilities to provide leads for financial advisers to capitalise on its existing customer base. The Group plans to continue rolling out digital tools for its distributors and customers, in order to improve the quality of engagement, as well as to attract sales forces from other distribution channels. The Group intends to offer its distributors the benefit of its platform that collates and analyses customer data, based on which the Group and its distributors can improve their interactions with customers, build long-term relationships and offer holistic financial planning advice. By asking customers a limited number of high-impact questions and adapting based on their responses, the Group intends to dramatically reduce on-boarding time while still collecting and utilising the data that is central to its continuous improvement. The Group intends to continue investing in technology to optimise its customer experience and product capabilities, as well as simplify its back-end processes in order to deliver quality customer service (such as digitally embedded compliance checks to enhance customer experience).

In addition, the Group will continue to support its distributors and customers with scalable and efficient digital technology which the Group believes provides it with the headroom to integrate new capabilities, readily expand to new geographies and handle new products, distribution channels and local customization seamlessly and cost-effectively.

Deliver a disciplined product mix to bridge the protection gap for customers

The Group aims to be a market leader with innovative and profitable products that meet the changing needs of its customers for financial protection and efficient long-term regular savings. The Group intends to evolve its comprehensive and disciplined range of protection products to address the life, accident and health protection needs of customers, including through the mobile-first savings account that customers can access through their mobile phones. The Group believes that its focus and success on regular premium protection products will help meet the large and increasing protection and critical illness gap for Singaporeans and customers in other markets into which the Group expands. The Group also intends to continue to diversify its product range, including through investment-linked products to HNWIs and other customers, depending on the Group's future capabilities and risk management profile.

Build a leading risk culture and invest in human resources to deliver sustainable results

The Group will develop a leading risk culture which is focused on optimising capital utilisation, reducing balance sheet volatility and improving the expense ratio through robust risk management. In order to achieve this and to support the Group's long-term value creation, the Group believes that its people will continue to be its key assets and are instrumental in driving the change and delivering the "excellence" to sustainably outperform its peers in the industry. The Group intends to automate some of its employees' routine tasks through its evolving technology platform, such as paperless on-boarding and automated KYC, and increase employee satisfaction by involving them in more engaging tasks. The Group intends to continue investing in areas of mental and physical health, engagement and industry training to enable them to stay ahead of the changing times and meaningfully contribute to the growth of the organisation.

Overview of Aviva

Aviva Singapore is a leading insurance company in Singapore established in 1969 and is a wholly owned subsidiary of Aviva plc, a company listed on the London Stock Exchange. Aviva has built a long and established track record of performance, enabling it to offer products and services to all classes of consumers, including the retail market, high net worth individuals as well as corporates and government agencies. Aviva believes that it has built a reputation of being an industry leader with focus on "excellence" and not exclusivity.

Aviva is a composite insurer and maintains a diversified product portfolio that enables it to address the needs of a broad customer base. Its portfolio includes life insurance, accident and health insurance and general insurance. Aviva's focus has been to promote regular premium protection sales to bridge the protection gap for Singaporeans, primarily through a distribution channel that provides holistic advice and choice to consumers. Aviva believes that this strategy has helped it maintain an optimal product mix that translates into superior financial performance. For the period from fiscal year 2017 to 2019, Aviva's APE has grown at a CAGR of 23.67%, while maintaining a strong capital position as evidenced by its RBC 2 CAR of 202.07% as at 30 June 2020. Aviva continues to expand its broad and diversified product suite and maintain a profitable product mix, to serve evolving customer preferences, regulatory development and other market trends. As at 30 June 2020, Aviva's employees, partners and proprietary sales force served approximately one million customers.

Aviva has an extensive multi-distribution channel network with key sales channels consisting of (a) a large and long-standing financial advisory channel; (b) an affinity channel which is Aviva's proprietary distribution channel that uses its salaried sales force and strong partnerships to engage with retail customers; (c) the employee benefits channel through which Aviva engages with a broad range of public and private institutions; and (d) a partnership distribution network, which is a form of an "open architecture" type of bancassurance relationship through which Aviva engages with the customers of banks and other financial institutions. Aviva also engages and distributes products to its customers directly.

Aviva invests the premiums and other income generated from its insurance business across varying investment products, including fixed income assets, equities and real estate. Its success in investment management contributes to the competitiveness of its products, financial strength and business reputation. Aviva Singapore's total investment portfolio has grown at a CAGR of 8.42% for the period from fiscal year 2017 to 2019. Investment portfolio was S$7,959.59 million, S$8,527.89 million, S$9,356.48 million, S$9,219.82 million and S$9,756.20 million as at 31 December 2017, 2018 and 2019, and 30 June 2019 and 2020, respectively. Aviva Singapore's investment portfolio is composed primarily of fixed income securities such as government bonds and corporate bonds, which represented 75.71% of Aviva Singapore's investment portfolio (excluding investment linked portfolio) as at 30 June 2020. Aviva Singapore's portfolio also includes public equities and properties, which represented 22.86% of its investment portfolio (excluding investment linked portfolio). See "*Aviva's Business—Investment*" for more details.

Aviva is led by a management team with extensive experience in the financial services industry and with a proven track record of performance. The management team is supported by a strong and experienced team of cross-functional professionals across senior and middle level management. Aviva is also supported by an experienced board of directors with diversified expertise in the insurance sector, which actively contributes to and participates in its strategy. According to MAS' classification, Aviva is a "Tier 1" insurer in Singapore which means that it is required to maintain high standards of corporate governance and have a Board with majority independent directors.

Aviva measures the scale and profitability of its business using various performance indicators, including APE, gross written premium, net statutory profits, CAR, dividend payout, ROCE and multiple product holdings. The following table shows Aviva Singapore's operating data for the periods indicated.

	Fiscal year ended 31 December			**Six months ended 30 June**	
	2017	**2018**	**2019**	**2019**	**2020**
	(S$ millions, except CAR, ROCE and multiple product holdings)				
APE[(1)]	208.71	237.14	319.21	136.90	141.42
GWP[(2)]	1,652.61	1,844.84	2,363.62	1,139.97	1,252.96
Net statutory profit for the period	75.54	15.87	116.16	50.57	24.62
CAR[(3)]	249.70%	216.73%	245.76%	247.72%	202.07%
Dividend payout	-	10	80	-	-
ROCE[(4)]	13.82%	2.67%	18.85%	16.23%	7.57%
Multiple product holdings (in millions)[(5)]	0.35	0.39	0.42	0.40	0.45

Notes:

(1) APE for Aviva is defined as the sum of new regular premiums plus 10% of new single premiums written in the period.

(2) GWP for Aviva is defined as gross premiums received or receivable including portfolio premiums, after deducting discounts and return premiums, which have been entered in the books of the insurer during the period. Commissions are not deducted from "gross premiums".

(3) CAR for Aviva for the fiscal year ended 31 December 2017, 2018 and 2019 and for the six months ended 30 June 2019 are based on RBC 1 regime and the CAR for the six months ended 30 June 2020 is based on RBC 2 regime.

(4) ROCE for Aviva is defined as the net statutory profit as a percentage of average of the opening and the closing equity for the year. For the six months ended 30 June 2019 and 2020 returns are annualised.

(5) Multiple product holding for Aviva is defined as the number of customers who holds more than one Aviva product.

Aviva Asia, incorporated in 1999 in Singapore, oversees Aviva's operations in Asia on behalf of Aviva plc. It is a wholly owned subsidiary of Aviva plc and operates a management office in Singapore.

Overview of Singlife

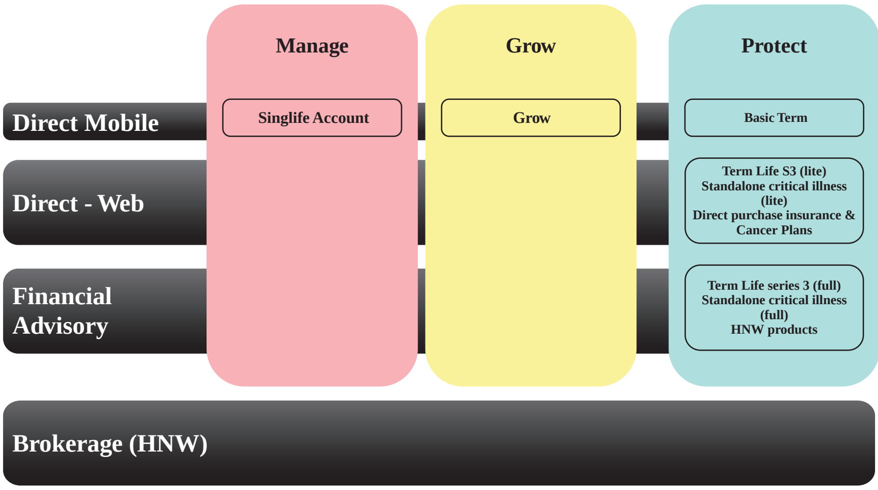
Singlife Singapore, incorporated in 2014, is a digitally native life insurer and mobile-first savings and protection company. It is an independent locally-headquartered insurance company and was issued a life insurance license by MAS in 2017. Singlife's product offerings aim to provide customers an opportunity to manage their savings using its proprietary digital insurance savings plan; grow their savings through investment-linked plans; and benefit from protection products, such as term life, critical illness and cancer insurance plans. Singlife has an average customer engagement of approximately 51% Weekly Active Users (as defined in the section "*Singlife's Business – Strengths*"). As at 30 June 2020, the RBC 2 CAR for Singlife was 238.53%. In addition to Singapore, Singlife also has operations in the Philippines and recently received its license to operate as a life insurance provider in the Philippines.

In a short span of five years, Singlife has been able to build a contemporary cloud-based technology stack that does not rely on on-premise legacy systems that are used by most insurance providers in the industry. Its mobile ecosystem currently includes an insurance savings plan, the "Singlife Account" and a VISA debit card product that is linked to the Singlife Account policy which offers customers a digital platform to manage their savings, make investments and benefit from Singlife's life insurance product offerings. Since its launch in March 2020 and as of 30 June 2020 and 30 September 2020 Singlife had 20,097 and 54,112 Singlife Account policyholders, respectively. The number of customers who opened Singlife Account policies has continued to grow, to over 60,000 customers in October 2020.

Singlife offers customers an opportunity to grow their savings through its investment-linked and endowment plans. Singlife recently launched the investment-linked "Grow" plan which is offered through Singlife's mobile platform, through which customers can participate in investment opportunities to grow their wealth. Singlife believes that it is a pioneer in the digital endowment products industry. Singlife also offers a wide variety of protection insurance products covering term life, critical illness and cancer. As of 30 June 2020, Singlife had 6,323 policyholders availing its protection products. Singlife also partners with insurance brokers and financial advisors to offer customised insurance solutions targeted at HNWIs.

Singlife caters to a range of retail, mass affluent and high net worth customers through its multi-channel distribution network. Singlife has a direct distribution channel which includes its mobile and web network, mostly targeted at Singapore's retail customers. It also works with financial advisors that target Singapore's retail customers with traditional life insurance products, including critical illness, endowment, universal life and variable universal life insurance products. Singlife's third-party broker distribution channel is a distinct arm of its business that targets HNWIs. As customers mature financially and their needs become more complex, Singlife connects them with third-party financial advisors and brokers to provide more customised products and personalised advice. Singlife's direct, financial advisory and brokerage distribution channels contributed 86.51%, 13.26% and 0.24% of its total APE in the six months ended 30 June 2020.

The following chart provides an overview of Singlife's product verticals and distribution channels.



Singlife invests the premiums and other income generated from its insurance business and its investment portfolio contributes to the competitiveness of its products, financial strength and business reputation. Singlife's total investment portfolio was S$53.22 million, S$168.54 million, S$351.99 million, S$248.54 million and S$415.85 million as of 31 December 2017, 2018 and 2019, and 30 June 2019 and 2020, respectively. Singlife's investment portfolio is composed predominantly of fixed income securities, such as government bonds and corporate bonds which represented 92.3% of Singlife's investment portfolio as of 30 June 2020. Singlife's portfolio also includes investment-linked unit trusts and other equity securities, which represented 5.9% and 1.8% of its investment portfolio as of 30 June 2020. Singlife's portfolio also includes derivative financial instruments, such as foreign exchange contracts to hedge foreign exchange risks.

Singlife is led by a management team with extensive experience in the insurance and finance industries and with a proven track record of performance. The management team is supported by a strong and experienced team of cross-functional professionals across senior and middle level management. Singlife is also supported by an experienced board of directors with diversified expertise in the insurance sector which actively contributes to and participates in its strategy. In a short span of five years, Singlife has received multiple accolades and awards for its products and services. For example, Singlife was awarded the Insurance & Fintech Brand of the Year award by Global Banking & Finance Review in 2020. *See "—Awards" for more details on Singlife's Awards.*

Singlife measures the scale and profitability of its business using various key performance indicators, including APE and GWP. The following table shows certain operating data for the periods indicated.

	Fiscal year ended 31 December			***Six months ended 30 June***	
	2017	***2018***	***2019***	***2019***	***2020***
	(S$ millions, except CAR)				
APE(1)	2.09	15.19	16.58	6.38	19.90
GWP(2)	15.83	132.34	141.99	59.76	212.39
CAR(3)	1,526%	513%	482%	1,102%	239%
Net statutory profit for the period	(6.90)	6.99	(65.22)	(29.61)	(47.19)

Notes:

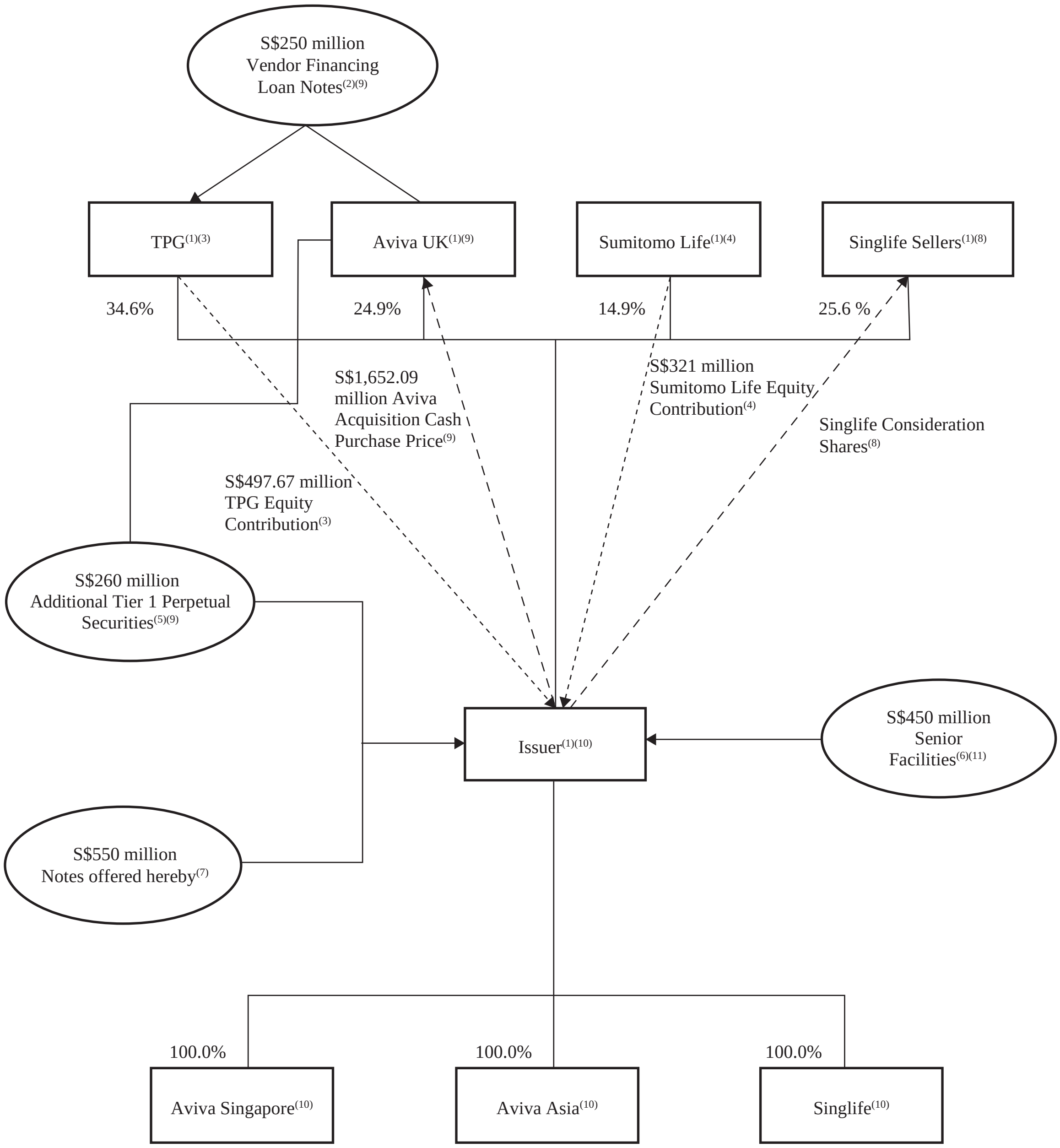
(1) APE for Singlife is defined as 100 per cent of annualised first year premiums and 10 per cent of single premiums, before reinsurance ceded. It is an internally used measure of Singlife's new business sales or activity.

(2) GWP for Singlife is defined as gross premiums received or receivable including portfolio premiums, after deduction of discounts and return premiums, which have been entered in the books of the insurer during the period. Commissions shall not be deducted from "gross premiums".

(3) CAR for Singlife for fiscal year ended 31 December 2017, 2018 and 2019 and for the six months ended 30 June 2019 are based on RBC 1 regime and the CAR for the six months ended 30 June 2020 is based on RBC 2 regime.

SUMMARY CORPORATE AND FINANCING STRUCTURE CHART

The following chart and the footnotes thereto set forth certain aspects of the Group's corporate and financing structure after giving effect to the Acquisition. Please refer to "*Description of the Acquisition and Merger*" and "*Description of Material Indebtedness and Other Securities*" for more information. This is a condensed chart and does not show all of the Group's operating and holding companies.



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(1) The Issuer is currently wholly owned by Abbey Life Holdings Ltd. ("**TPG**"), an exempted company incorporated in the Cayman Islands having its registered office at c/o Maples Corporate Services Limited, PO Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands, which is itself indirectly wholly owned by funds advised and/or managed by TPG Asia VII Management, LLC.

Following the completion of the Acquisition, the Issuer is expected to be owned by:

(i) TPG;

(ii) Aviva UK, a private limited company incorporated in the United Kingdom having its registered office at St Helen's, 1 Undershaft, London, EC3P 3DQ, United Kingdom;

(iii) Sumitomo Life, a company registered in Japan having its registered office at 7-18-24 Tsukiji, Chuo-ku, Tokyo 104-8430, Japan;

(iv) the Singlife Sellers, comprising:

(a) IPGL Limited, a private limited company incorporated in the United Kingdom having its registered office at 39 Sloane Street, 3rd floor, London SW1X 9LP, United Kingdom;

(b) Sumitomo Life;

(c) Aflac Ventures LLC, a company incorporated in the United States having its registered office at 1932 Wynnton Road, Columbus, Georgia 31999, United States of America;

(d) Direct Holdings Pte. Ltd., a private company incorporated in Singapore having its registered office at 11 North Buona Vista Drive, #13-07 The Metropolis, Singapore 138589;

(e) Callidus Capital Pte. Ltd., a private company incorporated in Singapore having its registered office at 11 North Buona Vista Drive, #13-07 The Metropolis, Singapore 138589;

(f) Aberdeen Asset Management PLC, a public company incorporated in the United Kingdom having its registered office at 10 Queen's Terrace, Aberdeen, AB10 1XL, United Kingdom;

(g) Komodo I Pte. Ltd., a private company incorporated in Singapore having its registered office at 137 Telok Ayer Street #08-01, Singapore 068602;

(h) Raymond John Ferguson; and

(i) a corporate vehicle through which certain employees of Singlife Singapore hold interests in the Group.

The ownership figures in the chart and above are indicative, and are subject to adjustments to reflect certain Singlife share options and transaction costs. The Share Subscription Deed further provides for additional issuances of ordinary shares in the Issuer to certain of the parties thereto in respect of the termination of a previously envisaged transaction by Singlife, and potentially in respect of certain types of possible claims under the Aviva Acquisition Agreement or the Singlife Acquisition Agreement.

(2) On the Acquisition Completion Date, TPG will issue to Aviva UK loan notes in an aggregate principal amount of S$250 million.

(3) On the Acquisition Completion Date, TPG will subscribe for 162,907,202 ordinary shares in the Issuer (subject to amendment to reflect certain Singlife share options and transaction costs) for a cash consideration of S$497.67 million and the contribution to the Issuer of certain receivables arising as a result of the issuance of the Vendor Financing Loan Notes.

(4) On the Acquisition Completion Date, Sumitomo Life will subscribe for 69,936,879 ordinary shares in the Issuer (subject to amendment to reflect certain Singlife share options and transaction costs) for an aggregate cash consideration of S$320.98 million plus the amount of costs to be borne by Sumitomo Life in connection with the Acquisition under the Share Subscription Deed.

(5) On the Acquisition Completion Date, the Issuer will issue to Aviva UK subordinated unsecured perpetual capital securities in an aggregate principal amount of S$260 million.

(6) On 11 November 2020, the Issuer entered into the Senior Facilities Agreement pursuant to which Standard Chartered Bank (Singapore) Limited and the other lenders thereunder agreed to make available to the Issuer the Senior Facilities, comprising a senior secured term loan facility in an aggregate principal amount of S$350 million and a senior secured revolving credit facility in an aggregate principal amount of S$100 million. On or prior to the Acquisition Completion Date, the Issuer intends to drawdown on the term loan facility under the Senior Facilities, the proceeds of which will be applied to pay the Aviva Acquisition Cash Purchase Price.

(7) The Notes offered hereby will be issued under the Trust Deed. On the Issue Date, the net proceeds from the Offering will be deposited directly into the Escrow Account pursuant to the Escrow Agreement for the benefit of the holders of the Notes. The release of the escrowed proceeds to the Issuer will be subject to the satisfaction of certain conditions as set out in the Escrow Account Agreement, including the Acquisition being consummated promptly following the release of the escrowed proceeds from the Escrow Account. For more information, see "*Terms and Conditions of the Notes—Escrow*". If the Acquisition is not consummated on or prior to 24 February 2021, the Issuer will, within 15 business days of such date, redeem all, but not some only, of the Notes at 101 per cent. of their principal amount together with interest accrued but unpaid (if any) to (but excluding) the date of redemption in accordance with the Terms and Conditions.

(8) On the Acquisition Completion Date, as the purchase consideration for the Singlife Acquisition under the Singlife Acquisition Agreement, the Issuer will issue to the Singlife Sellers the Singlife Consideration Shares, which shall be 120,279,752 ordinary shares in the Issuer, subject to adjustments to reflect certain Singlife share options and transaction costs.

(9) On the Acquisition Completion Date, in satisfaction of the purchase consideration payable by the Issuer for the Aviva Acquisition under the Aviva Acquisition Agreement, (i) the Issuer will use the net proceeds from the Offering, together with the proceeds from the TPG Equity Contribution, the Sumitomo Life Equity Contribution and the term loan facility under the Senior Facilities, to pay the Aviva Acquisition Cash Purchase Price for the acquisition of Aviva Singapore and Aviva Asia under the Aviva Acquisition Agreement, (ii) the Issuer will issue to Aviva UK 117,203,998 ordinary shares in the Issuer (subject to amendment to reflect certain Singlife share options and transaction costs), (iii) the Issuer will issue to Aviva UK the Additional Tier 1 Perpetual Securities and (iv) TPG will issue to Aviva UK the Vendor Financing Loan Notes.

(10) After the completion of the Aviva Acquisition and the Singlife Acquisition, the Issuer intends to effect a merger or other combination of Aviva Singapore and Singlife Singapore, which is not illustrated in this chart.

(11) In the event the proceeds from the Offering is less than the aggregate principal amount of S$550,000,000, the Issuer intends to drawdown on the Bridge Loan Facility underwritten by Standard Chartered Bank and Standard Chartered Bank (Singapore) Limited to satisfy such shortfall amount. DBS Bank Ltd has joined as a lender under the Bridge Loan Facility. See "*Description of Material Indebtedness and Other Securities*".

SUMMARY OF THE OFFERING

The summary below describes the principal terms of the Notes. Certain of the terms and conditions described below are subject to important limitations and exceptions. The "Terms and Conditions of the Notes" section of this Offering Circular contains a more detailed description of the terms and conditions of the Notes, including the definitions of certain terms used in this summary. The "Description of the Acquisition and Merger" and "Description of Material Indebtedness and Other Securities" sections of this Offering Circular contain more detailed descriptions of the Acquisition, the Merger and the Senior Facilities, including the definitions of certain terms used in this summary.

Issuer	Aviva Singlife Holdings Pte. Ltd.
Sole Global Coordinator	Standard Chartered Bank (Singapore) Limited
Joint Lead Managers and Bookrunners	DBS Bank Ltd. Standard Chartered Bank (Singapore) Limited
Trustee	The Bank of New York Mellon, Singapore Branch
CDP Paying Agent	The Bank of New York Mellon, Singapore Branch
Escrow Agent	Standard Chartered Bank (Singapore) Limited
Registrar and Transfer Agent	The Bank of New York Mellon, Singapore Branch
Clearing System	CDP
Issue Date	24 November 2020
Maturity Date	24 February 2031
Issue Price	100.0%
Form and Denomination of the Notes	S$550,000,000 Fixed Reset Subordinated Notes due in minimum denominations of S$250,000.
Status of the Notes	The Notes constitute direct, unsecured and subordinated obligations of the Issuer and shall at all times rank pari passu and without any preference among themselves. The rights and claims of the Noteholders are subordinated as described in Condition 3.2 of the Terms and Conditions.
Interest	The Notes will bear interest (i) from (and including) the Issue Date to (but excluding) 24 February 2026 at 3.375% per annum and (ii) from (and including) 24 February 2026 to (but excluding) the Maturity Date at the Reset Rate of Interest. **Reset Rate of Interest** means the fixed rate per annum (expressed as a percentage) being the aggregate of (a) the 5-year SGD SOR and (b) 2.869%.
Redemption at maturity	Unless previously redeemed or purchased and cancelled, each Note will be redeemed by the Issuer at its principal amount in Singapore dollars on the Maturity Date together with interest accrued but unpaid (if any) to (but excluding) the Maturity Date pursuant to Condition 6.1 of the Terms and Conditions.

Redemption for tax reasons	Subject to Condition 6.2 of the Terms and Conditions, the Notes may be redeemed at the option of the Issuer in whole, but not in part, at any time on giving not less than 30 nor more than 60 days' notice to the Noteholders (in accordance with Condition 12 of the Terms and Conditions) and to the Trustee and the Principal Paying Agent in writing (which notice shall be irrevocable) at their principal amount together with interest accrued but unpaid (if any) to (but excluding) the date fixed for redemption and any Additional Amounts then due or which will become due on or before the date fixed for redemption, if: (a) the Issuer has or will become obliged to pay Additional Amounts; or (b) payments of interest on the Notes will or would be treated as "distributions" or dividends within the meaning of the Income Tax Act or any other act in respect of or relating to Singapore taxation or would otherwise be considered as payments of a type that are non-deductible for Singapore income tax purposes, in each case as a result of any change in, or amendment to, the laws, treaties, regulations or rulings of Singapore or any political subdivision or any authority thereof or therein having power to tax (or any taxing authority of any taxing jurisdiction in which the Issuer is a tax resident), or any change in the official application or interpretation of such laws, treaties, regulations or rulings, which change or amendment is announced and becomes effective on or after the Issue Date, and the foregoing cannot be avoided by the Issuer taking reasonable measures available to it, provided that, where the Issuer has or will become obliged to pay Additional Amounts, no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay such Additional Amounts were a payment in respect of the Notes then due. *Any such redemption of Notes by the Issuer is subject to the Issuer obtaining any prior written approval of the MAS then required under prudential rules in Singapore governing capital of insurance companies or insurance group holding companies.* See Condition 6.2 of the Terms and Conditions.
Redemption at the option of the Issuer (Issuer Call)	The Issuer may, having given not less than 30 days nor more than 60 days' notice to the Noteholders in accordance with Condition 12 of the Terms and Conditions (which notice shall be irrevocable and shall specify the date fixed for redemption), redeem all, but not some only, of the Notes then outstanding on 24 February 2026 and any other Interest Payment Date thereafter. Each Note will be redeemed at their principal amount together with interest accrued but unpaid (if any) to (but excluding) the date of redemption in accordance with the Terms and Conditions. *Any such redemption of Notes by the Issuer is subject to the Issuer obtaining any prior written approval of the MAS then required under prudential rules in Singapore governing capital of insurance companies or insurance group holding companies.*
Redemption for Change of Qualification Event	If as a result of: (a) any change to the relevant requirements issued by the MAS in relation to the qualification of the Notes as Tier 2 Capital

Securities, (b) any change in the application of official or generally published interpretation of such relevant requirements issued by the MAS or any relevant authority (including a ruling or notice issued by the MAS or any relevant authority) regarding the qualification of the Notes as Tier 2 Capital Securities, or (c) any interpretation or pronouncement by the MAS or any relevant authority that provides for a position with respect to such relevant requirements issued by the MAS that differs from the previously generally accepted position in relation to similar transactions or which differs from any specific written statements made by any authority regarding the qualification of the Notes as Tier 2 Capital Securities, which change or amendment:

(a) becomes, or would become, effective on or after the Acquisition Completion Date; or

(b) in the case of a change to the relevant requirements issued by the MAS, if such change is issued by the MAS, on or after the Acquisition Completion Date,

the Notes would not fully qualify as Tier 2 Capital Securities (a "**Change of Qualification Event**"), then the Issuer may, having given not less than 15 nor more than 30 days' prior written notice to the Noteholders (in accordance with Condition 12) and to the Trustee and the Agents in writing (which notice shall be irrevocable), redeem in accordance with the Terms and Conditions at any time all, but not some only, of the Notes, at their principal amount together with interest accrued but unpaid (if any) to (but excluding) the date of redemption in accordance with the Terms and Conditions.

Any such redemption of Notes by the Issuer is subject to the Issuer obtaining any prior written approval of the MAS then required under prudential rules in Singapore governing capital of insurance companies or insurance group holding companies.

Redemption for Acquisition Failure Event . . . . If the Acquisition Completion Date does not occur prior to 24 February 2021 (the "**Acquisition Failure Event**"), then the Issuer shall, within 15 business days of the Acquisition Failure Event (such date, the "**Acquisition Failure Event Redemption Date**"), redeem all, but not some only, of the Notes at 101 per cent. of their principal amount together with interest accrued but unpaid (if any) to (but excluding) the date of redemption in accordance with the Terms and Conditions (the "**Acquisition Failure Event Redemption Amount**"). On or around the Acquisition Failure Event Redemption Date, the amounts standing to the credit of the Escrow Account shall be released in accordance with the terms of the Escrow Account Agreement and transferred to an account as specified by the Issuer and shall satisfy to such extent the obligations of the Issuer to pay the Acquisition Failure Event Redemption Amount.

Escrow Account . . . . On the Issue Date, the Issuer will cause the net proceeds of the offering of the Notes to be deposited directly into the Escrow Account subject to, and in accordance with, the terms of the Escrow Account Agreement.

On the Acquisition Completion Date (a) the amounts standing to the credit of the Escrow Account shall be released in accordance with the terms of the Escrow Account Agreement and transferred to an

	account as specified by the Issuer and (b) the Notes shall continue to remain outstanding and be subordinated Tier 2 capital of the Issuer in accordance with the Terms and Conditions. See "*Terms and Conditions of the Notes—Escrow*" for a description of the escrow arrangement; and "*Risk Factors—If the conditions to the release of the proceeds from the Offering from escrow in the Escrow Account Agreement are not satisfied, the Issuer will not be able to apply such proceeds to complete the Acquisition and the Notes may be redeemed, in which case investors may not get the return expected on the Notes*." in relation to the escrow arrangement.
Taxation	All payments of principal and interest in respect of the Notes by or on behalf of the Issuer will be made without withholding or deduction for or on account of any present or future taxes or duties of whatever nature imposed or levied by or on behalf of any Tax Jurisdiction unless such withholding or deduction is required by law. In such event, the Issuer will pay such additional amounts (the "**Additional Amounts**") as shall be necessary in order that the net amounts received by the holders of the Notes after such withholding or deduction shall equal the respective amounts of principal and interest which would otherwise have been receivable in respect of the Notes in the absence of such withholding or deduction. See Condition 7 of the Terms and Conditions.
Events of Default and Enforcement	If a Default occurs in relation to the Notes and is continuing, the sole remedy available to the Trustee shall be the right to institute proceedings in Singapore (but not elsewhere) for the winding-up of the Issuer. The Trustee shall have no right to enforce payment under or accelerate payment of any Note in the case of such Default in payment on such Note or a default in the performance of any other covenant of the Issuer in such Note or in the Trust Deed except as provided for in Condition 9 of the Terms and Conditions and Clause 10 of the Trust Deed. Subject to the subordination provisions as set out in Condition 3 of the Terms and Conditions and in Clause 7 of the Trust Deed, if a court order is made or an effective resolution is passed for the winding-up of the Issuer, there shall be payable on the relevant Notes, after the payment in full of all claims of all the Relevant Creditors, but in priority to holders of share capital of the Issuer and any other Tier 1 Capital Securities, such amount remaining after the payment in full of all claims of all the Relevant Creditors up to, but not exceeding, (i) the nominal amount of the Notes together with interest accrued to the date of repayment or (ii) in the case of an Acquisition Failure Event, the Acquisition Failure Event Redemption Amount. No Noteholder shall be entitled to proceed directly against the Issuer or to institute proceedings for the winding-up of the Issuer in Singapore or to prove in any winding-up of the Issuer unless the Trustee, having become so bound to proceed (in accordance with the terms of the Trust Deed and the Terms and Conditions) or being able to prove in such winding-up, fails to do so within a reasonable period and such failure shall be continuing, in which case the Noteholder shall have only such rights against the Issuer as those which the Trustee is entitled to exercise.
Use of Proceeds	The net proceeds from the Offering are expected to be S$545,586,250 (after deducting an estimated S$4,413,750 of fees and commissions associated with the offering of the Notes). On the Issue Date, the net

	proceeds from the Offering will be deposited directly into the Escrow Account pursuant to the Escrow Agreement for the benefit of the holders of the Notes. The release of the proceeds from the Escrow Account will be subject to the satisfaction of certain conditions, as further described in "Terms and Conditions of the Notes—Escrow; Redemption for Acquisition Failure Event". On the Acquisition Completion Date, the net proceeds from the Offering, together with the proceeds from the TPG Equity Contribution, the Sumitomo Life Equity Contribution and the term loan facility under the Senior Facilities, will be used by the Issuer to fund the Acquisition. See "*Use of Proceeds*".
Rating	The Notes are expected, on the Issue Date, to be rated "Baa3" by Moody's and "BBB-" by Fitch. A rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the assigning rating organisation.
Listing	Application has been made to the SGX-ST for the listing of the Notes. For so long as any Notes are listed on the SGX-ST and the rules of the SGX-ST so require, such Notes will be traded on the SGX-ST in a minimum board lot size of S$200,000 (or its equivalent in other currencies) or such other amount as may be allowed or required from time to time.
Governing Law	Singapore law.
Selling Restrictions	The Notes have not been and will not be registered under the Securities Act and may not be offered or sold within the United States except pursuant to an available exemption from the registration requirements of the Securities Act. The Notes may be sold in other jurisdictions (including the United States, the European Economic Area, the United Kingdom, Hong Kong, Japan and Singapore) only in compliance with applicable laws and regulations. See "*Subscription and Sale*".
Risk Factors	Investment in the Notes involves risks. See "*Risk Factors*".
Legal Entity Identifier (LEI)	2549005ZUGHJ62CO4U86

UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL INFORMATION OF THE GROUP AND SUMMARY HISTORICAL FINANCIAL INFORMATION

Unaudited Pro Forma Consolidated Financial Information

The Unaudited Pro Forma Financial Information comprises an unaudited pro forma consolidated statement of financial position as at 30 June 2020 and 31 December 2019 (the "**Unaudited Pro Forma Consolidated Statement of Financial Position**"), an unaudited pro forma consolidated statement of comprehensive income for the six months ended 30 June 2020 and for the year ended 31 December 2019 (the "**Unaudited Pro Forma Consolidated Statement of Comprehensive Income**") and the related notes, each of which have been prepared to give effect to the proposed Acquisition. The Unaudited Pro Forma Financial Information has been prepared as though the Acquisition occurred as at 1 January 2019. The financial information set out below should be read together with the other financial information of the Group included elsewhere in this Offering Circular, including the sections titled "*—Summary Historical Financial Information*" and "*Capitalisation and Indebtedness*" and the financial statements included elsewhere in this Offering Circular.

The Unaudited Pro Forma Financial Information has been compiled to illustrate the impact of the following transactions and relevant adjustments in connection with the Group's financial position as at 31 December 2019 and 30 June 2020 and the Group's financial performance for the year ended 31 December 2019 and the six months ended 30 June 2020. These transactions and adjustments include:

- aligning the presentation of the pro forma statements of financial position and the pro forma statements of comprehensive income across the individual entities within the Group;
- reflecting the completion of the Acquisition as if the Acquisition had taken place on 1 January 2019;
- reflecting the financing of the Acquisition, as if the financing instruments set out in Note 2.1 of the Unaudited Pro Forma Financial Information were issued or transacted on 1 January 2019; and
- reflecting consolidation adjustments to eliminate intercompany transactions between entities within the Group, as well as to reflect the accounting impact of the Acquisition at the consolidated Group level.

The Unaudited Pro Forma Financial Information is presented for information purposes only and does not represent what the results of operations would actually have been, had the Acquisition occurred on the date indicated nor does it project the results of operations for any future period. The Unaudited Pro Forma Financial Information should be read in conjunction with the sections titled "*Capitalisation and Indebtedness*", "*Use of Proceeds*", and the Aviva Singapore Financial Statements, the Aviva Asia Financial Statements and the Singlife Financial Statements included elsewhere in this Offering Circular.

Unaudited Pro Forma Consolidated Statement of Comprehensive Income

	Fiscal year ended 31 December 2019	Six months ended 30 June 2020
	(S$ thousands)	
Income		
Gross premiums written	2,505,609	1,465,350
Outward reinsurance premiums	(329,523)	(212,959)
Net premiums written	2,176,086	1,252,391
Gross change in unearned premiums and unexpired insurance risks	(36,292)	(34,262)
Reinsurer's share of change in unearned premiums and unexpired insurance risks	(1,080)	19,443
Net premiums earned	2,138,714	1,237,572
Net investment income	189,550	93,656
Share of profit of an associate	5,215	436
Net fair value gain on investments	711,578	240,877
Net fair value (loss)/gain on derivatives	49,001	(149,126)
Impairment loss on available for sale financial assets	–	–
Reinsurance commission and profit commission	64,603	25,367
Other income	29,732	19,175
Total income	**3,188,393**	**1,467,957**
Expenses		
Gross insurance contract benefits and claims paid	(1,704,007)	(706,805)
Reinsurers' share of insurance contract benefits and claims paid	108,303	62,419
Gross change in insurance contract liabilities	(1,028,500)	(1,140,569)
Reinsurers' share of change in insurance contract liabilities	193,698	621,957
Fee and commission expense	(336,629)	(164,475)
Staff costs	(140,758)	(65,450)
Depreciation and amortisation	(20,042)	(10,395)
Amortisation of value in-force business	(169,290)	(77,861)
Financing costs	(50,678)	(25,053)
Other expenses	(121,072)	(60,090)
Total expenses	**(3,268,975)**	**(1,566,322)**
Profit before tax	**(80,582)**	**(98,365)**
Tax attributable to policyholders' returns	(99,956)	(27,927)
Profit before tax attributable to shareholders	**(180,538)**	**(126,292)**
Tax attributable to shareholder's profits	(15,688)	(7,746)
Net profit for the financial year	**(196,226)**	**(134,038)**
Attributable to:		
Shareholders	(195,669)	(134,032)
Non-controlling interests	(557)	(6)
Net profit for the financial year	**(196,226)**	**(134,038)**
Other comprehensive income		
Items that may be reclassified subsequently to profit or loss		
Net gain on fair value changes of available-for-sale financial assets	28,161	6,361
Exchange differences on translation of foreign operations	(693)	7,558
Transfer of realised loss to profit and loss	(25)	2,144
Total comprehensive income for the financial year	**(168,783)**	**(117,975)**
Attributable to:		
Shareholders	(168,247)	(118,188)
Non-controlling interests	(536)	213
Total comprehensive income for the financial year	**(168,783)**	**(117,975)**

Unaudited Pro Forma Consolidated Statement of Financial Position

	As at 31 December 2019	As at 30 June 2020
	(S$ thousands)	
Assets		
Investment in subsidiaries	29,744	42,744
Investment in associate	71,838	72,274
Property, plant and equipment	35,187	31,388
Intangible assets	1,088,391	1,007,706
Goodwill	1,364,293	1,364,293
Policy loans	60,346	59,032
Deferred acquisition costs	17,522	19,069
Reinsurer's share of insurance contract liabilities	569,534	1,211,110
Derivative financial assets	70,425	81,343
Investments at fair value through profit or loss	9,064,866	9,632,354
Available-for-sale financial assets	268,702	267,106
Insurance receivables	140,482	197,152
Other receivables	98,697	121,571
Prepayments	48,092	32,947
Cash and cash equivalents	267,764	310,697
Total Assets	**13,195,883**	**14,450,786**
Liabilities		
Insurance payables	432,019	477,491
Other payables	457,281	491,007
Derivative financial liabilities	11,076	103,228
Loans and borrowings	873,674	867,756
Insurance contract liabilities	8,714,450	9,897,781
Current tax payable	35,722	43,916
Lease liabilities	16,588	11,204
Deferred tax liabilities	367,056	396,019
Total Liabilities	**10,907,866**	**12,288,402**
Net assets	**2,288,017**	**2,162,384**
Equity		
Share capital	2,470,185	2,471,982
Accumulated losses	(221,506)	(367,238)
Non-controlling interests	11,537	11,750
Fair value reserve	28,136	36,641
Translation reserve	(693)	6,865
Share based compensation reserve	359	2,384
Total equity	**2,288,017**	**2,162,384**

Summary Historical Financial Information

The summary historical financial information of Aviva Singapore, Aviva Asia and Singlife Singapore set forth below are extracted or derived from the Aviva Singapore Financial Statements, the Aviva Asia Financial Statements and the Singlife Financial Statements respectively, and should be read in conjunction with the Aviva Singapore Financial Statements, the Aviva Asia Financial Statements and the Singlife Financial Statements included elsewhere in this Offering Circular, including the respective notes thereto.

Aviva Singapore

Statement of comprehensive income

	Fiscal year ended 31 December			Six months ended 30 June
	Audited			Unaudited
	2017	2018	2019	2020
	(S$ millions)			
Gross premiums written	1,652.61	1,844.84	2,363.62	1,252.96
Outward reinsurance premiums	(212.79)	(291.57)	(376.71)	(210.65)
Net premiums written	1,439.82	1,553.27	1,986.91	1,042.31
Gross change in unearned premiums and unexpired insurance risks	(20.97)	(24.89)	(36.29)	(34.26)
Reinsurers' share of change in unearned premiums and unexpired insurance risks	(1.90)	3.50	(1.08)	19.44
Net premiums earned	1,416.95	1,531.88	1,949.54	1,027.49
Net investment and other income	170.28	174.89	168.53	86.33
Share of profit of an associate	6.14	10.52	5.22	0.44
Net realised gain on sale of investments at fair value through profit or loss	117.53	179.84	86.91	73.57
Net fair value gain on investments at fair value through profit or loss	143.46	(426.35)	620.56	161.49
Impairment loss on available-for-sale financial assets	(7.71)	(2.27)	(1.51)	-
Net realised (loss)/gain on derivatives	80.82	(34.24)	(8)	(67.30)
Net fair value (loss)/gain on derivatives	140.01	(44.56)	56.99	(81.51)
Total income	**2,067.48**	**1,389.71**	**2,878.24**	**1,200.51**

	Fiscal year ended 31 December			Six months ended 30 June
	Audited			Unaudited
	2017	2018	2019	2020
	(S$ millions)			
Gross insurance contract benefits and claims paid	(723.46)	(906.97)	(1,696.65)	(684.82)
Reinsurers' share of insurance contract benefits and claims paid	78.01	71.11	106.94	61.98
Gross change in insurance contract liabilities	(1,021.40)	(218.58)	(872.08)	(921.38)
Reinsurers' share of change in insurance contract liabilities	31.28	(103.39)	272.10	622.97
Net insurance contract benefits and claims incurred	(1,635.57)	(1,157.83)	(2,189.69)	(921.25)
Commission expense	(187.25)	(240.07)	(299.27)	(152.84)
Reinsurance commission income	49.35	183.51	37.88	25.37
Net commission expense	(137.90)	(56.56)	(261.39)	(127.47)
Staff costs:				
Salaries, bonuses and other employee benefits	(57.04)	(61.53)	(73.93)	(35.10)
Central Provident Fund contributions	(6)	(6.47)	(7.57)	(3.61)
Share-based payments expenses	(1.15)	(2.48)	(1.37)	(0.80)
Depreciation of plant and equipment and amortisation of intangible assets	(4.05)	(5.82)	(11.66)	(5.37)
Interest expense on lease liabilities	-	-	(0.48)	(0.12)
Other operating expenses	(82.92)	(92.67)	(99.97)	(46.50)
Other expenses	(151.16)	(168.97)	(194.98)	(91.50)
Total expenses	(1,924.63)	(1,383.36)	(2,646.06)	(1,140.22)
Profit before tax	142.85	6.35	232.18	60.29
Tax attributable to policyholders' returns	(41.82)	14.84	(99.96)	(27.93)
Profit before tax attributable to shareholder	101.03	21.19	132.22	32.36
Tax expense	(67.30)	9.53	(116.02)	(35.67)
Less: Tax attributable to policyholders' returns	41.81	(14.85)	99.96	27.93
Tax attributable to shareholder's profits	(25.49)	(5.32)	(16.06)	(7.74)
Net profit for the financial year	**75.54**	**15.87**	**116.16**	**24.62**
Other comprehensive income for the financial year, net of income tax	**-**	**-**	**-**	**-**
Total comprehensive income for the financial year	**75.54**	**15.87**	**116.16**	**24.62**

Balance sheet

	As at 31 December			As at 30 June
	Audited			Unaudited
	2017	2018	2019	2020
	(S$ millions)			
Non-current assets				
Investments in subsidiaries	13.20	16.20	29.74	42.74
Investment in associate	61.18	68.88	71.84	72.27
Plant and equipment	1.65	0.55	8.69	5.76
Intangible assets	13.71	13.42	19.59	17.24
Policy loans	61.58	61.10	60.35	59.03
Investments at fair value through profit or loss	3,458.19	3,323.32	3,792.01	4,663.79
Reinsurers' share of insurance contract liabilities	329.36	221.05	469.51	1,095.23
	3,938.87	**3,704.52**	**4,451.73**	**5,956.06**
Current assets				
Cash and cash equivalents	171.54	197.78	209.01	173.630
Investments at fair value through profit or loss	4,200.79	4,913.85	5,190.54	4,820.13
Available-for-sale financial assets	7.78	5.52	4.01	5.81
Derivative financial assets	74.45	41	69.46	81.03
Insurance receivables	94.64	120.76	139.14	196.01
Other receivables	75.73	73.35	82.81	96.78
Reinsurers' share of insurance contract liabilities	67.13	75.55	98.17	114.98
Prepayments	47.48	44.99	47.80	32.77
Deferred acquisition cost	16.15	18.86	17.52	19.07
	4,755.69	**5,491.66**	**5,858.46**	**5,540.21**
Current liabilities				
Insurance payables	434.11	445.05	427.87	472.38
Derivative financial liabilities	27.54	38.65	10.12	103.21
Other payables	46.83	305.94	401.96	434.18
Insurance contract liabilities	654.09	1,046.37	1,170.42	1,144.56
Current tax payable	27.60	18.55	35.06	43.25
Lease liabilities	-	-	7.49	6.23
	1,190.17	**1,854.56**	**2,052.92**	**2,203.81**
Net current assets	**3,565.52**	**3,637.10**	**3,805.54**	**3,336.40**
Non-current liabilities				
Insurance contract liabilities	6,615.84	6,467.03	7,251.41	8,233.02
Deferred tax liabilities	298.27	277.33	367.06	396.02
Lease liabilities	-	-	1.96	-
	6,914.11	**6,744.36**	**7,620.43**	**8,629.04**
Net assets	**590.28**	**597.26**	**636.84**	**663.42**
Equity				
Share capital	98.15	98.15	103.19	104.99
Share based compensation reserve	3.50	4.61	4.97	5.14
Retained profits	488.63	494.50	528.68	553.29
Total equity	**590.28**	**597.26**	**636.84**	**663.42**

Statement of cash flows

	Fiscal year ended 31 December			Six months ended 30 June
	Audited			Unaudited
	2017	2018	2019	2020
	(S$ millions)			
Net cash generated from operating activities	450.58	715.75	(39.33)	225.94
Net cash flows (used in) from investing activities	(529.83)	(679.51)	138.58	(259.90)
Net cash used in financing activities	10.67	(10)	(88.02)	(1.42)
Net (decrease)/increase in cash and cash equivalents	(68.58)	26.24	11.23	(35.38)
Cash and cash equivalents at the beginning of the period	240.12	171.54	197.78	209.01
Cash and cash equivalents at the end of the period	171.54	197.78	209.01	173.63

Aviva Asia

Statement of comprehensive income

	Fiscal year ended 31 December			Six months ended 30 June
	Audited			Unaudited
	2017	2018	2019	2020
	(S$ millions)			
Revenue				
Service income	-	-	-	20.67
Reimbursement of costs	57.04	59.97	54.07	-
Other income	**0.35**	**0.54**	**1.02**	**0.42**
Other gains				
Exchange gains	(2.15)	0.61	0.72	0.03
Gain on disposal on plant and equipment	0.04	0.11	-	-
Expenses				
Staff costs	(56.74)	(49.12)	(45.48)	(18.27)
Depreciation of property and equipment	(1.99)	(1.86)	(4.74)	(2.72)
Amortisation of intangible assets	(0.50)	(0.71)	(0.84)	(0.47)
Amortisation of club membership	(0.13)	(0.08)	-	-
Rental expense	(3.48)	(3.04)	(2.16)	-
Provision/Write-back of impairment loss	(0.39)	0.04	(0.01)	-
Utilities and maintenance expense	(0.71)	(0.10)	(0.31)	(0.10)
Write-off of plant and equipment	(0.89)	-	-	-
Marketing costs	(0.64)	(0.45)	(0.66)	(0.13)
Management expenses	-	-	-	(1.08)
Interest expense	-	-	(0.26)	(0.08)
Other operating expenses	(31.10)	(32.32)	(27.37)	(14.19)
Total expenses	**(96.57)**	**(87.64)**	**(81.83)**	**(37.04)**
Loss before income tax	**(41.29)**	**(26.41)**	**(26.02)**	**(15.92)**
Income tax expense	(0.38)	(0.87)	0.38	-
Loss after income tax	**(41.67)**	**(27.28)**	**(25.64)**	**(15.92)**
Other comprehensive (loss)/gain:				
Items that may be subsequently reclassified to profit or loss:				
Currency translation differences	2.40	(1.57)	0.32	0.71
Total comprehensive loss	**(39.27)**	**(28.85)**	**(25.32)**	**(15.21)**

Balance sheet

	As at 31 December			As at 30 June
	Audited			Unaudited
	2017	**2018**	**2019**	**2020**
	(S$ millions)			
Non-current assets				
Property and equipment	1.66	7.45	11.88	9.15
Intangible assets	7.57	1.47	0.96	0.49
Club memberships	0.08	-	-	-
	9.31	**8.92**	**12.84**	**9.64**
Current assets				
Trade and other receivables	19.96	15.56	7.75	12.19
Other assets	0.23	0.19	0.70	0.72
Cash and cash equivalents	44.57	61.14	79.09	62.95
	64.76	**76.89**	**87.54**	**75.86**
Current liabilities				
Trade and other payables	47.60	52.82	53.15	53.24
Lease liabilities	-	-	2.97	2.22
Tax payable	1.82	1.89	0.66	0.66
	49.42	**54.71**	**56.78**	**56.12**
Net current assets	**15.34**	**22.18**	**30.76**	**19.74**
Non-current liability				
Lease liabilities	-	-	0.87	-
Net assets	**24.65**	**31.10**	**42.73**	**29.38**
Share capital	309.17	344.47	381.87	381.87
Translation reserve	0.84	(0.73)	(0.41)	0.30
Share reserve	-	-	-	1.86
Accumulated losses	(285.36)	(312.64)	(338.73)	(354.65)
Total equity	**24.65**	**31.10**	**42.73**	**29.38**

Statement of cash flows[(1)]

	Fiscal year ended 31 December			Six months ended 30 June
	Audited			Unaudited
	2017	**2018**	**2019**	**2020**
	(S$ millions)			
Net cash used in operating activities	(19.96)	(16.64)	(13.41)	(14.45)
Net cash used in investing activity	(8.85)	(2.14)	(2.87)	-
Net cash (used in)/generated from financing activities	48.63	35.30	34.24	(1.70)
Net (decrease)/increase in cash and cash equivalents	19.82	16.52	17.96	(16.15)
Cash and cash equivalents at beginning of the year	24.68	44.58	61.14	79.09
Effects of currency translation	0.09	0.05	(0.01)	0.02
Cash and cash equivalents at end of the year	44.59	61.15	79.09	62.96

Note:

(1) During the fiscal year ended 31 December 2019, certain contracts were novated and cash transferred as intercompany arrangements from Aviva Asia Digital Pte Ltd to Aviva Asia. As at 31 December 2019 and 30 June 2020, these cash balances remained in Aviva Asia, with a corresponding payable to Aviva UK recorded in Aviva Asia's balance sheets. As this was a transfer of cash via an intercompany arrangement, the net cash inflow has been presented as part of Aviva Asia's working capital changes in its cash flow statement for the period.

Singlife Singapore

Statement of comprehensive income

	Fiscal year ended 31 December			Six months ended 30 June
	Audited			Unaudited
	2017	**2018**	**2019**	**2020**
	(S$ millions)			
Income				
Gross premiums	15.83	132.34	141.99	212.39
Premiums ceded to reinsurers	(15.66)	(96.95)	47.18	(2.31)
Net premiums earned	0.17	35.39	189.17	210.08
Changes in fair value of investments	(0.21)	(2)	4.12	5.51
Interest income	1.19	4.05	10.67	7.22
Other income	0.05	6.99	2.84	1.51
Reinsurance and profit commission	3.15	28.35	26.73	-
Total Income	**4.35**	**72.78**	**233.53**	**224.32**
Expenses				
Claims and surrenders	-	5.15	6	21.55
Change in insurance contract liabilities	0.04	22.39	234.82	220.19
Fee and commission expenses	2.02	14.72	16.64	1.54
Staff costs	4.41	-	-	-
Employee benefits expenses	-	8.39	21.89	14.81
Depreciation	0.24	0.74	2.75	1.82
Amortisation	-	0	0.06	0.02
Management expenses	-	8.78	16.45	8.20
Other expenses	-	5.61	0.14	3.38
Management and other expenses	4.55	-	-	-
Total Expenses	**11.25**	**65.79**	**298.75**	**271.51**
(Loss)/Profit Before Tax	(6.90)	6.99	(65.22)	(47.19)
Taxation expense	-	-	-	-
Net loss/profit for the financial period	**(6.90)**	**6.99**	**(65.22)**	**(47.19)**
Other comprehensive income for the financial period:				
Items that may be reclassified subsequently to profit or loss				
Net gain on fair value changes of available-for-sale financial assets	0.67	(5.71)	28.16	6.36
Exchange differences on translation of foreign operations	-	-	0.06	0.62
Transfer of realised loss to profit and loss	-	0.08	(0.02)	2.14
Total comprehensive income for the financial period	**(6.23)**	**1.35**	**(37.02)**	**(38.07)**
Attributable to:				
Shareholders	(6.23)	1.35	(36.48)	(38.28)
Non-controlling interests	-	-	(0.54)	0.21
	(6.23)	1.35	(37.02)	(38.07)

Balance sheet

	As at 31 December			As at 30 June
	Audited			Unaudited
	2017	2018	2019	2020
	(S$ millions)			
Assets				
Property, Plant and equipment	3.56	6.23	14.62	16.48
Intangible assets	-	0.40	0.14	0.14
Prepayment	0.19	0.43	0.29	0.18
Reinsurer's share of insurance contract liabilities	11.47	80.36	1.85	0.91
Investments	53.22	168.54	351.99	415.85
Insurance and other receivables	1.18	5.83	6	5.84
Cash and cash equivalents	17.14	75.34	114.96	251.86
Total Assets	**86.76**	**337.14**	**489.85**	**691.26**
Equity				
Share capital	69.65	115.75	208.63	215.75
Fair value reserve	0.65	(5.03)	22.84	32.08
Translation reserve	-	-	0.04	0.44
Share option reserve	-	0.02	9.38	16.81
Accumulated losses	(11.50)	(4.67)	(68.51)	(117.80)
Shareholders' equity	-	-	172.37	147.28
Non-controlling interests	-	-	11.54	12.14
Total equity	**58.81**	**106.06**	**183.91**	**159.43**
Liabilities				
Gross insurance contract liabilities	11.51	139.03	291.83	519.85
Derivative financial liabilities	-	-	0.96	0.02
Insurance and other payables	16.44	92.04	13.15	11.96
Total liabilities	**27.95**	**231.07**	**305.94**	**531.83**
Total equity and liabilities	**86.76**	**337.14**	**489.85**	**691.26**

Statement of cash flows

	Fiscal year ended 31 December			Six months ended 30 June
	Audited			Unaudited
	2017	2018	2019	2020
	(S$ millions)			
Cash flows from operating activities	7.39	135.46	86.49	168.80
Net cash flows used in investing activities	(56.56)	(124.26)	(152.33)	(34.63)
Net cash flows (used)/from financing activities	65.77	44.12	107.34	(0.68)
Additions of property, plant and equipment	(2.66)	(3.32)	(7.97)	(3.20)
Payables in respect of additions to property plant and equipment	0.38	-	-	-
Net increase in cash and cash equivalents	16.60	57.55	41.51	133.49
Effect of exchange rate on cash and cash equivalents	0.96	(0.37)	(0.42)	0.16

RISK FACTORS

An investment in the Notes involves risks. Before purchasing the Notes, an investor should carefully consider the specific risk factors set forth below, as well as the other information contained in this Offering Circular. If any of the risks described below, individually or in combination, were to occur, this could have a material adverse impact on the Group's business, prospects, results of operations, cash flows and financial condition and could therefore have a negative effect on the trading price of the Notes and the Issuer's ability to pay all or part of the interest, principal or other amounts on the Notes.

Although the risk factors described below and elsewhere in this document are the risks considered to be the most material, there may be other unknown or unpredictable economic, business, competitive, regulatory or other factors that could have material adverse effects on the Group's results of operations, financial condition, business or operations in the future. In addition, the past financial performance of Aviva and Singlife may not be a reliable indicator of the Group's future performance and historical trends should not be used to anticipate results or trends in future periods. Additional risks not currently known to the Group or that it now deems immaterial may also harm the Group and affect an investor's investment.

This Offering Circular also contains forward-looking statements that involve risks and uncertainties. The Group's actual results may differ materially from those anticipated in these forward-looking statements as a result of various factors, including the risks described below and elsewhere in this Offering Circular. Prospective purchasers of the Notes should ensure that they understand the nature of such Notes and the extent of their exposure to risk, that they have sufficient knowledge, experience and access to professional advisers to make their own legal, tax, regulatory, accounting and financial evaluation of the merits and risks of investment in such Notes and that they consider the suitability of such Notes as an investment in light of their own circumstances and financial condition and that of any accounts for which they are acting

Risks Relating to the Group's Business and the Insurance Industry

Market fluctuations and general economic conditions in the geographical markets in which the Group operates inherently impacts its business.

The Group's business is inherently subject to market fluctuations and general economic conditions in the geographical markets in which the Group operate, specifically Singapore. Significant market volatility, and government actions taken in response, may exacerbate some of the risks the Group faces. Concerns about global economic conditions may continue to cause elevated levels of market volatility. This market volatility may affect the performance of various asset classes at various times.

Specifically, trade friction remains elevated among the largest trading partners in the world, the U.S. and China, with potential negative impact on global growth. Volatility in China's growth or downside risks such as a credit crunch could have a considerable impact on regional economies and commodity prices. The slower growth trajectory of the U.S. could leave the economy more vulnerable to a large negative confidence shock. Growth and financial performance in emerging markets, Asia and trade-exposed economies such as Singapore are particularly vulnerable to disruptions to global trade flows, capital flows, business investments and global supply chains in the event of an escalation in trade tensions or a protracted slowdown. These developments, or the perception that any of them could occur, have had and may continue to have a material adverse effect on global economic conditions and the stability of global financial markets, and may significantly reduce global market liquidity, restrict the ability of key market participants to operate in certain financial markets or restrict the Group's access to capital. These conditions have resulted in higher historic volatility, less liquidity, widening of credit spreads and a lack of price transparency in certain markets.

Global markets have experienced significant volatility in recent years and growth in major economies has slowed moderately toward their longer-term growth rates. Economic developments globally can have a significant impact on the Group's principal markets. Following the United Kingdom's exit from the European Union ("**Brexit**"), there remains significant uncertainty around the terms of their future relationship with the European Union and, more generally, as to the impact of Brexit on the general economic conditions in the United Kingdom and the European Union and any consequential impact on global financial markets. For example, Brexit could give rise to increased volatility in foreign exchange rate movements and the value of equity and debt investments.

More recently, the COVID-19 outbreak together with the resulting restrictions on travel and/or imposition of quarantine measures has resulted, and may continue to result, in protracted volatility in international markets and/or may result in a global recession as a consequence of disruptions to travel and retail segments, tourism and manufacturing supply chains, and may adversely impact the operations, revenues and profitability of the Group. In particular, the COVID-19 outbreak has caused stock markets worldwide to lose significant value and impacted economic activity worldwide. A number of governments (including the Singapore government) have revised gross domestic product growth forecasts for 2020 downward in response to the economic slowdown caused by the spread of COVID-19, and it is possible that the outbreak of COVID-19 will cause a prolonged global economic crisis or recession which may have a material adverse effect on the Group's business, financial conditions, results of operations, prospects and profitability.

A number of governments (including the Singapore government) have also introduced and may continue to introduce support and relief measures in response to the COVID-19 outbreak. For example, the Singapore government has released four budget packages, namely the S$6.40 billion Unity Budget on 18 February 2020, the S$48 billion Resilience Budget on 26 March 2020, the S$5.10 billion Solidarity Budget on 6 April 2020 and the S$33 billion Fortitude Budget on 26 May 2020 and the Ministerial Statement on 16 August 2020 extending the previously announced measures by a further S$8 billion, as part of its support and relief measures in response to the COVID-19 pandemic. In addition, the COVID-19 (Temporary Measures) Act 2020 was passed in April 2020 and introduces certain relief for individuals and businesses in financial distress as a result of the ongoing COVID-19 pandemic. However, there is no assurance that such support packages will be effective in improving the state of the local and global economy.

While the Group maintains capital adequacy and solvency levels above the regulatory requirement and MAS has introduced transitional capital adequacy and solvency relief measures which will continue until the end of 2020, the market volatility arising from the COVID-19 outbreak, particularly with respect to falling yields and equity values, has had and may continue to have a material impact on the solvency position for the Group. For example, according to the Life Insurance Association of Singapore, Singapore's life insurance industry recorded a total of S$1.66 billion in weighted new business premiums for the six month period ended 30 June 2020, a drop of 13.0% from the same period in 2019. While the Group has prepared capital adequacy and solvency contingency plans which have been approved by the board of directors of each Group company to ensure the Group continues to meet its regulatory capital adequacy and solvency requirements, in the event of prolonged market downturn and/or sustained market volatility, there is no assurance that the Group's business, financial conditions, results of operations, prospects, profitability and capital adequacy would not be materially affected.

Most of the Group's financial assets and liabilities are recorded at fair value, including assets and liabilities relating to the Group's insurance operations (such as insurance and reinsurance contracts), financial assets and liabilities designated at fair value through profit and loss, and securities available-for-sale. Changes in the value of securities held for trading and financial assets designated at fair value through profit and loss are recorded through the Group's consolidated statement of comprehensive income. In addition, difficult operating conditions could reduce the demand for the group's products and services, reduce the returns from, or give rise to defaults or losses in, the Group's investment portfolio, increase lapse risk and otherwise have a material adverse effect on the Group's business, financial condition or results of operations.

COVID-19 may adversely affect the Group's business, financial condition and results of operations.

On 11 March 2020, the World Health Organisation declared the outbreak of COVID-19 as a global pandemic. The ongoing COVID-19 pandemic has had a significant impact on the global economy and the ability of individuals, businesses, and governments to operate. Across the globe, travel, trade, business, working arrangements and consumption have been materially impacted by the pandemic. There continues to be considerable uncertainty as to the duration of and further impact of COVID-19 including (but not limited to) in relation to government, regulatory or health authority actions, work stoppages, lockdowns, quarantines and travel restrictions. The impact of some or all of these factors could cause significant direct disruption to the Group's operations and financial performance. Furthermore, the pandemic and associated impacts could necessitate further divisional capital requirements/support (either on a standalone basis or concurrently), which creates additional challenges and risks for the financial position of the Group.

A continuation or escalation of the COVID-19 pandemic could also materially affect risk profiles and affect the ability of the Group to underwrite new business and reinsure existing risk. Additionally, its investment portfolio (and, specifically, the valuations of investment assets held by the Group) has been, and may continue to be, adversely affected as a result of market developments from the COVID-19 pandemic and uncertainty regarding its outcome. Furthermore, the Group's financial position may be adversely impacted if certain of its suppliers (including its counterparties, suppliers of information technology ("**IT**") services, and other suppliers of goods and services) are unable to successfully implement business continuity plans in the current environment or if any such suppliers are unable to continue as going concerns as a result of the economic impact of COVID-19.

In response to COVID-19, the Singapore government imposed certain restrictions. From April 2020 to June 2020, the Singapore government imposed "circuit-breaker" or lockdown measures to contain the spread of the COVID-19 virus. In June, Singapore gradually resumed economic activities in two phases. During "phase-I" (1 June 2020 to 18 June 2020), only economic activities that did not pose a high risk of transmission were allowed to reopen. During "phase-II" (from 18 June 2020 to the date of this Offering Circular), most economic activities were allowed to resume operations in Singapore, subject to safe-distancing measures.

During the "circuit-breaker" and "phase-I" periods, Aviva Singapore temporarily closed all its customer service centres in Singapore. Although online insurance services were available, Aviva Singapore's closure of its customer service centres and travel restrictions imposed during the "circuit-breaker" period resulted in restricted face-to-face interactions with customers. As a consequence, Aviva Singapore's new business sales declined in the second quarter of fiscal year 2020. Even though the "circuit-breaker" restrictions are lifted, there might be a period of significantly reduced economic activity, potential increased unemployment and reduced consumer spending as a result of customers reprioritising their investment and financial planning decisions, all of which may adversely affect the business, financial conditions, results of operations, prospects and profitability of the Group.

The COVID-19 outbreak has the potential to affect a significant percentage of the Singapore's population, causing a high level of sickness and an increase in mortality rates, which may result in significant exposure to mortality and morbidity risk, which may lead to increased claims on the Group health and life insurance policies. As the COVID-19 outbreak is ongoing, the actual extent of the outbreak and its impact on the domestic, regional and global economy remains uncertain, and the actual extent of the impact on the Group's business, financial conditions, results of operations, prospects and profitability will depend on, among other things, the duration and impact of the COVID-19 outbreak.

A mismatch between the Group's assets and liabilities due to circumstances outside its control could increase its exposure to interest rate risk.

The Group seeks to match the duration of its assets to related liabilities by focusing on product offerings whose maturity profiles are in line with the duration of investments available to it. However, it may not be possible for the Group to hold assets which will provide cash flows to exactly match those relating to policyholder liabilities.

The Group's ability to invest in financial instruments that would enable it to closely match the duration and yield of their respective investment assets and insurance policy liabilities may be limited by applicable insurance laws, rules and regulations in Singapore. Further, markets may not offer, or have only a limited availability of, long-duration investment assets with appropriate yields. Due to the long-term nature of the liabilities associated with certain life insurance businesses, and guaranteed benefits on certain long-term insurance, sustained declines in long-term interest rates may substantially increase the present value of the Group's future liabilities. In other situations, decline in interest rates may result in increases in the duration of certain life insurance liabilities, creating asset liability duration mismatches. If the Group is unable to match closely the duration of its assets and liabilities, it will be exposed to interest rate changes and reinvestment risks, which may materially affect its business, financial conditions, results of operations, prospects and profitability.

Fluctuations in interest rates, fixed income and market conditions may materially and adversely affect the Group's business, financial conditions or profitability.

The investment portfolio constituted 84.86% and 60.16% of Aviva Singapore's and Singlife's total respective assets as of 30 June 2020. Investment returns are an important part of the Group's overall profitability. Fluctuations in the financial markets, including the equity markets and fixed income markets, may have a material adverse effect on the Group's business, cash flows, financial conditions, results of operations, prospects and profitability. In addition, a default by a major market participant or events such as a global outbreak of a pandemic, a significant act of terrorism or wars could have a negative impact on the securities markets. See also "*—COVID-19 may adversely affect the Group's business, financial condition and results of operations.*"

The pricing of the Group's products requires assumptions about interest rates. If actual interest rates are lower than those assumed, this could have an adverse effect on the Group's profitability or financial condition. For some of its long-term life insurance policies, the Group is obligated to pay a minimum interest or crediting rate to its policyholders, which is determined when the product is priced. These products may expose the Group to the risk that changes in interest rates may reduce the Group's spread, or the difference between the rates the Group is required to pay under the policies and the rate of return the Group is able to earn on its investments supporting its insurance obligations. If the rates of return on its investments fall below the minimum rates the Group guarantees under such insurance products, the Group's business, financial conditions, results of operations, prospects and profitability may be materially and adversely affected.

During periods of declining interest rates, the Group's average investment yield will decline as maturing investments are replaced with new investments with lower yields and coupon payments. As a result, the decline in interest rates would reduce the Group's return on investments, which could materially reduce its profitability, regardless of whether such investments are used to support particular insurance policy obligations. For products with guaranteed return features, declines in interest rates reduce the rate of return the Group is able to earn on investments supporting the obligations under these products. Conversely, during periods of increasing interest rates, the fair value of the Group's investment portfolio may decrease as a result of the decrease of the estimated fair value of fixed income investments. Further, an increase in interest rates may also prompt an increase in the surrenders of policies as policyholders may choose to seek investments with higher returns. While historical rates of policy surrender for the Group have been low and stable, this process may nonetheless result in cash outflows and may require the Group to sell investment assets at a time when the prices of those assets are adversely affected by the increase in market interest rates, which may result in realised capital losses. Should there be a persistent low interest rate environment, this could result in continued lower interest rates on the Group's investments and the Group's average yield on investments could be adversely affected.

In addition, in order to reduce its exposure to changes in interest rates, the Group may seek to match the duration of its assets and related liabilities. However, the availability of assets of suitable duration or alternatives in the form of derivative instruments may be restricted by applicable insurance laws, rules and regulations or other market factors. If the Group is unable to closely match the duration of its assets and liabilities, the Group will be exposed to interest rate changes, which may materially and adversely affect its business, financial conditions, results of operations, prospects and profitability.

Fixed income securities represent a significant percentage of Group's investment portfolio. As of 30 June 2020, fixed income securities represented 71.78% and 92.29% of Aviva Singapore's and Singlife's respective total investments. Investment returns are an important part of the Group's overall profitability. The return on the Group's fixed income investments is subject to fluctuations in interest rates and credit spreads, among other factors. Such fluctuations affect, inter alia, the Group's interest income and the market values of the fixed income securities in the Group's investment portfolios, which will result in corresponding capital gains or losses. Fluctuations in interest rates and credit spreads and returns from equity markets may also impact customer demand for a number of the products currently offered by the Group, particularly demand for its investment-linked products. Fluctuations in the securities markets could result in investors withdrawing capital from the markets, decreasing their rate of investment or surrendering life insurance policies, any of which could adversely affect the Group's sales of life insurance and other investment products and may adversely affect the Group's business, financial conditions, results of operations, prospects and profitability.

The Group may not achieve its strategic growth plans.

The Group will seek opportunities to expand its distribution network and product portfolio, and pro-actively engage with customers. The Group will also seek opportunities to capitalise on its market position and experience in structuring risk transfer solutions. However, there can be no assurance that the Group would be able to execute its strategies as planned. The Group operates in a highly competitive market. Its competitors include life and non-life insurance companies, mutual fund companies, banks and investment management firms of various sizes, of which some may have greater financial resources and/or have been in the insurance business for a longer time. Certain competitors have relationships with some of the Group's current or potential customers, making it more difficult for the Group to increase its sales base. In addition, given the potential changes in consumer purchase behaviour, the Group also faces the risk that its existing customers may seek products with different features, coverage and investment performance that it does not offer. Competition in the insurance industry is based on many factors, including the overall financial strength of the insurer, expertise, local presence, reputation, experience and qualifications of employees, client relationships, products and services offered, premiums charged, contract terms and conditions and speed of claims payment. Should the Group's existing market share be reduced or should its profit margins be lowered as a result of the Group not being able to compete in any of the factors aforementioned, its business, financial condition, operational results and prospects could be adversely affected.

In order to compete effectively with its competitors, the Group continues to focus and invest strategically in technological innovation across its business, especially in the field of digital analytics (including partnerships with digital leaders), smart analytics and cognitive computing, to enhance its value proposition and support growth. This includes modernising and integrating its information technology architecture as well as pursuing innovative initiatives. Investment in technological innovation can be costly and the Group may not realise the expected benefits or create sufficient value from such investments as planned and on a timely basis, including as a result of factors beyond its control.

The Group may be unable to achieve its goals for growth as planned and on a timely basis, and the Group may be unable to recoup expenditures to the extent it is unable to achieve its goals. Additionally, the assumptions underpinning the Group's growth strategies may not be correct or may not materialise. The Group's ability to achieve its strategic growth plans may also be curtailed by regulatory capital requirements, among other things. Depending on the particular opportunity, failure to achieve its strategic goals could have an adverse impact on its competitive position and on its results. In the short-term, pursuit of growth initiatives is likely to have an impact on costs.

The Group is dependent on the strength of Aviva Singapore's and Singlife's brand and their reputation with customers and agents in the sale of products and services.

The Group's success and results to a certain extent, depend on the strength of the Aviva Singapore's and Singlife's brand and reputation. It operates in an industry where integrity and customer trust and confidence are paramount. The Group is exposed to the risk that litigation, employee misconduct, operational failures, the outcome of regulatory investigations, press speculation and negative publicity, disclosure of confidential client information, inadequate services, amongst others, whether or not founded, could impact its brand or reputation. The Group's reputation could also be affected if products or services recommended by it, Aviva Singapore or Singlife (or any intermediaries) do not perform as expected (whether or not the expectations are founded) or in line with the customers' expectations for the product range. Maintaining, promoting and positioning the brands of Aviva Singapore and Singlife will depend largely on its ability to provide consistent, high quality products and services to its customers. The Group is licensed to use trademarks and logos relating to Aviva and Singlife, and the perceived manner in which these brands come together is important in maintaining distributor and consumer confidence, and impairment thereof could affect its business, financial conditions, results of operations, prospects and profitability.

The Group's business and performance of its insurance operations are dependent on the productivity and effectiveness of its distribution and marketing channels and failure to secure new distribution relationships or any termination of or disruption to the Group's existing distribution relationships may have a material adverse effect on its competitiveness and its business, financial conditions, results of operations, prospects and profitability.

Aviva Singapore and Singlife have historically relied on their financial advisers and broker channels as the primary channels for the distribution and marketing of its products. The Group has experienced, and expects to continue to experience, turnover among its financial advisors, including experienced financial advisors. Significant competition exists in the insurance industry for experienced financial advisors with demonstrated ability to successfully sell insurance products. If the Group is unable to retain, motivate and manage its core group of highly productive financial advisors, or if it is unable to recruit and train productive new financial advisors, the Group's business and performance could be materially and adversely affected. The Group also utilise its direct marketing channel to distribute insurance products through online and face-to-face marketing. If the Group is unable to retain and build on its core group of highly productive financial advisors or if the Group fails to continue to successfully utilise its other marketing channels, the Group's business, financial conditions, results of operations, prospects and profitability may be materially and adversely affected.

Besides the primary channel for the distribution and marketing of its products as described above, the Group has increasingly focused on developing its sales through alternative distribution and marketing channels. Access to alternative distribution and marketing channels is subject to similar competition described above. As alternative distribution and marketing channels become increasingly important in the Singapore life insurance industry, if the Group fails to secure new distribution and marketing relationships or to maintain its existing relationships, the Group's competitiveness, business and performance may be materially and adversely affected.

While the Group has a diverse distribution network, there can be no assurance that the Group can maintain the productivity and effectiveness of its distribution and marketing channels or that the Group can adapt effectively to changes in consumer's preferences for distribution and marketing channels. Any failure to do so may lead to a material and adverse effect on the Group's business, financial conditions, results of operations, prospects and profitability. To the extent that the Group is unable to maintain its existing distribution and marketing relationships or secure new distribution and marketing relationships, it may not be able to maintain or grow its premiums, and its business, financial conditions, results of operations, prospects and profitability may be materially and adversely impacted.

The Group is dependent on the performance of its distribution partners and their continuing ability to recruit, motivate and retain suitable agents and distribution partners to distribute their respective products.

The Group's financial advisor and broker advisory channels are the Group's core distribution platforms, providing with continuity of access to customers. In addition, the Group strengthened its efforts to maintain sales of life insurance products through banks and securities companies. The Group cannot assure you that the efforts of its distribution proprietary agency force, direct marketing or other intermediated channels, will be successful. In addition, the Group faces competition to attract and retain agency leaders and individual agents. The Group compete with other companies for the services of agents on the basis of the Group's reputation, product range, compensation and retirement benefits, training, support services and financial position. Access to alternative distribution channels is subject to similar competition. Any adverse movement in any of these factors could inhibit the Group's ability to attract and retain adequate numbers of qualified agents and adversely impact the Group's ability to maintain and develop relationships with alternative distribution partners.

To the extent the Group is not able to maintain its existing distribution relationships or secure new distribution relationships, it may not be able to maintain or grow its new business or premiums, which may materially and adversely affect its business, financial condition and results of operations

Employee or distribution partner misconduct could harm the Group's reputation or lead to regulatory sanctions or litigation against it.

The Group is vulnerable to fraud, mis-selling and other misconduct committed by its employees, agents, customers or other third parties. For instance, the Group's employees may bind the Group to transactions that exceed authorised limits or present unacceptable risks, hide unauthorised activities, neglect to carry out its duties properly, conduct improper sales activities, improperly use confidential information or otherwise abuse customer confidences. Third parties may engage in fraudulent activities, such as insurance fraud. While the Group has implemented measures aimed at detecting and preventing employees' and outside parties' fraud, mis-selling and other misconduct, the Group may not always be able to do so in a timely manner. In addition, fraud and other misconduct are often difficult to prevent or detect and the Group may not be able to recover the losses caused by these activities. The Group has also in the past been subject to minor fraudulent expense claims by certain of its employees. Although these claims have not had a material impact on the Group's financial condition and results of operations, there can be no assurance that such claims will not occur again or that more significant claims will not occur in the future. The Group's inability or perceived inability to manage these risks could lead to ensuing inquiries or investigations and enhanced regulatory oversight and scrutiny. The occurrence of any of the above may materially and adversely affect the Group's reputation or its business, financial conditions, results of operations, prospects and profitability.

Re-tender for government contracts on 30 June 2022.

A portion of Aviva Singapore's revenue is derived from its contractual arrangements with various government bodies, including (without limitation) the Ministry of Defence of Singapore and the Ministry of Home Affairs of Singapore. These contracts will be re-tendered on 30 June 2022. Given that this will be an open-tender process, there can be no assurance that Aviva Singapore will win the tender. Any failure to win the tender may lead to a material and adverse effect on the Group's business, financial conditions, results of operations, prospects and profitability.

Actual experience may differ from assumptions used in establishing insurance contract liabilities and in product pricing, which may adversely impact the Group's profitability.

The Group establishes liabilities to reflect future expected policyholder benefits and claims. It also establishes these liabilities and price products based on many assumptions and estimates, including mortality and morbidity rates, policyholder behaviour, expected premiums, investment return, policy persistency, benefits to be paid and expense to be incurred, as well as macroeconomic factors such as interest rates and inflation.

Due to the nature of the underlying risks and uncertainty associated with the determination of the liabilities for unpaid benefits and claims, these amounts may vary from the estimated amounts. Significant deviations in actual experience from the assumptions made could materially and adversely affect the Group financial condition, results of operation and prospects.

The Group periodically evaluates its liabilities based on updates to the assumptions and estimates used to establish these liabilities, as well as its actual policy benefits and claims experience. A liability adequacy test is performed at least annually. If the net liabilities initially established for future policy benefits prove insufficient, the Group may increase its net liabilities, which may have a material adverse effect on its business, financial condition and results of operations.

Certain key performance indicators presented in this Offering Circular, the Aviva Singapore Financial Statements and the Singlife Financial Statements are based on assumptions and may vary significantly if those assumptions change.

In order to provide investors with an additional metric to assess the economic value and business results of Aviva and Singlife, Aviva and Singlife disclose information relating to their respective performance indicators, such as APE, GWP, CAR and ROCE, among others. In addition, while the Group intends to measure the scale and profitability of its business using APE, GWP, ROCE, CAR and multiple product holdings, among others, as its key performance indicators going forward, there is no assurance that the actual key performance indicators tracked by the Group following completion of the Acquisition and the Merger will be the same as specified above. As there is no single methodology for determining or presenting these performance indicators of an insurance company, the determination and presentation of these performance indicators adopted by Aviva and Singlife may differ from the same adopted by other insurance companies. The calculation of some of these performance indicators involves assumptions regarding a number of factors, many of which are beyond Aviva's, Singlife's and the Group's control, and such assumptions may not be correct or materialise. Because of the technical complexity involved in the calculation of certain of these performance indicators, these metrics may change in the future and investors should use special care when interpreting these performance indicators presented.

The inability of reinsurers to meet their obligations may have an adverse impact on profitability and financial position of the Group.

The Group's ability to obtain external reinsurance on a timely basis and at a reasonable cost is subject to a number of factors, many of which are beyond the Group's control. In particular, certain risks that the Group is subject to, such as epidemics and pandemics, are difficult to reinsure. If the Group is unable to renew any expiring external coverage or obtain acceptable new external reinsurance coverage, the Group's net risk exposure could increase or, if the Group is unwilling to bear an increase in net risk exposure, its overall underwriting capacity and the amount of risk it is able to underwrite would decrease.

To the extent that the Group is unable to utilise external reinsurance successfully, its business, financial condition and results of operations may be materially and adversely affected. The Group is also exposed to credit risk with respect to reinsurers in all lines of its insurance business. In particular, since reinsurance does not discharge the Group's primary liability to our policyholders, a default by one or more of our reinsurers would increase the financial losses arising out of a risk the Group has insured, which would reduce the Group's profitability and may have a material adverse effect on the liquidity position.

Although the Group manages its reinsurance exposure via its risk management and reinsurance strategies, reinsurers may become financially unsound by the time they are called upon to pay amounts due, which may not occur for many years. As a result of financial market conditions and other macro-economic challenges that have recently impacted the global economy, reinsurers may experience increased regulatory scrutiny, serious cash flow problems and other financial difficulties. In addition, reinsurance may prove inadequate to protect against losses. Due to the nature of the reinsurance market and the restricted range of reinsurers that have acceptable ratings, the Group is exposed to concentrated credit risk from individual reinsurers. If a catastrophic event or the inability to meet financial obligations caused these reinsurers to default, the Group's business, financial conditions, results of operations, prospects and profitability could be significantly affected.

The Group is subject to the credit risk of its investment counterparties, including the issuers or borrowers whose securities or loans the Group holds.

The Group's investment portfolio is comprised primarily of fixed income securities, and the Group hold significant amounts of government and governmental agency bonds and corporate bonds. As a result, the Group has significant credit exposure to sovereign and corporate issuers. Investment in sovereign debt obligations involves risks that may not be present in investments in debt obligations of corporate issuers. Investing in such instruments creates exposure to the direct or indirect consequences of political, governmental, social or economic changes in the countries in which the issuers are located and the creditworthiness of the sovereign. In addition, the issuer of the debt or the governmental authorities that control the repayment of the debt may be unable or unwilling to repay principal or pay interest when due in accordance with the terms of such debt, and the Group may have limited recourse to compel payment in the event of a default.

The Group has monetary and securities claims under numerous transactions against reinsurers, brokers, other debtors and third parties. These parties include the issuers whose securities are held by the Group, borrowers under loans made, customers, trading counterparties, counterparties under swaps, credit default and other derivative contracts, clearing agents, exchanges, clearing houses and other financial intermediaries. Issuers or borrowers whose securities are held by or who have entered into loans with the Group may not fulfil their obligations to pay scheduled interest or principal payments on such securities or loans, while third-party trade debtors may not pay amounts outstanding in respect of accounts receivables of the Group. Failure to recover such amounts or governmental action involving these obligations may have a material adverse effect on the Group's business, financial condition and results of operations.

The Group also has significant risk exposure to banking and other financial institutions. Events or developments that have a negative effect on any particular industry, asset class, group of related industries, country or geographic region may have a greater negative effect on the Group's investment portfolio to the extent that the Group's portfolio is concentrated and its related investment counterparties are similarly affected.

Any loss due to the failure of the Group's investment counterparties to meet their obligations under its investments may have a material adverse effect on the Group's financial condition and results of operations, as well as the Group's liquidity and profitability.

The Group is exposed to derivative financial instruments and market counterparties and any deterioration of creditworthiness of counterparties and/or adverse market impact on fair value of derivatives may have a material adverse effect on the Group's business, financial condition, results of operations, prospects and profitability.

As part of the Aviva Singapore's and Singlife's trading, hedging and other operations, they have exposure to derivative financial instruments which are carried at fair value. The fair value of these derivatives and the Group's exposure to the risk of default by the underlying counterparties may depend on the valuation and the perceived risk of the derivatives. In addition, legislative and regulatory changes, and the resulting increased costs and regulatory oversight requirements, could result in market participants being required to, or deciding to, limit their trading activities, which could cause reductions in market liquidity and increases in market volatility. In addition, transaction costs incurred by market participants are likely to be higher than in the past, reflecting the costs of compliance with the new regulations. These consequences could adversely affect the fair value of derivatives, which could in turn adversely affect the Group's business, financial condition, results of operations, prospects and profitability.

The Group is exposed to liquidity risk for certain of its investments.

There may not be a liquid trading market for certain of the Group's investments, such as privately placed fixed income securities, structured securities, private equity investments and real estate investments. The liquidity of trading markets is affected by numerous factors, including the existence of suitable buyers and market makers, market sentiment and volatility, the availability and cost of credit and general economic, political and social conditions.

Due to the size of some of Aviva Singapore's fixed income investment holdings relative to the size and liquidity of the relevant market, the Group's ability to sell certain securities without significantly depressing market prices, or at all, may be limited. If the Group were required to dispose of these or other potentially illiquid assets on short notice, the Group could be forced to sell such assets at prices significantly lower than the prices the Group has recorded in its consolidated financial statements, which could in turn affect the business, financial conditions, results of operations, prospects and profitability of the Group.

The Group may require financing or additional capital from time to time and the Group's ability to obtain such financing or additional capital depends on several factors, such as favourable market conditions.

The Group may require financing or additional capital in the future in order for it to, amongst other things, to expand its business, offer new products and services, conduct investment activities, meet its liquidity needs and/or meet its regulatory capital adequacy requirements. The Group's ability to borrow in the bank or the debt or equity capital markets to meet its financial requirements is dependent on favourable market conditions. Financial crises in particular geographic regions, industries or economic sectors have, in the recent past, led and could in the future lead to sharp declines in the currencies, stock markets and other asset prices in those geographic regions, industries or economic sectors, in turn threatening affected companies, financial systems and economies. In recent years, credit markets worldwide have experienced periods of significant volatility including a reduction in liquidity levels, increasing costs for credit protection and a general decline in lending activity between financial institutions and in commercial lending markets worldwide. Financial markets have also become more frequently disrupted and financial volatility has increased substantially. Dislocations, market shifts, increased volatility or instability in the global credit and financial markets have in recent years affected the availability of credit and at times led to an increase in the cost of financing. The Group may have difficulty accessing the financial markets, which could make it more difficult or expensive to obtain funding or reduce the Group's flexibility to recapitalise in the future. If sufficient sources of financing are not available in the future for these or other reasons, the Group may not be able to meet its financial requirements . There can be no assurance that the Group will be able to raise financing or obtain additional capital in a timely manner or on favourable terms or at all or that it will be able to obtain the necessary regulatory approvals in a timely manner or at all. The Group may also be subject to solvency risks of its banks and of its counterparties in its financial investments and arrangements. This could materially and adversely affect the Group's business, financial conditions, results of operations, prospects and profitability.

Moreover, future debt financing could include terms that restrict the Group's financial flexibility or restrict its ability to manage its business freely. If the Group is unable to raise the capital required by its businesses on commercially acceptable terms or at all, or experiences any delays in raising such funds, there could be an adverse effect on its business, financial conditions, results of operations, prospects and profitability, or ability to meet its liquidity needs and/or capital requirements.

The Group's risk management and internal control systems may be inadequate or ineffective in identifying or mitigating the various risks to which it is exposed.

The management of risk requires, among other things, policies and procedures to record properly and verify a large number of transactions and events. Aviva Singapore and Singlife have devoted significant resources to develop risk management policies and procedures and the Group expects to continue to do so in the future. Nonetheless, these policies and procedures may not be comprehensive and the Group's risk management procedures cannot anticipate every economic and financial outcome or the specifics and timing of the realisation of each risk. Many of the methods for managing risk and exposures are based upon the use of observed historical market behaviour or statistics based on historical models. As a result, these methods may not fully predict future exposures, which can be significantly greater than what historical measures indicate, particularly in volatile markets and environments. Other risk management methods depend upon the evaluation of information regarding markets, clients, catastrophe occurrences or other matters that is publicly available or otherwise accessible to the Group. This information may not always be accurate, complete, up-to-date or properly evaluated.

The Group's risk management and internal controls also depend on the proficiency of and implementation by the Group's employees. There is no assurance that such implementation will not involve any human error or mistakes, which may materially and adversely affect the Group's business, financial condition and results of operations.

If the Group fails to adequately manage unknown or unexpected risks that turn out to be material to its business, it could experience harm to its business which would have an adverse effect on its business, financial conditions, results of operations, prospects and profitability. In addition, the Group cannot make any assurances that it will not suffer losses due to defaults from certain counterparties related to its investment activities, such as trading counterparties, counterparties under swaps and other derivative contracts and other financial intermediaries and guarantors. Any such losses may have a material adverse effect on the Group's business, financial conditions, results of operations, prospects and profitability.

Cyber-attacks or other security breaches may impact the Group's operations, damage its reputation and lead to claims or loss of customers.

The Group is dependent on IT systems for its business. The proper functioning of the Group's financial controls, accounting, customer database, customer service and other systems, including those relating to underwriting and claims processing, depends on the stability of the Group's IT systems. Although Aviva Singapore and Singlife maintain back-up systems designed to be activated in the event of failure, there is no assurance that such systems will not be simultaneously damaged or destroyed in the event of a major disaster.

The Group processes significant amounts of confidential and proprietary information on its computer systems, including customer transactional data and personal data about employees, agents and customers and the employees and customers of customers. The Group faces many of the current cybersecurity threats to financial services organisations that come from email, web browsing, application and endpoint compromise, for example using malware, ransomware and phishing attacks. The Group remains vigilant and focused on identification of new cybersecurity threats and have implemented advanced protection and monitoring capabilities to respond in the event a major cyber- attack succeeds in breaching the Group's defences. To date Aviva and Singlife have not experienced a material breach of their information systems, although the Group can give no assurances that the protections they have implemented will prevent a material loss of confidential and proprietary information in the future. Any compromise of the security of the Group's information systems or the failure to maintain the confidentiality or privacy of sensitive data, including personal information relating to its customers, employees and agents for any reason could cause significant interruptions in the Group's operations, harm their reputation, subject the Group to regulatory sanctions and legal claims, lead to a loss of customers and revenues and otherwise adversely affect the Group's business, financial condition or results of operations.

Further, concerns around data privacy have been escalating, with the governments in many countries enacting laws and regulations relating to data privacy. In Singapore, the Personal Data Protection Act 2012 imposes certain obligations on the Group surrounding its collection, use or disclosure of personal data. The Group handles personal information obtained from its customers as part of its businesses. While the Group seeks to protect the data privacy of its customers in its respective networks and systems infrastructure, the controls the Group has each implemented to protect the confidentiality of personal information may not be effective in preventing unauthorised disclosure of personal information. For example, there have been instances in the past of a breach of data privacy regulations by Singlife and Aviva, including unintended disclosure of personal information held by Aviva which resulted in certain fines being imposed on Aviva. There can be no assurance that such breaches will not occur again in the future and or that the Group may be subject to further fines or other sanctions which may be material. Significant failure of security measures may undermine customer confidence and result in litigious actions from customers and/or regulatory fines and penalties. Failure of security mechanisms may also result in the imposition of additional regulatory measures relating to the security and privacy of customer data, which may lead to the Group using significant additional resources to modify its protective measures or to investigate and remediate vulnerabilities or other exposures, and which may have a material adverse effect on the Group's business, financial conditions, results of operations, prospects and profitability.

Any inability to attract and retain talented professionals may adversely impact the Group's business.

The operations and profitability of the Group's business are and will be dependent to a large extent on its ability to attract and retain key personnel who have in-depth knowledge and understanding of the insurance markets in which it operates, including members of its senior management, actuaries, information technology specialists, experienced investment managers and finance professionals, underwriting personnel, sales staff and other personnel.

While the Group recognises the importance of human capital and the desirability of developing and retaining key personnel, key personnel may resign or retire for reasons out of the Group's control and the loss of key employees may have an adverse effect on the Group's business, financial conditions, results of operations, prospects and profitability. The Group's business could suffer if it loses the services of key personnel and cannot adequately replace them. The Group cannot make any assurances that it will be able to attract and retain qualified personnel or that they will not retire or otherwise leave the Group in the near future. If this were to happen, the Group's business, financial conditions, results of operations, prospects and profitability may be adversely affected.

The cyclical nature of the insurance industry may cause fluctuations in the Group's results.

Historically, the insurance industry has been cyclical and operating results of insurers have fluctuated because of volatile and sometimes unpredictable developments, many of which are beyond the direct control of any insurer. Although the Group has a wide range of products, it expects to experience the effects of this cyclical nature, including changes in sales and premium levels. The unpredictability and competitive nature of the life insurance business has contributed historically to significant quarter-to-quarter and year-to-year fluctuations in underwriting results and net earnings.

New products launched may not achieve the targeted results.

An important factor in the Group's continued growth is the development of innovative and profitable products. The Group assesses its products through a robust risk management framework and it uses reinsurance to obtain product pricing expertise when developing new products. Nevertheless, there can be no assurance that the Group's new products will be able to achieve the Group's targeted results. The Group's assumptions underpinning its strategies and decisions to develop new products may not be correct or may not materialise. If the new products do not achieve the targeted results, the Group's business, financial condition and results of operations may be materially and adversely affected.

The Group's future success will depend on its ability to adapt to changing customer preferences, regulations and industry standards and to respond with new product offerings and services. Any such change in customer preferences, regulations or industry standards may require the Group to re-evaluate its business model and to adopt significant changes to its strategies and business plan. Inability to adapt to these changes or successfully introduce new product offerings and services could have a material adverse effect on the Group's business, financial conditions, results of operations, prospects and profitability.

As part of the Group's overall strategy, it may acquire certain businesses, assets and technologies, as well as develop new products and distribution channels that are complementary to its business. The Group may experience difficulties integrating, or be entirely unable to integrate, any investments, acquisitions, distribution arrangements or partnerships into its existing business and operations or be unable to identify successful initiatives in the future. Any such difficulties could have a material and adverse effect on the Group's business, financial conditions, results of operations, prospects and profitability.

The introduction and development of such new areas of business and/or new products or services and/or new geographical markets may not be completed in accordance with the expected timetables, and the relevant pricing and profitability targets may not prove accurate or feasible. There can be no assurance that new products or channels will be as successful as intended, or at all. Furthermore, expansion into any new areas of business and/ or new geographic markets could have a material adverse effect on the effectiveness of the Group's internal control system to the extent the Group fails to effectively adapt its internal controls to such new businesses or distribution channels. Any such difficulty could have a material adverse effect on the Group's business, financial conditions, results of operations, prospects and profitability.

The Group's portfolio has, and will continue to have, certain levels of concentration related to geography and industry.

The Group's investment portfolio has, and will continue to have, certain levels of concentration related to geography and industry. Notwithstanding the expansion and diversification of the Group's investment portfolio, some levels of concentration in terms of geography, industry, client, and product types will remain given the nature of its business. The Group's business activities are predominantly concentrated in and aimed at the Singapore insurance market, thereby exposing the Group to changes on the specific laws, regulations, practices, economic and financial conditions, market and other aspects of Singapore generally.

Changes in accounting principles or financial reporting standards relating to financial instruments may have an impact on the Group's financials, capital adequacy and solvency positions, and/or the profitability of its businesses, and may require the Group to change its business strategy or reduce its growth.

Aviva Singapore and Singlife are subject to risk around changes in accounting standards or financial reporting standards that may change the basis upon which they report their financial results. For example, the changes in financial reporting standards on or after 1 January 2020 that are relevant to the Group is FRS117 Insurance Contracts and FRS109 Financial Instruments. FRS117 is effective for the years beginning on or after 1 January 2021 at the time the accounting standard was issued (currently deferred to 1 January 2023), and is to be applied retrospectively. There can be no assurance that any such changes will not have a material adverse impact on the Group's financials, capital adequacy and solvency positions, and/or the results of operations of its businesses.

The Group faces the risk of litigation, regulatory investigations and other proceedings in relation to its business.

The Group faces the risk of litigation or other proceedings, such as allegations of mis-selling, in relation to its business. The outcome of litigation and other proceedings may potentially expose the Group to unexpected costs and losses, reputational and other non-financial consequences, as well as take up management time and resources. For example, the outcome of litigation and other proceedings may not correspond to the manner in which it is perceived by the market, and the reputation of the Group may thus be impacted in a way which adversely affects its business, financial conditions, results of operations, prospects and profitability. Further, the consequences of such proceedings for the Group's regulated business may be to expose the Group to increased regulatory scrutiny and to accept constraints which involve additional cost or otherwise put the business at a competitive disadvantage. Additionally, it is possible that the regulator may conduct a review of products previously sold, either as part of an industry-wide review or specific to the Group. The result of this review may be to compensate customers for losses they have incurred as a result of the products that were sold. Aviva has in the past been subject to regulatory investigation, has been reprimanded and has been subject to certain sanctions as a result of certain of its employees having engaged in conduct which is non-compliant with applicable regulatory standards, including relating to financial advisers' conduct in marketing products to customers and remuneration packages offered to financial advisers. While the sanctions imposed have not had a material impact on its business, there can be no assurance that Aviva, or the Group, will not be subject to further sanctions or penalties for non-compliance in the future. Substantial legal liability arising in relation to such litigation or other proceedings could have a material adverse effect on the reputation of the Group or the Group's business, financial conditions, results of operations, prospects and profitability.

The Group cannot ensure that its intellectual property is protected from copying or use by others.

The Group's success and competitiveness with respect to its digital insurance business depends, in part, upon its technologies and other intellectual property, including its unpatented proprietary know-how. The Group relies on and employs commercially reasonable methods, including confidentiality agreements, to protect its know-how. However, these methods and its trademarks may not afford complete protection and there can be no assurance that others will not independently develop the know-how or develop better digital insurance methods than the Group.

Singapore accounting and corporate disclosure standards may result in more limited disclosure than in other jurisdictions.

Each Group company is subject to Singapore's accounting standards and requirements that differ in certain material respects from those applicable to insurers in certain other countries. Investors should consult their own professional advisers for an understanding of the differences between SFRS and SFRS (I) and the generally accepted accounting principles of other jurisdictions and how those differences might affect the financial information contained in this Offering Circular.

There is limited publicly available information about Aviva and Singlife.

The shares of Aviva and Singlife are not traded publicly. Therefore, there may be less publicly available information (including financial information) about Aviva and Singlife as they are not publicly listed and currently only publishes its financials annually.

Transfer of Eldershield scheme to the Ministry of Health.

A portion of the Group's revenue is derived from its provision of the Eldershield scheme, a severe disability insurance scheme currently administered by the Group (as one of the three insurers approved to offer Eldershield in Singapore). The Ministry of Health of Singapore announced in January 2019 that the Government of Singapore will take over the administration of the Eldershield portfolio, and the Group will continue to administer the Eldershield portfolio until such transition date, which is expected to be in 2021. Following the completion of this transition process, the Group will cease to own such transferred assets and the related assets and liabilities will be derecognised. As the value of the liabilities and corresponding assets backing these liabilities which to be transferred may be significant, investors should consult their own professional advisers on the impact of such transition process on their investment.

Risks Relating to Regulatory and Legislative Matters

The Group's business is highly regulated and changes to regulation of its businesses may adversely affect its business, financial conditions, results of operations, prospects and profitability.

The Group is subject to detailed and comprehensive supervision and regulation by the MAS. Its insurance operations are subject to insurance laws and regulations which are generally intended to protect policyholders (including through capital adequacy and solvency measures) rather than shareholders or creditors. Such laws and regulations give regulatory bodies control over many aspects of the Group's business, including taxes, product pricing, premiums, marketing and selling practices, capital adequacy, solvency and capital adequacy requirements. The MAS and other regulators regularly review the Group's operations and there can be no guarantee that any regulator will agree with the Group's internal assessments of asset quality, provisions, risk management, capital adequacy, management functioning, other measures of the safety and soundness of its operations or compliance with applicable laws, regulations or regulatory policies.

In February 2012, the MAS published a consultation paper entitled "Insurance Group-wide Supervision P002-2012" regarding proposed enhancements to the group-wide supervision framework for insurance groups and, separately, a consultation paper entitled "Regulatory Framework for Financial Holding Companies P001-2012". The proposed enhancements to the group-wide supervision framework for insurance groups, including with respect to corporate governance requirements, capital adequacy and solvency assessment framework and group monitoring requirements, is likely to impact the Issuer and the Group may face enhanced legal or regulatory obligations as a result of any such changes to the group-wide supervision framework for insurance groups.

While the legislation enabling the designation and supervision of financial holding companies, the Financial Holding Companies Act 2013, has been passed by the parliament of Singapore on 8 April 2013, it is not yet commenced and therefore not yet in force. The related regulations, notices, guidelines, practice notes and circulars relevant to the Financial Holding Companies Act 2013 have not yet been published. It is expected that the Issuer will be designated as a financial holding company following the completion of the Acquisition and become subject to supervision by the MAS. Other group holding companies which have been designated by the MAS as financial holding companies include Great Eastern Holdings Limited, Citystate Capital Asia Pte. Ltd. and DBS Group Holdings Ltd. As with all financial institutions in Singapore, the MAS may impose such further conditions as it may determine on any entity designated as a financial holding company, including with regard to the approach to assessment of solvency and capital adequacy of the consolidated group. Any failure to comply with the conditions prescribed by the MAS or any of the regulations, notices, guidelines, practice notes and circulars (relevant to the Financial Holding Companies Act 2013) published by the MAS may lead to a material adverse effect on the Group's business, financial conditions, results of operations, prospects and profitability.

The Group's ability to predict future legal or regulatory changes is limited to the extent that regulators consult on proposed changes and the Group may face enhanced legal or regulatory obligations without advance notice.

The operations of the Group are subject to various other laws and regulations such as those relating to data privacy and information security, anti-money laundering, anti-bribery and corruption, workplace safety and health, public order and safety and cybersecurity. Changes in existing laws, regulations, regulatory policies, including their interpretation or application may materially affect the way in which the Group conducts its business and the products it may offer. In addition, the Group may face adverse legal or regulatory actions and higher compliance costs from increased review and scrutiny. Regulators may find that the Group is not in compliance with applicable laws, regulations or regulatory policies or with the regulators' revised interpretations of such laws, regulations or regulatory policies, and may take formal or informal actions against the Group. If taken, such formal or informal actions might force the Group to make additional provision for the Group's non-performing assets, divest the Group's assets, adopt new compliance programmes or policies, remove personnel or undertake other changes to its business operations. Any of these changes, if required, may have a material adverse effect on the Group's business, financial conditions, results of operations, prospects and profitability. In addition, failure to comply with any of the applicable laws, rules and regulations could result in fines, suspension of the Group's licence or, in extreme cases, revocation of its licence, each of which would have a material adverse effect on the Group's business, financial conditions, results of operations, prospects and profitability.

Singlife Singapore is licensed by the MAS as a major payment institution under the Payment Services Act (No. 2 of 2019) of Singapore (the "**Payment Services Act**") specifically for the payment service of cross border payment transfer. Singlife Singapore has also been granted an exemption from holding a licence under the Payment Services Act for the specific payment services of providing account issuance service, providing domestic money transfer service and providing inward cross-border money transfer service until 28 January 2021. Whilst the Group intends to take steps to comply with or be exempt from the Payment Services Act 2019, there can be no assurance that the Group will receive the licence or approvals or exemptions necessary to continue to undertake such businesses following January 2021. If the Group is unable to obtain the requisite licence or approvals or exemptions, this may have a material adverse effect on the Group's business, financial conditions, results of operations, prospects and profitability.

MAS may exercise resolution powers that are beyond the control of the Issuer.

As part of the global regulatory response to the risk that systemically important financial institutions could fail, banks and more recently, insurance companies, have been the focus of recovery and resolution planning requirements. Recovery and resolution planning are designed to provide a blueprint for recovery actions to rescue such systemically important financial institutions as a going concern if such institutions face severe financial distress. As a last resort, regulatory authorities may exercise its resolution powers in order to avoid systemic disruption and government bailouts.

In Singapore, the MAS has certain resolution powers over failed financial institutions, financial institutions that are at risk of failure or, financial institutions that have breached regulatory obligations. Such resolution powers can be exercised by the MAS prior to the insolvency of such financial institutions. These resolution powers are set out in the Monetary Authority of Singapore Act (Chapter 186) of Singapore.

The MAS resolution powers currently include, among other things, the power to: (i) transfer the whole or part of the business of a financial institution; (ii) order a compulsory transfer of shares of a financial institution; (iii) order a compulsory restructuring of share capital of the institution; and (iv) exercise statutory powers allowing the MAS to temporarily stay early termination rights (including set-off and netting rights) of counterparties to financial contracts entered into with a financial institution over which the MAS may exercise its resolution powers (which would include Singapore licensed insurers). There are also provisions in the MAS Act relating to cross-border recognition of resolution action, creditor safeguards and resolution funding. The statutory bail-in regime currently only applies to Singapore-incorporated bank and Singapore-incorporated bank holding companies, but there can be no assurance that insurance companies and/or insurance holding companies will not be subject to such statutory bail-in regime in the future.

MAS has stated that as bail-in involves imposing express losses on creditors and not just delaying contractual rights, it has adopted a more prudent approach of starting with Singapore incorporated banks and Singapore-incorporated bank holding companies. For non-bank financial institutions such as insurance companies, MAS has stated that it will continue to monitor international developments on bail-in regimes. If insurance companies and/or insurance holding companies become subject to the statutory bail-in regime in the future, MAS may have resolution powers in respect of the Group, which are beyond the control of the Issuer and the exercise of such resolution powers in respect of the Group may have an adverse effect on the Group's business, financial condition and results of operations and/or the Noteholders (if such statutory bail-in regime is to be applied retrospectively).

Compliance with solvency and risk-based capital requirements may require the Group to raise additional capital, change its business strategy or reduce its growth.

Insurance companies are generally required to maintain their capital adequacy and solvency at a level in excess of statutory minimum standards. The Group's capital adequacy and solvency is affected primarily by the capital adequacy and solvency margins that it is required to maintain, which are in turn affected by the volume and type of new insurance policies it sells, the composition of its in-force insurance policies and by regulations on the determination of statutory reserves. The Group's capital adequacy and solvency is also affected by a number of other factors, including the profit margin of its products, returns on its assets and investments, interest rates, underwriting and acquisition costs, and policyholder and shareholder dividends.

The regulatory framework in Singapore currently utilises a risk-based capital regime. Compliance with any changing solvency and capital adequacy requirements will entail costs to the Group. For instance, the transition to the RBC 2 framework issued by the MAS led to an increase in capital requirements for Singapore insurance companies. Such increase in capital requirements may result in increased solvency exposure to falling yield levels. While the Group is in compliance with the capital adequacy requirements under the risk-based capital two regime framework, any future changes in the regulatory framework relating to solvency and capital adequacy requirements, including their interpretation or application may materially affect the way in which the Group conducts its business. In order to comply with changes to solvency and risk-based capital requirements, the Group may need to change its business strategy, including the types of products it sells and how it manages its capital. For example, if capital requirements are increased in the future, the Group may need to raise or inject additional capital to meet its solvency and capital adequacy requirements, which may be dilutive to its shareholders. In addition, compliance with changes to solvency and risk-based capital requirements may require the Group to slow down the growth of its business. For more details on the solvency and risk-based capital requirements that the Group will need to comply with, please refer to the section "*Supervision and Regulation*" of this Offering Circular.

Proposed voluntary transfer of business.

The Group intends to effect the Merger by undertaking a voluntary transfer of its business between two Group Companies, namely Aviva Singapore and Singlife Singapore, pursuant to a court confirmed scheme (under section 49FB of the Insurance Act (Chapter 142) of Singapore), which is expected to complete in 2021. Whilst this voluntary transfer of business is not expected to have a significant impact on the business operations of each of Aviva Singapore and Singlife Singapore, there can be no assurance that this transfer will be approved by the MAS or confirmed by the High Court of Singapore. If the Merger does not receive the approval of the MAS or the High Court of Singapore, Aviva Singapore and Singlife Singapore will continue to operate as separate legal entities and may not be able to realise the anticipated synergies and cost savings. See "*—The Issuer may be unable to realise the expected synergies from the Acquisition and the Merger*". Investors should consult their own professional advisers on the impact of such voluntary transfer of business on their investment.

Changes in taxation may materially and adversely affect the Group's business, financial condition and results of operations.

Aviva's and Singlife's businesses and operations are subject to the tax laws and regulations of the countries and markets in which they are organised and in which they operate. Changes in tax laws, tax regulations or interpretations of these laws or regulations may have a material adverse effect on the Group's, financial condition and results of operations. These changes also could materially reduce the sales of some of the Group's products. The Group cannot predict whether any tax laws or regulations impacting corporate taxes or insurance products will be enacted, what the specific terms of any such laws or regulations will be or whether, if at all, any laws or regulations would have a material adverse effect on the Group's business, financial condition and results of operations.

Board of Directors of the Issuer, Aviva Singapore and Singlife Singapore remains subject to prior approval of the MAS.

The appointment of the members of the board of directors of each of the Issuer, Aviva Singapore and Singlife Singapore identified in this Offering Circular remains subject to the approval of the MAS. There can be no guarantee that the MAS will approve the appointment of the board of directors identified in this Offering Circular. Any member of the proposed board of directors who does not receive the approval of the MAS, will need to be replaced and if already appointed, will need to resign. Whilst the Group will seek to appoint suitable replacement directors, there can be no assurance that such replacement directors may agree to take up the directorship role or that the MAS may approve the appointment of such replacement directors. If the Group is unable to appoint suitable replacement directors, this may have a material adverse effect on the Group's business, financial conditions, results of operations, prospects and profitability.

Risks Relating to the Acquisition

The Acquisition is subject to significant uncertainties and risks and, in the event of an Acquisition Failure Event, the Notes will be redeemed by the Issuer.

The consummation of the Aviva Acquisition pursuant to the Aviva Acquisition Agreement and the Singlife Acquisition pursuant to the Singlife Acquisition Agreement is subject to certain conditions being satisfied or waived. Accordingly, the Issuer may not be permitted to undertake the Acquisition in a timely fashion, without remedies, or at all, if such relevant conditions are not satisfied or waived. Any such remedies may make the Acquisition less attractive. In particular, the completion of each of the Aviva Acquisition and the Singlife Acquisition is conditional on the receipt of approval from the MAS for the Acquisition. While the MAS has provided its approval for the Acquisition on 9 November 2020, there can be no assurance that such approval will not be subsequently withdrawn, or that such approval will not be further subject to conditions which may require the Group to incur significant costs to satisfy or otherwise impose onerous obligations on the Group.

On the Issue Date, the Issuer will cause the net proceeds of the offering of the Notes to be deposited directly into the Escrow Account. It must be noted that the proceeds deposited in the Escrow Account will not be subject to any security. On the Acquisition Completion Date (a) the amounts standing to the credit of the Escrow Account shall be released in accordance with the terms of the Escrow Account Agreement and transferred to an account specified by the Issuer; and (b) the Notes shall continue to remain outstanding and become subordinated Tier 2 capital of the Issuer in accordance with the Terms and Conditions. If, however, the Acquisition Completion Date does not occur prior to 24 February 2021, the Notes will be subject to redemption wherein the Issuer, within 15 business days of such Acquisition Failure Event, must redeem all, but not some only, of the Notes at 101 per cent. of their principal amount together with interest accrued but unpaid (if any) to (but excluding) the date of redemption. Under the Escrow Account Agreement it will be agreed that on the Acquisition Failure Event Redemption Date, the amounts standing to the credit of the Escrow Account shall be released in accordance with the terms of the Escrow Account Agreement and transferred to an account as specified by the Escrow Bank and shall satisfy to such extent the obligations of the Issuer to pay the Acquisition Failure Event Redemption Amount. See "*Terms and Conditions—Escrow; Redemption for Acquisition Failure Event*".

If the Acquisition is not consummated, the Issuer is not expected to have any material assets other than the funds in the Escrow Account. As the funds in the Escrow Account will likely be insufficient to pay the Acquisition Failure Event Redemption Amount, the Issuer would need external financing to do so. The Issuer may not have access to such external financing in a timely manner or at all. Even if the Issuer is able to pay the Acquisition Failure Event Redemption Amount, Noteholders may not obtain the return they expected to receive on the Notes.

Amendments made to the Acquisition Agreements may have adverse consequences for Noteholders.

The Aviva Acquisition is expected to be consummated in accordance with the terms of the Aviva Acquisition Agreements and the Singlife Acquisition is expected to be consummated in accordance with the terms of the Singlife Acquisition Agreement. However, the Acquisition Agreements may be amended and the completion conditions may be waived at any time by the parties thereto, without the consent of the Noteholders. Any amendment made to the Acquisition Agreements, or waiver of the conditions to the completion of the Acquisition, may be adverse to the interests of Noteholders, which, in turn, may have an adverse effect on the investment return Noteholders expect to receive on the Notes.

The Issuer does not currently control the Targets and will not control the Targets until completion of the Acquisition.

Aviva Singapore and Aviva Asia are currently controlled by Aviva UK and Singlife Singapore is currently controlled by the Singlife Sellers. The Issuer will not obtain control of the Targets until the completion of the Acquisition. There can be no assurance that the Vendors will operate the business of the Targets during the period prior to the Acquisition Completion Date in the same way that the Issuer would and there can be no assurance that, following the Acquisition Completion Date, the Issuer will operate the business in the same way that the Vendors have operated the business of the Targets in the past. Additionally, prior to the completion of the Acquisition, Aviva UK and the Singlife Sellers may undertake certain actions to reorganise the assets and operations of Aviva Singapore and Aviva Asia and Singlife, respectively, in accordance with the Aviva Acquisition Agreement and the Singlife Acquisition Agreement, respectively. The historical information relating to the Targets has been provided to the Issuer by the Targets' management teams, and the Issuer has relied on such information supplied to it in its preparation of this Offering Circular.

Furthermore, the Acquisition and the Merger have required, and will likely continue to require, substantial time and focus from management of the Targets, which could adversely affect their ability to operate the respective businesses of the Targets. Likewise, other employees of the Targets may react adversely to the consummation of the Acquisition and/or the Merger or otherwise feel adverse to such transactions, which could have an adverse impact on work quality and employee retention. The integration process could distract management or disrupt the ongoing business of the Targets, which could in turn adversely affect the Targets' ability to maintain relationships with customers, suppliers and employees or to achieve the anticipated benefits of the Acquisition, or could adversely affect the Group's business and financial results. While the implementation process for mergers similar to the Merger typically takes between six to nine months, there is also no guarantee that the relevant approvals will be obtained or that the process for the Merger will be completed within anticipated timelines. See "*—The Issuer may experience difficulties integrating the business of the Targets.*" and "*—Proposed voluntary transfer of business.*"

The Issuer is a newly formed entity with no revenue-generating operations of its own and will depend on cash from its direct and indirect subsidiaries to be able to make payments on the Notes.

The Issuer is a newly formed entity incorporated as a private limited company under the laws of Singapore with no business operations and no significant assets other than the equity interests it will hold in its subsidiaries. The Issuer will depend upon cash flows from its subsidiaries in the form of dividends or payments to meet its obligations, including its obligations under the Notes. The amount of dividends and distributions available to the Issuer will depend on the profitability and cash flows of its subsidiaries and the ability of its subsidiaries to distribute dividends or make other distributions to it under applicable law. The subsidiaries of the Issuer, however, may not be able to, or may not be permitted to, make distributions or advance upstream loans to the Issuer to make payments in respect of its indebtedness, including the Notes.

Aviva Singapore, Aviva Asia and Singlife Singapore and their respective subsidiaries are subject to various statutory and regulatory restrictions on the ability of these entities to pay dividends, including limitations under applicable insurance laws and legislation. See "*—Compliance with solvency and risk-based capital requirements may require the Group to raise additional capital, change its business strategy or reduce its growth.*" Various other laws and regulations, including tax laws, may also limit the amounts that the subsidiaries of the Issuer are permitted to pay as dividends or distributions to the Issuer. Any restrictions on distributions by such subsidiaries could adversely affect the ability of the Issuer to make payments in respect of its indebtedness, including the Notes.

Moreover, if the Targets incur losses, they may not be able to pay dividends and the carried forward losses would reduce the amount available for distribution as dividends in future years. For more information, see "*Supervision and Regulation*". Goodwill impairment and other non-cash charges in the Issuer's or its subsidiaries' income statement, as well as charges recognised directly in equity, such as actuarial losses, if incurred, could also potentially reduce the Issuer's subsidiaries' reserves available for distribution and thus reduce or prevent upstream dividend payments to allow the Issuer to service its debt obligations.

If the Issuer's subsidiaries cannot pay sufficient dividends or make distributions to the Issuer, the Issuer may be unable to make payments on the Notes. Furthermore, under the terms of the Senior Facilities Agreement, the Issuer is required to apply the proceeds of dividends it receives to satisfy its payment obligations to creditors in accordance with the priority set out in the agreement, which includes a requirement for the Issuer to first apply such proceeds to satisfy certain payment obligations to its shareholders and accrued interest under the Senior Facilities before paying any interest accrued and payable under the Notes. If insufficient dividends are paid by the Issuer's subsidiaries, the Issuer may not be able to make interest payments on the Notes in full or at all after payments to creditors ranking higher in priority as set out in the Senior Facilities Agreement have been made. For more information, see "*Description of Material Indebtedness and Other Securities—Senior Facilities*".

Certain of the Targets' contracts contain change of control provisions, or are 'at will' contracts, which may allow its counterparties to terminate the contract under circumstances such as the completion of the Acquisition.

Certain of the Targets' contracts contain "change of control" provisions that require it to notify the counterparty of a potential change of control of the Target or contain language that could be interpreted as allowing, subject to certain conditions, the counterparty to terminate the contract. While the Targets may have performed a risk analysis of the change of control provisions in its contracts as well as its relationships with the various counterparties, the Targets may not have identified all such provisions and may not send notices of the Acquisition to all of its counterparties to whom it is contractually required to notify of the Acquisition, and the Targets may fail to obtain consent from every counterparty that might have a termination or other right under such change of control provision. There can be no assurance that counterparties will not seek to exercise termination or other relevant rights in the future as a result of the Acquisition. If a substantial number of these contracts were terminated or materially altered as a result of the Acquisition, the Targets may be forced to enter into new contracts. The Targets may be unable to renegotiate contracts or enter into new contracts on commercially favourable terms or at all prior to the completion of the Acquisition. Any of these events could have a material adverse effect on the Group's business, financial condition and results of operations.

If the conditions to the release of the proceeds from the Offering from escrow in the Escrow Account Agreement are not satisfied, the Issuer will not be able to apply such proceeds to complete the Acquisition and the Notes may be redeemed, in which case investors may not get the return expected on the Notes.

The net proceeds from the Offering will be deposited and held in the Escrow Account in the name of the Issuer but controlled by the Escrow Agent pending the satisfaction of certain conditions, some of which are outside of the Issuer's control. If the Acquisition is not consummated by 24 February 2021 or upon the occurrence of certain other events, the Notes will be subject to the Acquisition Failure Event Redemption provision described in "*Terms and Conditions of the Notes—Redemption for Acquisition Failure Event*" and investors may not obtain the investment return expected on the Notes after the redemption date.

The escrow funds will be limited to the net proceeds of the Offering. The escrow funds will not be sufficient to pay the Acquisition Failure Event Redemption price, which will be equal to 101% of the aggregate issue price of the Notes together with accrued and unpaid interest on the Notes, if any, from the Issue Date to, but excluding, the date of the Acquisition Failure Event Redemption. There can be no assurance that the Issuer will have sufficient funds to pay the difference between the escrow funds and the amounts required to pay such redemption price.

The Issuer may not be able to enforce claims with respect to the warranties and undertakings that the Vendors have provided to the Issuer under the Acquisition Agreements.

In connection with the Acquisition, the relevant Vendors have given certain limited warranties and undertakings related to their shares in the relevant Targets and the business of the relevant Targets under the relevant Acquisition Agreements. There can be no assurance that the Issuer will be able to enforce any claims against any of the Vendors relating to breaches of such warranties and undertakings. The relevant Vendor's liability with respect to breaches of warranties and undertakings under the relevant Acquisition Agreement is also limited and there can be no assurance that such limitations will be adequate to cover any losses or damages the Issuer incurs as a result of such Vendor's breach of their warranties and undertakings under the relevant Acquisition Agreement. Moreover, even if the Issuer ultimately succeeds in recovering any amounts from the relevant Vendor, the Issuer may temporarily be required to bear these losses. Furthermore, under the terms of the relevant Acquisition Agreement and the Share Subscription Deed, in the event the Issuer is successful in a claim against relevant Vendor for a breach of certain warranties and undertakings under the relevant Acquisition Agreement, the Issuer's shareholders will be entitled to receive additional shares in the Issuer but the Issuer will not be entitled to receive any cash compensation from the relevant Vendor in respect of such breach. There can be no assurance that such additional shares will adequately compensate the Issuer for any loss or damages incurred as a result of such breaches.

The Targets may have liabilities that are not known to the Issuer.

As the Issuer will acquire all of the outstanding equity shares of the Targets in the Acquisition, the Issuer will assume the liabilities, including actual, contingent and off-balance sheet liabilities, of the Targets. There may be liabilities that the Issuer failed or was unable to discover in the course of performing due diligence investigations into the Targets. Any such liabilities, individually or in the aggregate, could have a material adverse effect on the Group's business, financial condition and results of operations. Further, the Issuer may not have performed all of the valuations necessary to ascertain the fair value of the identifiable assets acquired and the liabilities assumed and the related allocation of the purchase price. The purchase price for the Acquisition therefore may not accurately or fully reflect the values of Targets' assets and liabilities. As the Issuer integrates the Targets, the Issuer may uncover additional facts, matters or circumstances about the Targets that adversely affects the Group, such as unknown or contingent liabilities and issues relating to non-compliance with applicable laws. Furthermore, each of Aviva Singapore and Singlife have applied different actuarial assumptions in the preparation of their financial statements, which the Issuer referred to in determining the purchase price for the Acquisition. There can be no assurance that such actuarial assumptions were correctly or appropriately applied, and accordingly the Issuer's determination of the value of the assets and liabilities of the Targets may not be correct. Following the completion of the Acquisition, the Targets may be required to revise such actuarial assumptions, which may adversely affect the valuation of their respective assets and liabilities.

The Issuer may experience difficulties integrating the business of the Targets.

The Issuer's ability to achieve the benefits it anticipates from the Acquisition and the Merger will depend in large part upon whether the Issuer is able to integrate the businesses of the Targets in an efficient and effective manner. The Issuer may not be able to integrate the business of the Targets successfully and the process may take longer than expected. The integration of certain operations and the differences in operational culture of the Targets will require the dedication of significant management resources which may distract management's attention from day-to-day business operations. If the Issuer is unable to successfully integrate the operations of the businesses of the Targets, the Group may be unable to realise the synergies, revenue growth and other anticipated benefits the Issuer expected to achieve as a result of the Acquisition and the Merger and the Group's business and results of operations could be adversely affected.

The Issuer's ability to successfully integrate the businesses of the Targets will depend on the Issuer's ability to manage a variety of issues, including the following:

- retaining managers and employees at the Targets;
- maintain relationships with existing customers and cross-sell new products and services that the combined group can provide to existing customers of the Group;
- effectively position, market and sell the products and services of the combined group to new customers;
- coordinate and integrate geographically separate operations of the Targets;
- address possible differences in corporate culture and management philosophies;

- merge financial processes and risk and compliance procedures;
- combine information technology platforms; and
- integrate and manage relationships with third party service providers.

The Issuer also expects to incur certain costs in connection with the Acquisition and the Merger and the related integration of the businesses of the Targets. The costs and liabilities actually incurred in connection with the Acquisition, the Merger and subsequent integration process may exceed those anticipated.

The Issuer may be unable to realise the expected synergies from the Acquisition and the Merger.

In connection with the Acquisition, the Merger and the integration of the Targets' businesses, the Issuer will seek to achieve certain cost savings relating to certain general and administrative expenses, the consolidation of certain leasehold premises and certain cost reductions. There can be no assurance that the Group will be able to realise all, or any, of these synergies or cost savings, and the costs incurred by the Group in trying to realise these synergies may be higher than current estimates and may outweigh the benefits.

The Issuer's anticipated synergies and cost savings are based upon assumptions about its ability to implement these measures in a timely fashion and within certain cost parameters. In addition, expected synergies premised on general and administrative cost savings are based on assumptions regarding the Targets' management structure and information technology resources and capabilities. The Issuer's ability to achieve the planned cost synergies is dependent upon these factors as well as a number of others, some of which may be beyond its control. In addition, its estimated cost savings are based on limited information about the Targets, which the Issuer does not yet own or control.

Following the completion of the Aviva Acquisition, the Group will continue to use certain trademarks and brands owned by Aviva UK, including the "Aviva" brand, under a licensing agreement to be entered into between Issuer and Aviva UK on or prior to the Acquisition Completion Date. The licence granted to the Group under the licensing agreement is for a finite period of time, and, subject to certain conditions and exceptions, the terms of such licensing agreement will entitle Aviva UK to terminate such license upon the occurrence of certain events, including if Aviva UK ceases to hold any shares in the Issuer. If Aviva UK sells or otherwise disposes of its shares in the Issuer, its interests may not be aligned with the interests of the Group and it may elect, to the extent permitted under the agreement, to terminate licensing agreement. There can be no assurance that Aviva UK will continue to hold shares in the Issuer. Additionally, for a transitional period following the completion of the Aviva Acquisition, the Group will continue to rely on certain services provided to the Group by affiliates of Aviva UK. If such license or transitional services are terminated, the Group's business and operations may be adversely affected.

If one or more of the Issuer's underlying assumptions regarding these initiatives proves to have been incorrect, these efforts could lead the Group to incur substantially higher costs than planned and the Group may not be able to realise fully, or at all, such synergies and cost savings in the anticipated timeframe. In addition, cost efficiencies may not be sustained due to the Issuer's inability to integrate the Targets, unforeseen legal, regulatory, contractual, labour or other issues or other cost variables. Furthermore, as the business and operations of Singlife, which relies more on digital and online distribution channels, differs from Aviva, which relies on offline distributional channels, there can be no assurance that the combinations of these businesses will be successful or that the Group will be able to realise the synergies anticipated. As a result, investors are cautioned not to place undue reliance on the synergies and cost savings anticipated to be realised as a result of the Acquisition or the Merger. The Issuer's inability to realise the anticipated synergies and cost savings from the Acquisition or the Merger could have a material adverse effect on the Group's business, financial condition and results of operations.

The Unaudited Pro Forma Financial Information does not necessarily reflect what the Group's results of operations and financial condition would have been if Aviva Singapore, Aviva Asia and Singlife were operated on a combined basis, and are subject to significant assumptions and limitations.

The respective business operations of Aviva Singapore, Aviva Asia and Singlife have been operated separately prior to the completion of the Acquisition. There is no history of the Targets operating as a combined entity and their operations have not previously been managed on a combined basis.

The Unaudited Pro Forma Financial Information has been prepared for illustrative purposes only and specifically for the purpose of facilitating the Offering, and because of its nature, the Unaudited Pro Forma Financial Information addresses a hypothetical situation and is based on available information and assumptions that the Issuer believes are reasonable under the circumstances. Therefore, the Unaudited Pro Forma Financial Information does not purport to present the Issuer's actual operating results or financial condition, or the operating results or financial condition of Aviva Singapore, Aviva Asia and Singlife, or of the Group, as they actually would have been had the relevant acquisitions occurred with effect from any relevant dates indicated or to project the operating results or financial condition of Aviva Singapore, Aviva Asia and Singlife, or of the Group, for any future period. This information is inherently subject to risks and uncertainties.

The Unaudited Pro Forma Financial Information has only been prepared for the year ended, and as at, 31 December 2019 and the six months ended, and as at, 30 June 2020, and no similar financial information has been prepared for any other periods for which the Aviva Singapore Financial Statements, the Aviva Asia Financial Statements and the Singlife Financial Statements have been included in this Offering Circular. The Unaudited Pro Forma Financial Information does not reflect all adjustments required to reflect trends or other factors that may be of relevance in considering the Group's future performance. For example, each of Aviva Singapore and Singlife have applied different actuarial assumptions in the preparation of their historical financial statements, which historical actuarial assumptions have been adopted for the purposes of the Unaudited Pro Forma Financial Information, without adjustments to reflect the actuarial assumptions that the Group may adopt in the future. Furthermore, the Acquisition has not been completed and, as a result, the Issuer is currently not in a position to measure fair values and make related adjustments to recorded values of the assets and liabilities of the Targets. In addition, the acquisition accounting and purchase price allocation exercise have not been performed in the preparation of the Unaudited Pro Forma Financial Information, and therefore certain adjustments have been made based on the Group's management's judgment, assumptions and estimates. For example, the estimated amount of the acquired value of in-force business ("**VIF**") and goodwill presented in the Unaudited Pro Forma Financial Information do not represent the Group's actual balance. See Note 2 to the Unaudited Pro Forma Financial Information for further details.

It is impossible to precisely quantify and reflect the full-year impact of the Acquisition on the Group's results of operations in periods prior to such events actually occurring. In addition, the Group's lack of operating history as a combined company and the challenges of integrating previously independent businesses make evaluation of the Group's business and future financial prospects difficult. The Group's potential for future business success and operating profitability must be considered in light of the risks, uncertainties, expenses, and difficulties encountered by recently organised or combined companies. See "*Unaudited Pro Forma Consolidated Financial Statements of the Group*".

The Unaudited Pro Forma Financial Information has not been audited, reviewed, verified or assured by any independent accounting firm and have not been prepared in accordance with the requirements of Regulation S-X of the U.S. Securities Act, the Prospectus Regulation or any generally accepted accounting standards.

The Unaudited Pro Forma Financial Information has been compiled by KPMG by aggregating selected historical financial information of the Targets from the Aviva Singapore Financial Statements, the Aviva Asia Financial Statements and the Singlife Financial Statements for the year ended, and as at, 31 December 2019 and for the six months ended, and as at, 30 June 2020. Adjustments have been made to the resulting aggregation, including (i) to reflect the acquisition of Singlife, Aviva Singapore and Aviva Asia by the Issuer as if the Acquisition and the financing in connection with the Acquisition had taken place on 1 January 2019, and (ii) to reflect consolidation adjustments to eliminate intercompany transactions between entities within the Group, as well as to reflect the accounting impact of the Acquisition at the consolidated Group level. The Unaudited Pro Forma Financial Information has not been audited in accordance with any generally accepted auditing standards, has not been reviewed in accordance with any generally accepted review engagement standards, has not been verified for accuracy or completeness and has not been assured by KPMG or any independent audit firm. Furthermore, KPMG has not verified the accuracy or completeness of the information provided to KPMG by the management of the Targets to compile to Unaudited Pro Forma Financial Information. Accordingly, KPMG has not expressed an audit opinion or a review conclusion on whether the Unaudited Pro Forma Financial Information is prepared in accordance with the basis of accounting described in Note 2 and 3 to the Unaudited Pro Forma Financial Information.

Certain information in this Offering Circular is based on management estimates or calculations which may change and there can be no assurance of the completeness, accuracy or comparability (as applicable) of such data contained in this Offering Circular.

Certain information contained in this Offering Circular pertaining to the Group's operational performance, future plans or targets are based solely on management estimates or calculations. The viability of such plans is ultimately dependent on a number of assumptions, including actuarial assumptions and market forecasts, which may be incorrect or may not materialise. The Issuer may have to revise its assumptions, estimates, forecasts, future plans and operating targets depending on future contingencies and events, including, among others:

- changes in laws and regulations;
- receipt of statutory and regulatory approvals and licenses;
- changes in the Group's business plans due to prevailing economic conditions; and
- changes in the competitive landscape within which the Group provides its offerings.

In addition, measures such as APE, GWP, CAR and ROCE are presented in this Offering Circular, which are not measures of financial performance recognised under SFRS, SFRS (I) or IFRS. See "*Certain Defined Terms and Conventions and Presentation of Financial Information—Other Financial Measures*". The Offering Circular does not present a reconciliation of the non-SFRS financial metrics to the Aviva Singapore Financial Statements, the Aviva Asia Financial Statements, the Singlife Financial Statements or the Unaudited Pro Forma Financial Information in this Offering Circular. The calculation of these metrics may differ from similarly titled metrics computed by other companies, and should not be considered by an investor as alternatives to measures of actual cash flow from operations, as a measure of liquidity, as an alternative to net profit, as indicators of the operating performance of the Group, Aviva Singapore or Singlife, or to any other measure of performance derived from or determined in accordance with SFRS or SFRS (I).

Risks Relating to Ownership of the Notes

Noteholders may recover less as a result of the subordination of the Notes.

In most circumstances, the sole remedy against the Issuer available to the Trustee (on behalf of the Noteholders) to recover any amounts owing in respect of the principal of or interest on the Notes will be to institute proceedings for the winding-up of the Issuer in Singapore (but not elsewhere). See Condition 9.2 of the Terms and Conditions.

If the Issuer defaults on the payment of principal or interest on the Notes, the Trustee will only institute proceedings in Singapore for the winding-up of the Issuer if it is so contractually obliged. The Trustee will have no right to enforce payment under or accelerate payment of the Notes in the case of default in payment or failure to perform any covenant except as provided in the Terms and Conditions and the Trust Deed.

The Notes will constitute unsecured and subordinated obligations of the Issuer which rank *pari passu* and without preference among themselves. The Notes are not secured or guaranteed or insured by any of the assets of the Issuer or of the Issuer's future subsidiaries. Upon the occurrence of any winding-up proceedings, the rights of the Noteholders to payment of principal of and interest on the Notes and any other obligations in respect of the Notes are expressly subordinated and subject in right of payment to the prior payment in full of all claims of the Relevant Creditors (as defined in the Terms and Conditions) and will rank senior to all share capital of the Issuer and any other Tier 1 Capital Securities. The Notes will *rank pari passu* with all subordinated debt issued by the Issuer that qualifies as Tier 2 Capital Securities and any instrument or security issued, entered into or guaranteed by the Issuer that ranks or is expressed to rank, by its terms or operation of law, *pari passu* with the Notes.

As a consequence of the subordination provisions, in the event of a winding-up of the Issuer's operations, there may be no surplus assets available to meet the claims of the Noteholders after the claims of the parties ranking senior to the Noteholders (as provided in the Terms and Conditions and the Trust Deed) have been satisfied. As there is no precedent for a winding-up of a major financial institution in Singapore, there is uncertainty as to the manner in which such proceedings would occur and the results thereof. Although the Notes may pay a higher rate of interest than comparable notes which are not subordinated, there is a risk that an investor in the Notes will lose all or some of its investment should the Issuer become insolvent.

The Issuer is a holding company and payments with respect to the Notes are structurally subordinated to liabilities, contingent liabilities and obligations of its subsidiaries.

The Issuer is a holding company with no material operations of its own, and operations of the Group will be primarily conducted through the subsidiaries of the Issuer. The Notes are unsecured obligations of the Issuer and the Notes will not be guaranteed by any current or future subsidiaries of the Issuer. Accordingly, the ability of the Issuer to make payment to the Noteholders under the Notes will depend upon the distributions of dividends from its subsidiaries. The subsidiaries of the Issuer are separate and distinct legal entities and have no obligation to pay any amounts due on the Notes with funds in respect of their payment obligations, whether by dividends, distributions, loans or other consideration. Payments to the Issuer by its subsidiaries are contingent upon such subsidiaries' earnings and cash flows. See "*—The Issuer is a newly formed entity with no revenue-generating operations of its own and will depend on cash from its direct and indirect subsidiaries to be able to make payments on the Notes.*"

The Issuer only has a shareholder's claim on the assets of its subsidiaries. This shareholder's claim is junior to the claims that creditors of any such subsidiary have against it. As a result, the Issuer's payment obligations under the Notes are structurally subordinated to all existing and future obligations of its subsidiaries, including the obligations of any such subsidiary under guarantees it has issued or will issue in connection with its business operations. The Noteholders will only be creditors of the Issuer, and not creditors of its subsidiaries. In addition, the Noteholders will not have the benefit of any security interest over the shares of the subsidiaries of the Issuer or any security interest over the assets of such subsidiaries. As a result, liabilities of any of the subsidiaries of the Issuer, including any claims of trade creditors and preferred stockholders, will be effectively senior to the Notes. Any of these subsidiaries may in the future have other liabilities, including contingent liabilities, which may be significant.

The Issuer will have substantial indebtedness, which may have a material and adverse effect on its available cash flow, its ability to obtain additional financing in the future and its flexibility in reacting to competitive changes.

The Issuer will have a substantial amount of indebtedness. As at 30 June 2020, the outstanding principal amount of the Issuer's consolidated indebtedness, on a *pro forma* basis after giving effect to the Acquisition and the issuance of the Notes, aggregated to S$885.6 million.

As a holding company, the Issuer's ability to pay principal and interest on or to refinance its outstanding indebtedness depends on the operating performance, as well as the ability to pay dividends, of Aviva Singapore, Aviva Asia and Singlife, which will be affected by, among other things, general economic, financial, competitive, regulatory and other factors, some of which are beyond their control. Moreover, the Issuer may not be able to refinance or redeem such indebtedness on terms which are commercially favourable or acceptable to the Issuer, or at all.

The Issuer's substantial indebtedness could have adverse consequences, including the following:

- a substantial portion of its cash flow will have to be dedicated to the payment of interest and principal on its indebtedness, thereby reducing the funds available to it for other purposes;
- the Issuer's ability to obtain additional financing in the future for working capital, capital expenditure, product development, acquisitions or general corporate purposes may be impaired;
- the Issuer's flexibility in planning for or executing its business strategies, or reacting to changes in its competitive environment and the industry or technological and other changes, may be limited;
- the Issuer may be placed at a competitive disadvantage as compared to its competitors that are not as highly leveraged;
- the Issuer's substantial indebtedness could make it more vulnerable in the event of a downturn in general economic conditions or adverse developments in its business; and
- the Issuer is exposed to risks inherent in interest rate and foreign exchange rate fluctuations.

Any of these or other consequences or events could have a material adverse effect on the Issuer's ability to satisfy its obligations under its indebtedness, including under the Notes, which could adversely affect its business and operations.

The Issuer may incur additional indebtedness in the future.

The Issuer may, from time to time, and without prior consultation of the Noteholders, create and issue further securities (see Condition 15 of the Terms and Conditions), provided that it would not cause a Change of Qualification Event, or otherwise incur additional indebtedness through such means and in such manner as it may consider necessary. Such indebtedness may be raised to refinance the Issuer's existing indebtedness, to fund any future acquisitions or for general corporate purposes. The interest rate with respect to any such additional indebtedness will be set at the time of the pricing or incurrence of such debt and may be less than or greater than the interest rate applicable to the Notes and the Issuer's other existing debt, which would have a corresponding effect on the Issuer's cash interest expense. In additional, the maturity date of any such additional debt may be earlier or later than the maturity date of the Notes and the Issuer's existing debt. The other terms of such additional debt would also be as agreed between the relevant lenders or holders thereof and could be more or less favourable than the terms of the Notes or the Issuer's other existing debt. Additionally, in the event proceeds from the Offering is less than the aggregate principal amount of S$550,000,000, the Issuer intends to draw down on the Bridge Loan Facility underwritten pursuant to a bridge facility agreement dated 11 November 2020 entered into among, inter alia, the Issuer, as borrower and Standard Chartered Bank (Singapore) Limited and Standard Chartered Bank (the "**Bridge Facility Agreement**") to satisfy such shortfall amount. Additionally, on 12 November 2020, Standard Chartered Bank in its capacity as the original lender under the Bridge Loan Facility transferred by novation an amount of its commitments thereunder equal to S$220,000,000 to DBS Bank Ltd. The rate of interest payable by the Issuer under the Bridge Loan Facility may be higher than the rate of interest payable under the Notes or other financing which the Group may otherwise incur, and the Issuer, or the Group, will be required to comply with additional obligations under the Bridge Facility Agreement. There can be no assurance that such future issuance of securities or incurrence of indebtedness will not adversely affect the market price or the Issuer's ability to service interest or principal payments under the Notes.

The regulation and reform of "benchmark" rates of interest and indices may adversely affect the value of the Notes.

The Reset Rate of Interest of the Notes is based on the 5-year SGD SOR, as set out in more detail under the Terms and Conditions of the Notes.

Interest rates and indices which are deemed to be or used as "benchmarks" are the subject of recent international regulatory guidance and proposals for reform. Some of these reforms are already effective whilst others are still to be implemented. These reforms may cause such benchmarks to perform differently than in the past, to disappear entirely or to have other consequences which cannot be predicted. Any such consequence could have a material adverse effect on the Notes.

Specifically, the sustainability of LIBOR has been questioned as a result of the absence of relevant active underlying markets and possible disincentives (including possibly as a result of benchmark reforms) for market participants to continue contributing to such benchmarks. The UK Financial Conduct Authority has indicated through a series of announcements that the continuation of LIBOR on the current basis cannot and will not be guaranteed after 2021. As the SOR methodology relies on USD LIBOR in its computation, the likely discontinuation of LIBOR after the end of 2021 will impact the future sustainability of SOR. On 30 August 2019, MAS announced that it has established a steering committee to oversee an industry-wide interest rate benchmark transition from SOR to the Singapore Overnight Rate Average ("**SORA**"). In addition, the Association of Banks in Singapore ("**ABS**") and the Singapore Foreign Exchange Market Committee ("**SFEMC**") released a consultation report "Roadmap for Transition of Interest Rate Benchmarks: From SOR to SORA" identifying SORA as the alternative interest rate benchmark to SOR, envisaging a phased transition over two years. On 19 March 2020, the Steering Committee for SOR Transition to SORA ("**SC-STS**") released its response to feedback received on the consultation report in which the SC-STS noted that overall, there was broad support for the proposed transition roadmap and approach set out in the consultation report. In its response, the SC-STS also outlined its key priorities and updated transition roadmap to achieve a smooth transition from SOR to SORA as the new interest rate benchmark for the SGD cash and derivatives markets. On 29 July 2020, the ABS and SFEMC issued another consultation report titled "SIBOR Reform and the Future Landscape for SGD Interest Rate Benchmarks" which recommends the discontinuation of SIBOR in three to four years, and a shift to the use of the SORA as the main interest rate benchmark for SGD financial markets. On 5 August 2020, MAS announced several key initiatives to support the adoption of SORA, which include issuing SORA-based floating rate notes on a monthly basis starting from 21 August 2020, as well as publishing key statistics involving SORA on a daily basis. As part of the initiatives by MAS, SORA was prescribed as a financial benchmark under the SFA pursuant to the Securities and Futures (Prescribed Financial Benchmark) Regulations 2020, which came into operation on 5 August 2020. On 27 October 2020, the SC-STS published the report titled "SORA Market Compendium: Transition from SOR to SORA", which included the recommended fallback provision developed by the SC-STS for SOR-referencing securities.

As it is expected that SOR will have been discontinued by the SOR Reset Determination Date, Condition 4.3 of the Terms and Conditions sets out more details on the mechanics for determining the Reset Rate of Interest in the event of such discontinuation. Such mechanics include the possibility that the Reset Rate of Interest could be set by reference to a Benchmark Replacement (as defined in the Terms and Conditions), with or without the application of an adjustment spread and may include amendments to the Terms and Conditions of the Notes to ensure the proper operation of the successor or replacement benchmark, all as determined by the Issuer (acting in good faith and in consultation with an Independent Adviser). An adjustment spread, if applied could be positive or negative and would be applied with a view to reducing or eliminating, to the extent reasonably practicable in the circumstances, any economic prejudice or benefit (as applicable) to investors arising out of the replacement of SOR. However, it may not be possible to determine or apply an adjustment spread and even if an adjustment is applied, such adjustment spread may not be effective to reduce or eliminate economic prejudice to investors. If no adjustment spread can be determined, a Benchmark Replacement may nonetheless be used to determine the Reset Rate of Interest. The use of a Benchmark Replacement (including with the application of an adjustment spread) may still result in the Notes performing differently (which may include payment of a lower Rate of Interest) than they would if SOR were to continue to apply in its current form.

Due to the uncertainty concerning the availability of a Benchmark Replacement, the involvement of an Independent Adviser, and the potential for further regulatory developments and the fact that the provisions of Condition 4.3 will not be applied if and to the extent that, in the determination of the Issuer, the same could reasonably be expected to prejudice the qualification of the Notes as Tier 2 capital of the Issuer, there is a risk that the relevant fallback provisions may not operate as intended at the relevant time.

Investors should consult their own independent advisers and make their own assessment about the potential risks imposed by any international reforms in making any investment decision with respect to the Notes.

The Notes are complex financial instruments.

The Notes are complex financial instruments. A potential investor should not invest in the Notes unless it has the knowledge and expertise (either alone or with a financial adviser) to evaluate how such Notes will perform under changing conditions, and the value of such Notes, and the impact this investment will have on the potential investor’s overall investment portfolio. Prior to making an investment decision, potential investors should consider carefully, in light of their own financial circumstances and investment objectives, all the information contained in this Offering Circular.

Implementation of and/or changes to the Basel III or other risk-based capital frameworks (including but not limited to RBC 2, or European Solvency II) framework may affect the capital requirements and/or liquidity associated with a holding of the Notes for certain investors.

Regulated institutions such as banks and insurance companies may be subject to capital adequacy and liquidity standards under Basel III or other risk-based capital frameworks (including but not limited to the RBC 2 framework issued by MAS, or European Solvency II). These requirements can include, amongst others, capital adequacy requirements and liquidity coverage requirements.

The ongoing implementation of and/or changes (including those which are yet to be finalised) to the risk-based capital frameworks for regulated institutions may have an impact on the capital requirements in respect of holdings of the Notes and/or on incentives to hold the Notes for investors that are subject to requirements that follow the revised framework and, as a result, they may affect the liquidity and/or value of the Notes.

In general, investors should consult their own advisers as to the regulatory capital and liquidity requirements in respect of the Notes and as to the consequences for and effect on them of any changes to the risk-based capital frameworks which may apply to them and the relevant implementing measures. No predictions can be made as to the precise effects of such matters on any investor or otherwise.

The Notes may be subject to early redemption by the Issuer for taxation reasons.

Subject to the Issuer obtaining any prior written approval of the MAS then required under prudential rules in Singapore governing capital of insurance companies or insurance group holding companies, the Issuer may redeem the Notes in whole, but not in part, at any time on giving not less than 30 nor more than 60 days’ notice to the Noteholders and to the Trustee and the Principal Paying Agent in writing (which notice shall be irrevocable) at their principal amount together with interest accrued but unpaid (if any) to (but excluding) the date fixed for redemption and any additional amounts referred to in Condition 7 of the Terms and Conditions then due or which will become due on or before the date fixed for redemption in the event (i) the Issuer has or will become obliged to pay such additional amounts, or (ii) payments of interest on the Notes will or would be treated as “distributions” or dividends within the meaning of the Income Tax Act or any other act in respect of or relating to Singapore taxation or would otherwise be considered as payments of a type that are non-deductible for Singapore income tax purposes. The date on which the Issuer elects to redeem the Notes may not accord with the preference of individual Noteholders. This may be disadvantageous to the Noteholders in light of market conditions or the individual circumstances of the Noteholders. In addition, an investor may not be able to reinvest the redemption proceeds in a comparable debt instrument at an effective interest rate at the same level as that of the Notes.

The Notes may be subject to early redemption by the Issuer upon the occurrence of a Change of Qualification Event.

Subject to the Issuer obtaining any prior written approval of the MAS then required under prudential rules in Singapore governing capital of insurance companies or insurance group holding companies, if a Change of Qualification Event has occurred, the Issuer may redeem all, but not some only, of the Notes on giving not less than 15 nor more than 30 days' prior written notice to the Noteholders and to the Trustee and the Principal Paying Agent in writing (which notice shall be irrevocable) at their principal amount together with interest accrued but unpaid (if any) to (but excluding) the date fixed for redemption. A "Change of Qualification Event" occurs if, as a result of: (a) any change to the relevant requirements issued by the MAS in relation to the qualification of the Notes as Tier 2 Capital Securities, (b) any change in the application of official or generally published interpretation of such relevant requirements issued by the MAS or any relevant authority (including a ruling or notice issued by the MAS or any relevant authority) regarding the qualification of the Notes as Tier 2 Capital Securities, or (c) any interpretation or pronouncement by the MAS or any relevant authority that provides for a position with respect to such relevant requirements issued by the MAS that differs from the previously generally accepted position in relation to similar transactions or which differs from any specific written statements made by any authority regarding the qualification of the Notes as Tier 2 Capital Securities, which change or amendment: (i) becomes, or would become, effective on or after the Acquisition Completion Date, or (ii) in the case of a change to the relevant requirements issued by the MAS, if such change is issued by the MAS, on or after the Acquisition Completion Date, the Notes would not fully qualify as Tier 2 Capital Securities. During any period when the Issuer may elect to redeem the Notes, the market value of those Notes generally will not rise substantially above the price at which they can be redeemed.

The Notes may be subject to early redemption by the Issuer at its option.

Subject to the Issuer obtaining any prior written approval of the MAS then required under prudential rules in Singapore governing capital of insurance companies or insurance group holding companies, the Issuer may, having given not less than 30 days nor more than 60 days' notice to the Noteholders in accordance with Condition 12 of the Terms and Conditions (which notice shall be irrevocable and shall specify the date fixed for redemption), redeem all, but not some only, of the Notes then outstanding on 24 February 2026 and any other Interest Payment Date thereafter. Each Note will be redeemed at their principal amount together with interest accrued but unpaid (if any) to (but excluding) the date of redemption in accordance with the Terms and Conditions. The date on which the Issuer elects to redeem the Notes may not accord with the preference of individual Noteholders. This may be disadvantageous to the Noteholders in light of market conditions or the individual circumstances of the Noteholders. In addition, an investor may not be able to reinvest the redemption proceeds in a comparable debt instrument at an effective interest rate at the same level as that of the Notes. Also, during any period when the Issuer may elect to redeem the Notes, the market value of those Notes generally will not rise substantially above the price at which they can be redeemed.

The Issuer may not be able to redeem the Notes upon the due date for redemption thereof.

There is no assurance that the Issuer would have sufficient liquidity to make the required redemption of the Notes at the relevant time (whether on the occurrence of an Acquisition Failure Event, the Maturity Date or due to an early redemption in accordance with the Terms and Conditions). On the Issue Date, as certain fees and commissions associated with the Offering will be deducted from the gross proceeds of the offering, the net proceeds of the Offering deposited directly into the Escrow Account will be less than the aggregate principal amount of the Notes. Furthermore, following the occurrence of an Acquisition Failure Event, the Notes will be required to be redeemed at a premium to their principal amount. Accordingly, the Issuer may need to rely on external financing to finance a redemption of the Notes. The Issuer may not have access to such external financing in a timely manner or at all. The ability to redeem the Notes may also be limited by the terms of other debt instruments or financing arrangements of the Issuer or the Group at the relevant time. The Issuer's failure to repay, repurchase or redeem Notes could constitute an event of default under the Notes, which may also constitute a default under the terms of the Issuer's or the Group's other indebtedness.

The Notes may not be a suitable investment for all investors.

Each potential investor in any Notes must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

- have sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained or incorporated by reference in this Offering Circular;

- have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact such investment will have on its overall investment portfolio;

- have sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes;

- understand thoroughly the terms of the Notes and be familiar with the behaviour of any relevant indices and financial markets; and

- be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

A potential investor should not invest in the Notes unless it has the expertise (either alone or with the help of a financial adviser) to evaluate how the Notes will perform under changing conditions, the resulting effects on the value of such Notes and the impact this investment will have on the potential investor's overall investment portfolio.

Modifications and waivers may be made in respect of the Terms and Conditions of the Notes and the Trust Deed by the Trustee or less than all of the Noteholders, and decisions may be made on behalf of all Noteholders that may be adverse to the interests of the individual Noteholders.

The Terms and Conditions contain provisions for calling meetings of Noteholders to consider matters relating to the Notes, including the modification of any provision of the Terms and Conditions. These provisions permit defined majorities to bind all Noteholders including Noteholders who did not attend and vote at the relevant meeting and Noteholders who voted in a manner contrary to the majority.

The Terms and Conditions also provide that the Trustee may, without the consent of holders of Notes, agree (i) to any modification of the Conditions or the Trust Deed (other than in respect of certain reserved matters) which in the opinion of the Trustee will not be materially prejudicial to the interests of holders of Notes and (ii) to any modification of the Conditions or the Trust Deed which in the opinion of the Trustee is of a formal, minor or technical nature or is to correct a manifest error or a proven error.

In addition, the Trustee may, without the consent of the holders of Notes, authorise or waive any proposed breach or breach of the Notes or the Trust Deed, or determine, without any such consent as aforesaid, that any Default or potential Default shall not be treated as such if, in the opinion of the Trustee, the interests of the holders of Notes will not be materially prejudiced thereby. See Condition 13 of the Terms and Conditions.

The Trustee may request holders of the Notes to provide an indemnity and/or security and/or pre-funding to its satisfaction.

In certain circumstances, including without limitation the giving of notice to the Issuer pursuant to Condition 12 of the Terms and Conditions and taking enforcement steps and/or actions and/or instituting proceedings pursuant to Condition 9 of the Terms and Conditions, the Trustee may, at its sole discretion, request holders of the Notes to provide an indemnity and/or security and/or pre-funding to its satisfaction before it takes steps and/or actions and/or institutes proceedings on behalf of holders of the Notes. The Trustee shall not be obliged to take any steps and/or such actions and/or institute proceedings if not indemnified and/or secured and/or pre-funded to its satisfaction. Negotiating and agreeing to an indemnity and/or security and/or pre-funding can be a lengthy process and may impact on when such steps and/or actions can be taken and/or proceedings can be instituted. The Trustee may not be able to take steps and/or actions and/or institute proceedings, notwithstanding the provision of an indemnity or security or pre-funding to it, in breach of the terms of the Trust Deed or the Terms and Conditions and in such circumstances, or where there is uncertainty or dispute as to the applicable laws or regulations, to the extent permitted by the agreements and the applicable law, it will be for the holders of the Notes to take such steps and/or actions and/or institute such proceedings directly.

Holders of the Notes will not have voting rights at shareholders' meetings.

Holders of the Notes do not have any right to vote at any of the Issuer's shareholders' meetings. Consequently, holders of the Notes cannot influence any decision made by the Issuer's board of directors or any decision made by the shareholders concerning the Issuer's capital structure, including the declaration of dividends in respect of the Issuer's ordinary shares.

A change in the governing law of the Notes may adversely affect Noteholders.

The Conditions of the Notes are governed by Singapore law. No assurance can be given as to the impact of any possible judicial decision or change to Singapore law or administrative practice after the date of issue of the Notes.

Performance of contractual obligations.

The ability of the Issuer to make payments in respect of the Notes may depend upon the due performance by the other parties to the transaction documents of the obligations thereunder including the performance by the Trustee, the Paying Agent, the Registrar and/or the Transfer Agent of their respective obligations. Whilst the non-performance of any relevant parties will not relieve the Issuer of its obligations to make payments in respect of the Notes, the Issuer may not, in such circumstances, be able to fulfil its obligations to the Noteholders.

Since the Global Note is held by or on behalf of the CDP, investors will have to rely on CDP's procedures for transfer, payment and communication with the Issuer.

The Notes will be represented by the Global Note except in certain limited circumstances described under the section "*Summary of Provisions relating to the Notes while in Global Form*". The Global Note will be deposited with and registered in the name of CDP. Except in certain limited circumstances described under "*Summary of Provisions relating to the Notes while in Global Form*", investors will not be entitled to receive certificates. CDP will maintain records of the beneficial interests in the Global Note. While the Notes are represented by the Global Note, investors will be able to trade their beneficial interests only through CDP. The Issuer will discharge its payment obligations under the Notes by making payments to or to the order of CDP for distribution to the accountholders. A holder of a beneficial interest in the Global Note must rely on the procedures of CDP to receive payments under the Notes. The Issuer has no responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in the Global Note.

The Notes have no current active trading market and may trade at a discount to their initial offering price and/or with limited liquidity.

The Notes will be new securities which may not be widely distributed and for which there is currently no active trading market. If the Notes are traded after their initial issuance, they may trade at a discount to their initial offering price, depending upon many factors, including, prevailing interest rates, the market for similar securities, general economic conditions and the financial condition of the Issuer. If the Notes are trading at a discount, investors may not be able to receive a favourable price for their Notes, and in some circumstances investors may not be able to sell their Notes at all or at their fair market value. In addition, the market for investment grade and crossover grade debt has been subject to disruptions that have caused volatility in prices of securities similar to the Notes. Accordingly, there is no assurance as to the development or liquidity of any trading market, or that disruptions will not occur, with respect to the Notes.

Noteholders should be aware that a definitive Note which has a principal amount that is not an integral multiple of the minimum specified denomination may be illiquid and difficult to trade.

In relation to any Note which has a principal amount consisting of a minimum specified denomination plus a higher integral multiple of another smaller amount, it is possible that the Notes may be traded in amounts in excess of the minimum specified denomination that are not integral multiples of such minimum specified denomination. In such a case a Noteholder who, as a result of trading such amounts, holds a principal amount of less than the minimum specified denomination will not receive a definitive Note in respect of such holding (should definitive Notes be printed) and would need to purchase a principal amount of Notes such that it holds an amount equal to one or more specified denominations. If definitive Notes are issued, holders should be aware that a definitive Note which has a principal amount that is not an integral multiple of the minimum specified denomination may be illiquid and difficult to trade.

The Notes are subject to restrictions on resales and transfers.

The Notes have not been and will not be registered under the Securities Act or any U.S. state securities laws or under the securities laws of any other jurisdiction and are being issued and sold in reliance upon exemptions from registration provided by such laws. No Notes may be sold or transferred unless such sale or transfer is exempt from the registration requirements of the Securities Act (for example, in reliance on the exemption provided by Regulation S under the Securities Act) and applicable state securities laws. See "*Subscription and Sale*".

There may be interest rate risks on an investment in the Notes.

Noteholders may suffer unforeseen losses due to fluctuations in interest rates. Generally, a rise in interest rates may cause a fall in the price of the Notes, resulting in a capital loss for the Noteholders. However, the Noteholders may reinvest the interest payments at higher prevailing interest rates. Conversely, when interest rates fall, the price of the Notes may rise. The Noteholders may enjoy a capital gain but interest payments received may be reinvested at lower prevailing interest rates.

Investment in the Notes is subject to inflation risk.

Noteholders may suffer erosion on the return of their investments due to inflation. Noteholders would have an anticipated rate of return based on expected inflation rates on the purchase of the Notes. An unexpected increase in inflation could reduce the actual returns.

Investment in the Notes is subject to exchange rate risks.

Principal and interest on the Notes will be paid in Singapore dollars. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the "**Investor's Currency**") other than Singapore dollars. These include the risk that exchange rate may significantly change (including changes due to devaluation of the Singapore dollars or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to the Singapore dollars would decrease: (i) the Investor's Currency-equivalent yield on the Notes, (ii) the Investor's Currency-equivalent value of the principal payable on the Notes, and (iii) the Investor's Currency-equivalent market value of the Notes.

In addition, there may be tax consequences for investors as a result of any foreign currency gains resulting from any investment in the Notes.

Singapore taxation risk.

The Notes are intended to be "qualifying debt securities" for the purposes of the Income Tax Act, Chapter 134 of Singapore (the "**ITA**"), subject to the fulfilment of certain conditions more particularly described in the section "*Taxation – Singapore Taxation*".

However, there is no assurance that the Notes will continue to enjoy the tax exemptions or concessions in connection therewith should the relevant tax laws be amended or revoked at any time.

The liquidity and price of the Notes following the offering may be volatile.

The price and trading volume of the Notes may be highly volatile. Factors such as variations in the Issuer's revenues, earnings and cash flows and proposals of new investments, strategic alliances and/or acquisitions, interest rates and fluctuations in prices for comparable companies could cause the price of the Notes to change. In addition, there is no restriction on any change in the shareholding structure of the Issuer. Any such change may lead to, among others, changes in the Issuer's ability to use the Aviva brand and/or a change in the Issuer's name to refer to the Aviva brand. See "*—The Issuer may be unable to realise the expected synergies from the Acquisition and the Merger*". Any such developments may result in large and sudden changes in the volume and price at which the Notes will trade. There is no assurance that these developments will not occur in the future.

Legal investment considerations may restrict certain investments.

The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (i) the Notes are legal investments for it, (ii) the Notes can be used as collateral for various types of borrowing and (iii) other restrictions apply to its purchase or pledge of any Notes. Investors should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of the Notes under any applicable risk-based capital or similar rules.

Credit ratings may not reflect all risks and any downgrade in ratings may affect the market price of the Notes.

Credit ratings may not reflect all risks and any downgrade in ratings may affect the market price of the Notes.

The Notes are expected to be assigned an issue a rating of “Baa3” by Moody’s and “BBB-” by Fitch. The Issuer cannot assure investors that these ratings will not be adversely revised or withdrawn either before or after delivery of the Notes, and the ratings may not reflect the potential impact of all risks that may affect the value of the Notes including those relating to the structure of the Notes, market conditions and the factors discussed above. A credit rating is not a recommendation to buy, sell or hold securities and may be suspended, reduced or withdrawn by the rating agency at any time.

Further, there can be no assurance that the ratings of the Issuer or the Notes will remain in effect for any given period or that the ratings will not be revised by the rating agencies in the future if, in their judgment, circumstances so warrant. The Issuer has no obligation to inform Noteholders of any such revision, downgrade or withdrawal.

A downgrade, suspension or withdrawal in the ratings of the Issuer or the Notes may affect the market price of the Notes which could have a material and adverse impact on the Issuer’s business, prospects, financial condition and results of operations.

TERMS AND CONDITIONS OF THE NOTES

The following are the Terms and Conditions of the Notes which will be incorporated by reference into each Global Note (as defined below) and each definitive Note.

The SGD550,000,000 Fixed Reset Subordinated Notes due 2031 (the **Notes**, which expression shall in these Conditions, unless the context otherwise requires, include any further notes issued pursuant to Condition 15 and forming a single series with the Notes) of Aviva Singlife Holdings Pte. Ltd. (formerly known as Red Dot Life Pte. Ltd. (the **Issuer**) are constituted by a Trust Deed (such Trust Deed as modified and/or supplemented and/or restated from time to time, the **Trust Deed**) dated 24 November 2020 (the **Issue Date**) made between the Issuer and The Bank of New York Mellon, Singapore Branch (the **Trustee**, which expression shall include its successor(s)) as trustee for the Noteholders.

References herein to the **Notes** shall be references to the Notes of this series and shall mean:

(a) in relation to any Notes represented by a global Note (a **Global Note**), units of SGD250,000 in principal amount of the Notes;

(b) the Global Note; and

(c) any definitive Notes.

The Notes have the benefit of an Agency Agreement (such Agency Agreement as amended and/or supplemented and/or restated from time to time, the **Agency Agreement**) dated the Issue Date and made between the Issuer, the Trustee, The Bank of New York Mellon, Singapore Branch as issuing and principal paying agent the (the **Principal Paying Agent**, which expression shall include any successor principal paying agent) and the other paying agents named therein (together with the Principal Paying Agent, the **Paying Agents**, which expression shall include any additional or successor paying agents), The Bank of New York Mellon, Singapore Branch as registrar (the **Registrar**, which expression shall include any successor registrar) and a transfer agent and the other transfer agents named therein (together with the Registrar, the **Transfer Agents**, which expression shall include any additional or successor transfer agents). The Principal Paying Agent, the Calculation Agent, the Registrar and the Paying Agents and other Transfer Agents together referred to as the **Agents**.

The Notes will be held in, and cleared through, the computerised system operated by The Central Depository (Pte) Limited (**CDP**) and are issued with the benefit of a deed of covenant dated the Issue Date relating to the Notes executed by the Issuer (as amended, varied and/or supplemented from time to time, the **CDP Deed of Covenant**). The original of the CDP Deed of Covenant is held by CDP. The Conditions are modified by certain provisions contained in the Global Note while any of the Notes are represented by the Global Note. See "*Summary of Provisions relating to the Notes While in Global Form*".

Any reference to **Noteholders** or **holders** in relation to any Notes shall mean the persons in whose name the Notes are registered and shall, in relation to any Notes represented by a Global Note, be construed as provided below. The Trustee acts for the benefit of the Noteholders (which expression shall mean the persons in whose name the Notes are registered and shall, in relation to any Notes represented by a Global Note, be construed as provided below), in accordance with the provisions of the Trust Deed. Upon prior written request and satisfactory proof of holding, copies of the Trust Deed, the Agency Agreement and the CDP Deed of Covenant will be (i) available to Noteholders for inspection during normal business hours (being between 9.00 a.m. and 3.00 p.m.) at the principal office for the time being of the Trustee being at One Temasek Avenue, #02-01 Millenia Tower, Singapore 039192 and at the specified office of each of the Paying Agents, and (ii) available electronically via e-mail from the Principal Paying Agent. The Noteholders are deemed to have notice of, and are entitled to the benefit of, all the provisions of the Trust Deed, the Agency Agreement and the CDP Deed of Covenant. The statements in the Conditions include summaries of, and are subject to, the detailed provisions of the Trust Deed and the Agency Agreement.

Words and expressions defined in the Trust Deed and the Agency Agreement shall have the same meanings where used in the Conditions unless the context otherwise requires or unless otherwise stated and provided that, in the event of inconsistency between the Trust Deed or the Agency Agreement, the Trust Deed will prevail.

1. FORM, DENOMINATION AND TITLE

The Notes are issued in registered form and, in the case of definitive Notes, serially numbered, in the denomination of SGD250,000 each.

Subject as set out below, title to the Notes will pass upon registration of transfers in accordance with the provisions of the Agency Agreement. The Issuer, the Trustee and any Agent will (except as otherwise required by law) deem and treat the registered holder of any Note as the absolute owner thereof (whether or not overdue and notwithstanding any notice of ownership or writing thereon or notice of any previous loss or theft thereof) for all purposes but, in the case of any Global Note, without prejudice to the provisions set out in the next succeeding paragraph.

For so long as any of the Notes is represented by a Global Note held by CDP, each person who is for the time being shown in the records of CDP as the holder of a particular principal amount of Notes (in which regard any certificate or other document issued by CDP as to the principal amount of such Notes standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error) shall be treated by the Issuer, the Trustee and the Agents as the absolute holder of such principal amount of Notes other than with respect to the payment of principal, interest and any other amounts in respect of the Notes, for which purpose the registered holder of the Global Note shall be treated by the Issuer, the Trustee and the Agents as the holder of such Notes in accordance with and subject to the terms of such Global Note and the expressions **Noteholder** and **holder of Notes** and related expressions shall be construed accordingly.

In determining whether a particular person is entitled to a particular nominal amount of Notes as aforesaid, the Trustee may rely on such evidence and/or information and/or certification as it shall, in its absolute discretion, think fit and, if it does so rely, such evidence and/or information and/or certification shall, in the absence of manifest error, be conclusive and binding on all concerned.

Notes which are represented by a Global Note will be transferable only in accordance with the rules and procedures for the time being of CDP.

2. TRANSFERS OF NOTES

2.1 Transfers of interests in Global Notes

Transfers of beneficial interests in Global Notes will be effected by CDP and, in turn, by other participants and, if appropriate, indirect participants in CDP acting on behalf of beneficial transferors and transferees of such interests. A beneficial interest in a Global Note will, subject to compliance with all applicable legal and regulatory restrictions, be transferable for Notes in definitive form only in the authorised denominations and only in accordance with the rules and operating procedures for the time being of CDP and in accordance with the terms and conditions specified in the Trust Deed and the Agency Agreement.

2.2 Transfers of Notes in definitive form

Upon the terms and subject to the conditions set forth in the Trust Deed and the Agency Agreement, a Note in definitive form may be transferred in whole or in part (in a round number of the authorised denomination). In order to effect any such transfer (a) the holder or holders must (i) surrender the Note for registration of the transfer of the Note (or the relevant part of the Note) at the specified office of any Transfer Agent, with the form of transfer thereon duly executed by the holder or holders thereof or his or their attorney or attorneys duly authorised in writing and (ii) complete and deposit such other certifications as may be required by the relevant Transfer Agent and (b) the relevant Transfer Agent must, after due and careful enquiry, be satisfied with the documents of title and the identity of the person making the request. Any such transfer will be subject to such reasonable regulations as the Issuer, the Trustee and the Registrar may from time to time prescribe. Subject as provided above, the relevant Transfer Agent will, within five business days (being for this purpose a day on which banks are open for business in the city where the specified office of the relevant Transfer Agent is located) of the request (or such longer period as may be required to comply with any applicable fiscal or other laws or regulations), authenticate and deliver, or procure the authentication and delivery of, at its specified office to the transferee or (at the risk of the transferee) send by uninsured mail, to such address as the transferee may request, a new Note in definitive form of a like aggregate nominal amount to the Note (or the relevant part of the Note) transferred. In the case of the transfer of part only of a Note in definitive form, a new Note in definitive form in respect of the balance of the Note not transferred will be so authenticated and delivered or (at the risk of the transferor) sent to the transferor.

2.3 Costs of registration

Noteholders will not be required to bear the costs and expenses of effecting any registration of transfer as provided above, except for any costs or expenses of delivery other than by regular uninsured mail and except that the Issuer may require the payment of a sum sufficient to cover any stamp duty, tax or other governmental charge that may be imposed in relation to the registration.

3. STATUS OF THE NOTES, SUBORDINATION AND ESCROW

3.1 Status of the Notes

The Notes constitute direct, unsecured and subordinated (pursuant to Condition 3.2) obligations of the Issuer and shall at all times rank *pari passu* and without any preference among themselves. The rights and claims of the Noteholders are subordinated as described in Condition 3.2 below.

3.2 Subordination

Upon the occurrence of any winding-up proceedings, the rights of the Noteholders to payment of principal of and interest on the Notes and any other obligations in respect of the Notes are expressly subordinated and subject in right of payment to the prior payment in full of all claims of the Relevant Creditors and will rank senior to all share capital of the Issuer and any other Tier 1 Capital Securities. The Notes will rank *pari passu* with all subordinated debt issued by the Issuer that qualifies as Tier 2 Capital Securities and any instrument or security issued, entered into or guaranteed by the Issuer that ranks or is expressed to rank, by its terms or operation of law, *pari passu* with the Notes. In the event that:

(i) the Noteholders do not receive payment in full of principal due and payable in respect of the Notes plus interest thereon accrued to the date of repayment in any winding-up of the Issuer; and

(ii) the winding-up order or resolution passed for the winding-up of the Issuer or the dissolution of the Issuer is subsequently stayed, discharged, rescinded, avoided, annulled or otherwise rendered inoperative,

then to the extent that such Noteholders did not receive payment in full of such principal of and interest on such Notes, such unpaid amounts shall remain payable in full; provided that payment of such unpaid amounts shall be subject to the provisions under this Condition 3 and Condition 9 and Clause 7 of the Trust Deed.

The Issuer has agreed, pursuant to the terms of the Trust Deed, to indemnify the Noteholders against any loss incurred as a result of any judgment or order being given or made for any amount due under the Notes and such judgment or order being expressed and paid in a currency other than Singapore dollars. Any amounts due under such indemnification will be similarly subordinated in right of payment with other amounts due on the Notes and payment thereof shall be subject to the provisions under this Condition 3 and Condition 9 and Clause 10 of the Trust Deed.

On a winding-up of the Issuer, there may be no surplus assets available to meet the claims of the Noteholders after the claims of the parties ranking senior to the Noteholders (as provided in this Condition 3 and Clause 7 of the Trust Deed) have been satisfied.

In these Conditions:

MAS means the Monetary Authority of Singapore or such other governmental authority having primary supervisory authority with respect to the Issuer;

MAS Notice 133 means MAS Notice 133 – "Notice on Valuation and Capital Framework for Insurers" issued by the MAS, as amended, replaced or supplemented from time to time;

Relevant Creditors means creditors of the Issuer (including policy-owners) other than those whose claims are expressed to rank *pari passu* or junior to the claims of the holders of the Notes;

Subsidiary means any company or corporation:

(i) of which the Issuer controls the composition of the board of directors; or

(ii) of which the Issuer controls more than half of the voting power; or

(iii) which is a Subsidiary of a Subsidiary of the Issuer,

and, for these purposes, a company or corporation shall be treated as being controlled by another if that other company or corporation is able to direct its affairs and/or to control the composition of its board of directors or equivalent body;

Tier 1 Capital Securities means:

(i) any security issued by the Issuer; or

(ii) any other similar obligation issued by any Subsidiary of the Issuer that is guaranteed by the Issuer,

that, in each case, constitutes Tier 1 capital, or additional Tier 1 capital, of the Issuer pursuant to the relevant requirements of the MAS as set out in MAS Notice 133 (on the basis that the Issuer is subject to the application of MAS Notice 133 or any notice or regulation that amends, replaces or supersedes MAS Notice 133, whether directly or by direction of the MAS); and

Tier 2 Capital Securities means:

(i) any security issued by the Issuer; or

(ii) any other similar obligation issued by any Subsidiary of the Issuer that is guaranteed by the Issuer,

that, in each case, constitutes Tier 2 capital of the Issuer pursuant to the relevant requirements of the MAS as set out in MAS Notice 133 (on the basis that the Issuer is subject to the application of MAS Notice 133 or any notice or regulation that amends, replaces or supersedes MAS Notice 133, whether directly or by direction of the MAS).

3.3 Set-off and Payment Void

Subject to any applicable law, no holder of Notes may exercise, claim or plead any right of set-off, counterclaim or retention in respect of any amount owed to it by the Issuer arising under or in connection with the Notes. Each Noteholder shall, by acceptance of any Note, be deemed to have waived all such rights of set-off, compensation, counterclaim or retention to the fullest extent permitted by law.

If, at any time, any Noteholder receives payment or benefit of any sum in respect of the Notes (including any benefit received pursuant to any such set-off, counterclaim or retention) other than in accordance with Clause 10 of the Trust Deed and the second paragraph of Condition 9.2, the payment of such sum or receipt of such benefit shall, to the fullest extent permitted by law, be deemed void for all purposes and such Noteholder, by acceptance of such Note, shall agree as a separate and independent obligation that any such sum or benefit so received shall forthwith be paid or returned in full by such Noteholder to the Issuer upon demand by the Issuer or, in the event of the winding-up of the Issuer, the liquidator of the Issuer, whether or not such payment or receipt shall have been deemed void under the Trust Deed.

Any sum so paid or returned shall then be treated for the purposes of the Issuer's obligations as if it had not been paid by the Issuer, and its original payment shall be deemed not to have discharged any of the obligations of the Issuer under the Notes.

3.4 Escrow

On the Issue Date the Issuer will cause the net proceeds of the offering of the Notes to be deposited directly into the Escrow Account subject to, and in accordance with, the terms of the Escrow Account Agreement.

On the Acquisition Completion Date (a) the amounts standing to the credit of the Escrow Account shall be released in accordance with the terms of the Escrow Account Agreement and transferred to an account as jointly specified by the Issuer and Standard Chartered Bank (Singapore) Limited (as manager of the offering of the Notes) to the Escrow Bank; and (b) the Notes shall continue to remain outstanding and be subordinated Tier 2 capital of the Issuer in accordance with these Conditions; provided that if an Acquisition Failure Event (as defined below) occurs then the provisions of Condition 6.4A shall apply.

In these Conditions:

Acquisition Completion Date means the date of completion of the purchase of (i) all of the issued shares in the capital of Aviva Ltd., and (ii) all the issued shares in the capital of Aviva Asia Pte. Ltd., by the Issuer from Aviva Group Holdings Limited, being the date on which Completion (as defined in the SPA) shall be deemed to have taken place pursuant to the share purchase agreement dated 11 September 2020 between them (the **SPA**).

Escrow Account means the escrow account denominated in Singapore dollars held by the Issuer with the Escrow Bank.

Escrow Account Agreement means the escrow agreement to be dated on or about 18 November 2020 between the Issuer, Standard Chartered Bank (Singapore) Limited (as manager of the offering of the Notes) and the Escrow Bank in relation to the Escrow Account.

Escrow Bank means Standard Chartered Bank (Singapore) Limited (**SCBSL**) or any of SCBSL's affiliates.

See "Description of the Acquisition and Merger—Aviva Acquisition" for a description of the SPA.

4. INTEREST

4.1 General

Each Note bears interest from (and including) the Issue Date at the rate per annum equal to the relevant Rate of Interest. Interest will be payable in arrear on 24 February and 24 August (the **Interest Payment Dates**) in each year up to (and including) 24 February 2031 (the **Maturity Date**), with the first Interest Payment Date being 24 February 2021 (the **First Interest Payment Date**). Interest shall be calculated in respect of any period by applying the applicable Rate of Interest to the outstanding principal amount of such Note and multiplying such sum by the Day Count Fraction. The resultant figure shall be rounded to the nearest cent, half of a cent being rounded upwards.

4.2 Interest Basis

As used in the Conditions:

Calculation Agent means The Bank of New York Mellon, Singapore Branch or any other Singapore bank appointed by the Issuer with the approval of the Trustee for the purpose of calculating the Reset Rate of Interest.

Day Count Fraction means, in respect of the calculation of an amount of interest in accordance with this Condition, Actual/365 (Fixed) (being the actual number of days in the period divided by 365).

5-year SGD SOR means (a) the rate per annum (expressed as a percentage) as determined by the Calculation Agent (and notified to the Issuer) that is equal to the rate appearing under the column headed "Ask" for a maturity of 5 years, which appears on the Bloomberg Screen TPIS Page under the caption "Tullett Prebon – Rates – Interest Rate Swaps – Asia Pac – SGD" (or such other substitute page thereof or if there is no substitute page, the screen page which is the generally accepted page used by market participants at that time as determined by an independent financial institution (which is appointed by the Issuer and notified to the Calculation Agent)) at the close of business on the SOR Reset Determination Date and (b) if a Benchmark Event has occurred in relation to the "5-year SGD SOR", such rate as determined in accordance with Condition 4.3. For the avoidance of doubt, the Agency Agreement contains provisions for determining the Reset Rate of Interest in the event that the 5-year SGD SOR is not available.

Rate of Interest means:

(i) from and including the Issue Date to but excluding, 24 February 2026, 3.375% per annum; and

(ii) from and including 24 February 2026 to but excluding the Maturity Date, the Reset Rate of Interest,

each of which are payable semi-annually in arrear from, and including, the First Interest Payment Date.

Reset Rate of Interest is the fixed rate per annum (expressed as a percentage) being the aggregate of (a) the 5-year SGD SOR and (b) 2.869% per annum.

SOR Reset Determination Date means the second day (other than a Saturday, Sunday or public holiday) on which commercial banks are open for business in Singapore immediately preceding 24 February 2026.

4.3 Benchmark Discontinuation and Replacement

(i) Independent Adviser

Notwithstanding the provisions above in this Condition 4, if a Benchmark Event occurs in relation to the Original Reference Rate prior to the SOR Reset Determination Date, then the Issuer shall use its reasonable endeavours to appoint an Independent Adviser, as soon as reasonably practicable, to determine the Benchmark Replacement (in accordance with Condition 4.3(ii)) and an Adjustment Spread, if any (in accordance with Condition 4.3(iii)), and any Benchmark Amendments (in accordance with Condition 4.3(iv)) by the SOR Reset Determination Date. An Independent Adviser appointed pursuant to this Condition 4.3 as an expert shall act in good faith and in a commercially reasonable manner and in consultation with the Issuer. In the absence of bad faith or fraud, the Independent Adviser shall have no liability whatsoever to the Issuer, the Trustee, the Principal Paying Agent or the Noteholders for any determination made by it or for any advice given to the Issuer in connection with any determination made by the Issuer, pursuant to this Condition 4.3.

If the Issuer is unable to appoint an Independent Adviser after using its reasonable endeavours, or the Independent Adviser appointed by it fails to determine the Benchmark Replacement prior to the SOR Reset Determination Date, the Issuer (acting in good faith and in a commercially reasonable manner) may determine the Benchmark Replacement (in accordance with Condition 4.3(ii)) and an Adjustment Spread if any (in accordance with Condition 4.3(iii)) and any Benchmark Amendments (in accordance with Condition 4.3(iv)).

(ii) Benchmark Replacement

The Benchmark Replacement determined by the Independent Adviser or the Issuer (in the circumstances set out in Condition 4.3(i)) shall (subject to adjustment as provided in Condition 4.3(iii)) subsequently be used in place of the Original Reference Rate to determine the Reset Rate of Interest (or the relevant component part thereof).

(iii) Adjustment Spread

If the Independent Adviser or the Issuer (in the circumstances set out in Condition 4.3(i)) (as the case may be) determines (i) that an Adjustment Spread is required to be applied to the Benchmark Replacement and (ii) the quantum of, or a formula or methodology for determining, such Adjustment Spread, then such Adjustment Spread shall be applied to the Benchmark Replacement.

(iv) Benchmark Amendments

If the Independent Adviser or the Issuer (in the circumstances set out in Condition 4.3(i)) (as the case may be) determines (i) that Benchmark Amendments are necessary to ensure the proper operation of such Benchmark Replacement and/or Adjustment Spread and (ii) the terms of the Benchmark Amendments, then the Issuer shall, subject to giving notice thereof in accordance with Condition 4.3(v), without any requirement for the consent or approval of Noteholders, vary these Conditions, the Trust Deed and/or the Agency Agreement to give effect to such Benchmark Amendments with effect from the date specified in such notice.

At the request of the Issuer, but subject to receipt by the Trustee of a certificate signed by a director or an authorised signatory of the Issuer pursuant to Condition 4.3(v), the Trustee shall (at the expense of the Issuer), without any requirement for the consent or approval of the Noteholders, be obliged to concur with the Issuer in effecting any Benchmark Amendments (including, *inter alia*, by the execution of a deed supplemental to or amending the Trust Deed), provided that the Trustee shall not be obliged so to concur if in the opinion of the Trustee doing so would impose more onerous obligations upon it or expose it to any additional duties, responsibilities or liabilities or reduce or amend the protective provisions afforded to the Trustee in these Conditions or the Trust Deed (including, for the avoidance of doubt, any supplemental trust deed) in any way.

For the avoidance of doubt, the Trustee and the Paying Agents shall, at the direction and expense of the Issuer, effect such consequential amendments to the Trust Deed, the Agency Agreement and these Conditions as may be required in order to give effect to this Condition 4.3. Noteholders' consent shall not be required in connection with effecting the Benchmark Replacement or such other changes, including for the execution of any documents or other steps by the Trustee, the Calculation Agent, the Paying Agents, the Registrar or the Transfer Agents (if required).

In connection with any such variation in accordance with Condition 4.3(iv), the Issuer shall comply with the rules of any stock exchange on which the Notes are for the time being listed or admitted to trading.

(v) *Notices, etc.*

Any Benchmark Replacement, Adjustment Spread and the specific terms of any Benchmark Amendments, determined under this Condition 4.3 will be notified promptly by the Issuer to the Trustee, the Calculation Agent, the Principal Paying Agent and, in accordance with Condition 4.3, the Noteholders. Such notice shall be irrevocable and shall specify the effective date of the Benchmark Amendments, if any.

No later than notifying the Trustee of the same, the Issuer shall deliver to the Trustee a certificate signed by a director or an authorised signatory of the Issuer:

(A) confirming (1) that a Benchmark Event has occurred, (2) the Benchmark Replacement and, (3) where applicable, any Adjustment Spread and/or the specific terms of any Benchmark Amendments, in each case as determined in accordance with the provisions of this Condition 4.3; and

(B) certifying that the Benchmark Amendments are necessary to ensure the proper operation of such Benchmark Replacement and/or Adjustment Spread.

The Trustee shall be entitled to rely on such certificate (without liability to any person) as sufficient evidence thereof. The Benchmark Replacement and the Adjustment Spread (if any) and the Benchmark Amendments (if any) specified in such certificate will (in the absence of manifest error or bad faith in the determination of the Benchmark Replacement and the Adjustment Spread (if any) and the Benchmark Amendments (if any) and without prejudice to the Trustee's ability to rely on such certificate as aforesaid) be binding on the Issuer, the Trustee, the Calculation Agent, the Principal Paying Agent and the Noteholders.

(vi) *Survival of Original Reference Rate*

Without prejudice to the obligations of the Issuer under Conditions 4.3(i), 4.3(ii), 4.3(iii) and 4.3(iv), the Original Reference Rate and the fallback provisions provided for in Condition 4.3

will continue to apply unless and until the Calculation Agent has been notified of the Benchmark Replacement, and any Adjustment Spread and Benchmark Amendments, in accordance with Condition 4.3(v).

(vii) Definitions

As used in this Condition 4.3:

Adjustment Spread means either a spread (which may be positive or negative), or the formula or methodology for calculating a spread, in either case, which the Independent Adviser or the Issuer (in the circumstances set out in Condition 4.3(i)) (as the case may be) determines is required to be applied to the Benchmark Replacement to reduce or eliminate, to the extent reasonably practicable in the circumstances, any economic prejudice or benefit (as the case may be) to Noteholders as a result of the replacement of the Original Reference Rate with the Benchmark Replacement and is the spread, formula or methodology which:

(A) is formally recommended in relation to the replacement of the Original Reference Rate with the applicable Benchmark Replacement by any Relevant Nominating Body; or

(B) if the applicable Benchmark Replacement is the ISDA Fallback Rate, is the ISDA Fallback Adjustment; or

(C) is determined by the Independent Adviser or the Issuer (in the circumstances set out in Condition 4.3(i)) (as the case may be) having given due consideration to any industry-accepted spread adjustment, or method for calculating or determining such spread adjustment, for the replacement of the Original Reference Rate with the applicable Benchmark Replacement for the purposes of determining rates of interest (or the relevant component part thereof) for the same interest accrual period and in the same currency as the Notes;

Alternative Rate means an alternative benchmark or screen rate which the Independent Adviser or the Issuer (in the circumstances set out in Condition 4.3(i)) (as the case may be) determines in accordance with Condition 4.3(ii) has replaced the Original Reference Rate for the Corresponding Tenor in customary market usage in the international or if applicable, domestic debt capital markets for the purposes of determining rates of interest (or the relevant component part thereof) for the same interest period and in the same currency as the Notes (including, but not limited to, Singapore Government Bonds);

Benchmark Amendments means, with respect to any Benchmark Replacement, any technical, administrative or operational changes (including any amendments to these Conditions, the Trust Deed and/or the Agency Agreement, and other administrative matters) that the Independent Adviser or the Issuer (in the circumstances set out in Condition 4.3(i)) (as the case may be) determines may be appropriate to reflect the adoption of such Benchmark Replacement in a manner substantially consistent with market practice (or, if the Independent Adviser or the Issuer (in the circumstances set out in Condition 4.3(i)) (as the case may be) determines that adoption of any portion of such market practice is not administratively feasible or if the Independent Adviser or the Issuer (in the circumstances set out in Condition 4.3(i)) (as the case may be) determines that no market practice for use of such Benchmark Replacement exists, in such other manner as the Independent Adviser or the Issuer (in the circumstances set out in Condition 4.3(i)) (as the case may be) determines is reasonably necessary);

Benchmark Event means:

(A) the Original Reference Rate ceasing to be published for a period of at least five Singapore business days or ceasing to exist; or

(B) a public statement by the administrator of the Original Reference Rate that it has ceased or will, by a specified date within the following six months, cease publishing the Original Reference Rate permanently or indefinitely (in circumstances where no successor administrator has been appointed that will continue publication of the Original Reference Rate); or

(C) a public statement by the supervisor of the administrator of the Original Reference Rate that the Original Reference Rate has been or will, by a specified date within the following six months, be permanently or indefinitely discontinued; or

(D) a public statement by the supervisor of the administrator of the Original Reference Rate that the Original Reference Rate has been prohibited from being used or that its use has been subject to restrictions or adverse consequences, or that it will be prohibited from being used or that its use will be subject to restrictions or adverse consequences within the following six months; or

(E) it has become unlawful for the Paying Agents, the Calculation Agent, the Issuer or any other party to calculate any payments due to be made to any Noteholder using the Original Reference Rate; or

(F) a public statement by the supervisor of the administrator of the Original Reference Rate that the Original Reference Rate is no longer representative or will, by a specified date within the following six months, be deemed to be no longer representative,

provided that the Benchmark Event shall be deemed to occur (a) in the case of sub-paragraphs (B) and (C) above, on the date of the cessation of publication of the Original Reference Rate or the discontinuation of the Original Reference Rate, as the case may be, (b) in the case of sub-paragraph (D) above, on the date of the prohibition or restriction of use of the Original Reference Rate and (c) in the case of sub-paragraph (F) above, on the date with effect from which the Original Reference Rate will no longer be (or will be deemed to no longer be) representative and which is specified in the relevant public statement, and, in each case, not the date of the relevant public statement;

Benchmark Replacement means the Interpolated Benchmark, provided that if the Independent Adviser or the Issuer (in the circumstances set out in Condition 4.3(i)) (as the case may be) cannot determine the Interpolated Benchmark by the SOR Reset Determination Date, then "Benchmark Replacement" means the first alternative set forth in the order below that can be determined by the Independent Adviser or the Issuer (in the circumstances set out in Condition 4.3(i)) (as the case may be):

(A) Term SORA;

(B) Compounded SORA;

(C) the Successor Rate;

(D) the ISDA Fallback Rate (including Fallback Rate (SOR)); and

(E) the Alternative Rate.

Compounded SORA means the compounded average of SORAs for the applicable Corresponding Tenor, with the rate, or methodology for this rate, and conventions for this rate (which will be compounded in arrears with the selected mechanism to determine the interest amount payable prior to the SOR Reset Determination Date) being established by the Independent Adviser or the Issuer (in the circumstances set out in Condition 4.3(i)) (as the case may be) in accordance with:

(A) the rate, or methodology for this rate, and conventions for this rate selected or recommended by the Relevant Nominating Body for determining Compounded SORA; provided that:

(B) if, and to the extent that, the Independent Adviser or the Issuer (in the circumstances set out in Condition 4.3(i)) (as the case may be) determines that Compounded SORA cannot be determined in accordance with clause (1) above, then the rate, or methodology for this rate, and conventions for this rate that have been selected by the Independent Adviser or the Issuer (in the circumstances set out in Condition 4.3(i)) (as the case may be) giving due consideration to any industry-accepted market practice for the relevant Singapore dollar denominated notes at such time;

Corresponding Tenor with respect to a Benchmark Replacement means a tenor (including overnight) having approximately the same length (disregarding business day adjustment) as the applicable tenor for the Original Reference Rate;

Fallback Rate (SOR) has the meaning ascribed to it in the 2006 ISDA Definitions as amended and supplemented by Supplement number 70, published on 23 October 2020;

Independent Adviser means an independent financial institution of good repute or an independent financial adviser with experience in the local or international debt capital markets appointed by and at the cost of the Issuer under Condition 4.3(i);

Interpolated Benchmark with respect to the Original Reference Rate means the rate determined for the Corresponding Tenor by interpolating on a linear basis between: (1) the Original Reference Rate for the longest period (for which the Original Reference Rate is available) that is shorter than the Corresponding Tenor and (2) the Original Reference Rate for the shortest period (for which the Original Reference Rate is available) that is longer than the Corresponding Tenor;

ISDA Definitions means the 2006 ISDA Definitions published by the International Swaps and Derivatives Association Inc. or any successor thereto, as may be updated, amended or supplemented from time to time, or any successor definitional booklet for interest rate derivatives published from time to time;

ISDA Fallback Adjustment means the spread adjustment (which maybe positive or negative value or zero) that would apply for derivative transactions referencing the Original Reference Rate in the ISDA Definitions to be determined upon the occurrence of an index cessation event with respect to the Original Reference Rate for the applicable tenor;

ISDA Fallback Rate means the rate that would apply for derivative transactions referencing the Original Reference Rate in the ISDA Definitions to be effective upon the occurrence of an index cessation event with respect to the Original Reference Rate for the applicable tenor excluding the applicable ISDA Fallback Adjustment;

Original Reference Rate means, initially, Swap Offer Rate (being the originally-specified reference rate of applicable tenor to be used to determine the Reset Rate of Interest) or any component part thereof, including the relevant USD London Interbank Offered Rate;

Relevant Nominating Body means, in respect of a benchmark or screen rate (as applicable):

(A) the central bank for the currency to which the benchmark or screen rate (as applicable) relates, or any central bank or other supervisory authority which is responsible for supervising the administrator of the benchmark or screen rate (as applicable); or

(B) any working group or committee sponsored by, chaired or co-chaired by or constituted at the request of (1) the central bank for the currency to which the benchmark or screen rate (as applicable) relates, (2) any central bank or other supervisory authority which is responsible for supervising the administrator of the benchmark or screen rate (as applicable), (3) a group of the aforementioned central banks or other supervisory authorities or (4) the Financial Stability Board or any part thereof;

SORA or **Singapore Overnight Rate Average** with respect to any Singapore Business Day means a reference rate equal to the daily Singapore Overnight Rate Average published by the Monetary Authority of Singapore (or a successor administrator), as the administrator of the benchmark, on the Monetary Authority of Singapore's website currently at http://www.mas.gov.sg, or any successor website officially designated by the Monetary Authority of Singapore (or as published by its authorised distributors) on the Singapore Business Day immediately following such Singapore Business Day;

Successor Rate means a successor to or replacement of the Original Reference Rate which is formally recommended by any Relevant Nominating Body as the replacement for the Original Reference Rate for the applicable Corresponding Tenor; and

Term SORA means the forward-looking term rate for the applicable Corresponding Tenor based on SORA that has been selected or recommended by the Relevant Nominating Body, or as determined by the Independent Adviser or the Issuer (in the circumstances set out in Condition 4.3(i)) (as the case may be) having given due consideration to any industry-accepted market practice for the relevant Singapore dollar denominated notes.

(viii) *Qualification as Tier 2 Capital*

Notwithstanding any other provision of Conditions 4.3(i) to 4.3(vii) (as applicable), no Benchmark Replacement will be adopted, nor will the applicable Adjustment Spread be applied, nor will any Benchmark Amendments be made, if and to the extent that, in the determination of the Issuer, the same could reasonably be expected to prejudice the qualification of the Notes as Tier 2 capital of the Issuer.

4.4 Notification of Reset Rate of Interest

The Calculation Agent will promptly cause the Reset Rate of Interest to be notified to the Issuer, the Trustee and the Principal Paying Agent, notice thereof to be published by the Issuer in accordance with Condition 12 as soon as possible after determination of the Reset Rate of Interest.

4.5 Certificates to be final

All certificates, communications, opinions, determinations, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition by the Calculation Agent shall (in the absence of wilful default or manifest error) be binding on the Issuer, the Principal Paying Agent, the other Agents and all Noteholders and (in the absence of wilful default) no liability to the Issuer or the Noteholders shall attach to the Calculation Agent, the Trustee or any other Agent in connection with the exercise or non-exercise by it of its powers, duties and discretions pursuant to such provisions.

4.6 Accrual of interest

Each Note will cease to bear interest (if any) from (and including) the due date for redemption unless, upon due presentation, payment of principal is improperly withheld or refused or unless default is otherwise made in respect of payment. In such event, interest will continue to accrue until whichever is the earlier of (a) the date on which all amounts due in respect of such Note have been paid and (b) as provided in the Trust Deed.

5. PAYMENTS

5.1 Method of payment

Subject as provided below payments will be made by credit or transfer to a Singapore dollar account maintained by the payee with a bank in Singapore as described below.

Payments will be subject in all cases to (i) any fiscal or other laws and regulations applicable thereto in the place of payment, but without prejudice to the provisions of Condition 7 and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 (the **Code**) or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof, or an intergovernmental agreement implementing the foregoing or any law implementing an intergovernmental approach thereto (**FATCA**).

5.2 Payments

Payments of principal in respect of each Note (whether or not in global form) will be made against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of the Note at the specified office of the Registrar or any of the Paying Agents. Such payments will be made by transfer to the Designated Account (as defined below) of the holder (or the first named of joint holders) of the Note appearing in the register of holders of the Notes maintained by the Registrar (the **Register**) (i) where in global form, at the close of the business day (being for this purpose a day on which CDP is open for business) before the relevant due date, and (ii) where in definitive form, at the close of business on the third business day (being for this purpose a day on which banks are open for business in the city where the specified office of the Registrar is located) before the relevant due date.

For these purposes, **Designated Account** means the account maintained by a holder with a Designated Bank and identified as such in the Register and **Designated Bank** means a bank in Singapore.

Payments of interest in respect of each Note (whether or not in global form) will be made by transfer on the due date to the Designated Account of the holder (or the first named of joint holders) of the Note appearing in the Register (i) where in global form, at the close of the business day (being for this purpose a day on which CDP is open for business) before the relevant due date, and (ii) where in definitive form, at the close of business on the fifteenth day (whether or not such fifteenth day is a business day) before the relevant due date (the **Record Date**). Payment of the interest due in respect of each Note on redemption will be made in the same manner as payment of the principal amount of such Note.

No commissions or expenses shall be charged to the holders by the Registrar in respect of any payments of principal or interest in respect of Notes.

None of the Issuer, the Trustee or the Agents will have any responsibility or liability for any aspect of the records relating to, or payments made on account of, beneficial ownership interests in the Global Note or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

5.3 General provisions applicable to payments

The holder of a Global Note shall be the only person entitled to receive payments in respect of Notes represented by such Global Note and the Issuer will be discharged by payment to, or to the order of, the holder of such Global Note in respect of each amount so paid. Each of the persons shown in the records of CDP as the beneficial holder of a particular nominal amount of Notes represented by such Global Note must look solely to CDP for his share of each payment so made by the Issuer to, or to the order of, the holder of such Global Note.

5.4 Payment Day

If the date for payment of any amount in respect of any Note is not a Payment Day, the holder thereof shall not be entitled to payment until the next following Payment Day in the relevant place and shall not be entitled to further interest or other payment in respect of such delay.

For these purposes, **Payment Day** means any day which (subject to Condition 8) is a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in Singapore.

5.5 Interpretation of principal and interest

Any reference in the Conditions to principal or interest in respect of the Notes shall be deemed to include, as applicable, any Additional Amounts which may be payable with respect to principal or, as the case may be, interest under Condition 7 or under any undertaking or covenant given in addition thereto, or in substitution therefor, pursuant to the Trust Deed.

6. REDEMPTION AND PURCHASE

6.1 Redemption at maturity

Unless previously redeemed or purchased and cancelled as specified below, each Note will be redeemed by the Issuer at its principal amount in Singapore dollars on the Maturity Date together with interest accrued but unpaid (if any) to (but excluding) the Maturity Date.

6.2 Redemption for tax reasons

Subject as specified below, the Notes may be redeemed at the option of the Issuer in whole, but not in part, at any time on giving not less than 30 nor more than 60 days' notice to the Noteholders (in accordance with Condition 12) and to the Trustee and the Principal Paying Agent in writing (which notice shall be irrevocable) at their principal amount together with interest accrued but unpaid (if any) to (but excluding) the date fixed for redemption and any Additional Amounts then due or which will become due on or before the date fixed for redemption, if:

(i) the Issuer has or will become obliged to pay Additional Amounts; or

(ii) payments of interest on the Notes will or would be treated as "distributions" or dividends within the meaning of the Income Tax Act, Chapter 134 of Singapore (the **Income Tax Act**) or any other act in respect of or relating to Singapore taxation or would otherwise be considered as payments of a type that are non-deductible for Singapore income tax purposes,

in each case as a result of any change in, or amendment to, the laws, treaties, regulations or rulings of Singapore or any political subdivision or any authority thereof or therein having power to tax (or any taxing authority of any taxing jurisdiction in which the Issuer is a tax resident), or any change in the official application or interpretation of such laws, treaties, regulations or rulings, which change or amendment is announced and becomes effective on or after the Issue Date, and the foregoing cannot be avoided by the Issuer taking reasonable measures available to it, provided that, where the Issuer has or will become obliged to pay Additional Amounts, no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay such Additional Amounts were a payment in respect of the Notes then due.

Before the publication of any notice of redemption pursuant to this Condition 6.2, the Issuer shall deliver to the Trustee a certificate signed by two Authorised Signatories of the Issuer certifying that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred, and in the case of Condition 6.2(a), an opinion of independent legal or tax advisers of recognised standing to the effect that the Issuer has or will become obliged to pay such Additional Amounts as a result of such change or amendment, and the Trustee shall be entitled (but shall not be obliged) without further enquiry and without liability to any Noteholder or any other person to accept and rely upon such certificate and/or opinion as conclusive evidence of the satisfaction of the conditions precedent set out above in this Condition 6.2, in which event such certificate and opinion shall be conclusive and binding on Noteholders.

Any redemption of Notes by the Issuer is subject to the Issuer obtaining any prior written approval of the MAS then required under prudential rules in Singapore governing capital of insurance companies or insurance group holding companies.

6.3 Redemption at the option of the Issuer (Issuer Call)

The Issuer may, having given not less than 30 days nor more than 60 days' notice to the Noteholders in accordance with Condition 12 (which notice shall be irrevocable and shall specify the date fixed for redemption), redeem all, but not some only, of the Notes then outstanding on 24 February 2026 and any other Interest Payment Date thereafter. Each Note will be redeemed at their principal amount together with interest accrued but unpaid (if any) to (but excluding) the date of redemption in accordance with these Conditions.

Any redemption of Notes by the Issuer is subject to the Issuer obtaining any prior written approval of the MAS then required under prudential rules in Singapore governing capital of insurance companies or insurance group holding companies.

6.4 Redemption for Change of Qualification Event:

If as a result of:

(i) any change to the relevant requirements issued by the MAS in relation to the qualification of the Notes as Tier 2 Capital Securities;

(ii) any change in the application of official or generally published interpretation of such relevant requirements issued by the MAS or any relevant authority (including a ruling or notice issued by the MAS or any relevant authority) regarding the qualification of the Notes as Tier 2 Capital Securities; or any interpretation or pronouncement by the MAS or any relevant authority that provides for a position with respect to such relevant requirements issued by the MAS that differs from the previously generally accepted position in relation to similar transactions or which differs from any specific written statements made by any authority regarding the qualification of the Notes as Tier 2 Capital Securities,

which change or amendment:

(i) becomes, or would become, effective on or after the Acquisition Completion Date; or

(ii) in the case of a change to the relevant requirements issued by the MAS, if such change is issued by the MAS, on or after the Acquisition Completion Date,

the Notes would not fully qualify as Tier 2 Capital Securities (a **Change of Qualification Event**), then the Issuer may, having given not less than 15 nor more than 30 days' prior written notice to the Noteholders (in accordance with Condition 12) and to the Trustee and the Agents in writing (which notice shall be irrevocable), redeem in accordance with these Conditions at any time all, but not some only, of the Notes, at their principal amount together with interest accrued but unpaid (if any) to (but excluding) the date of redemption in accordance with these Conditions.

Prior to the publication of any notice of redemption pursuant to this Condition 6.4, the Issuer shall deliver to the Trustee a certificate signed by two Authorised Signatories of the Issuer certifying that a Change of Qualification Event has occurred and the Trustee shall be obliged without any enquiry or investigation to accept such certificate as conclusive evidence of the satisfaction of the conditions set out above in this Condition 6.4, and such acceptance shall be without liability to any Noteholders or any other person. Such certificate shall be conclusive and binding on the Noteholders.

Any redemption of Notes by the Issuer is subject to the Issuer obtaining any prior written approval of the MAS then required under prudential rules in Singapore governing capital of insurance companies or insurance group holding companies.

6.4A Redemption for Acquisition Failure Event

If the Acquisition Completion Date does not occur prior to 24 February 2021 (the **Acquisition Failure Event**), then the Issuer shall, within 15 business day***s*** of the Acquisition Failure Event (such date, the **Acquisition Failure Event Redemption Date**), redeem all, but not some only, of the Notes at 101 per cent. of their principal amount together with interest accrued but unpaid (if any) to (but excluding) the date of redemption in accordance with these Conditions (the **Acquisition Failure Event Redemption Amount**). On the Acquisition Failure Event Redemption Date, the amounts standing to the credit of the Escrow Account shall be released in accordance with the terms of the Escrow Account Agreement and transferred to account(s) as jointly specified by the Issuer and Standard Chartered Bank (Singapore) Limited (as manager of the offering of the Notes) to the Escrow Bank and shall satisfy to such extent the obligations of the Issuer to pay the Acquisition Failure Event Redemption Amount.

6.5 Purchases

The Issuer or any Subsidiary of the Issuer may at any time purchase Notes at any price in the open market or otherwise. Such purchased Notes may be held, reissued, resold or, at the option of the Issuer, surrendered to the Registrar for cancellation.

Any such purchase of Notes by the Issuer or any Subsidiary of the Issuer is subject to the Issuer obtaining any prior written approval of the MAS then required under prudential rules in Singapore governing capital of insurance companies or insurance group holding companies.

6.6 Cancellation

All Notes which are redeemed will forthwith be cancelled. All Notes so cancelled cannot be reissued or resold and the obligations of the Issuer in respect of any such Notes shall be discharged.

7. TAXATION

All payments of principal and interest in respect of the Notes by or on behalf of the Issuer will be made without withholding or deduction for or on account of any present or future taxes or duties of whatever nature imposed or levied by or on behalf of any Tax Jurisdiction unless such withholding or deduction is required by law. In such event, the Issuer will pay such additional amounts (the **Additional Amounts**) as shall be necessary in order that the net amounts received by the holders of the Notes after such withholding or deduction shall equal the respective amounts of principal and interest which would otherwise have been receivable in respect of the Notes in the absence of such withholding or deduction; except that no such Additional Amounts shall be payable with respect to any Note:

(a) presented for payment in Singapore; or

(b) the holder of which is liable for such taxes, duties, assessments or governmental charges in respect of such Note by reason of his having some connection with a Tax Jurisdiction other than the mere holding of such Note or receiving income therefrom, or the enforcement thereof; or

(c) the holder of which could lawfully avoid (but has not so avoided) such deduction or withholding by complying or procuring that any third party complies with any statutory requirements concerning the nationality, residence, identity or other attributes of the holder or beneficial owner or by making or procuring that any third party makes a declaration of residence, non-residence or other similar claim for exemption to any tax authority in the place where the relevant Note is presented for payment; or

(d) presented for payment more than 30 days after the Relevant Date (as defined below) except to the extent that the holder thereof would have been entitled to an Additional Amount on presenting the same for payment on such thirtieth day assuming that day to have been a Payment Day (as defined in Condition 5).

In addition and without limiting the foregoing, no Additional Amount shall be payable in respect of any withholding imposed under FATCA.

As used herein:

(i) **Tax Jurisdiction** means Singapore or any political subdivision or any authority thereof or therein having power to tax or any other jurisdiction or any political subdivision or any authority thereof or therein having power to tax to which payments made by the Issuer of principal and interest on the Notes become generally subject; and

(ii) the **Relevant Date** means the date on which such payment first becomes due, except that, if the full amount of the moneys payable has not been duly received by the Principal Paying Agent or the Registrar, as the case may be, on or prior to such due date, it means the date on which, the full amount of such moneys having been so received, notice to that effect is duly given to the Noteholders in accordance with Condition 12.

8. PRESCRIPTION

Claims against the Issuer for payment in respect of the Notes shall be prescribed and become void unless made within 10 years (in the case of principal) and five years (in the case of interest) after the Relevant Date (as defined in Condition 7) therefor.

9. EVENTS OF DEFAULT AND ENFORCEMENT

9.1 Default

Wherever used in this Condition 9, **Default** means (except as expressly provided below, whatever the reason for such Default and whether or not it shall be voluntary or involuntary or be effected by the operation of law or pursuant to any judgment, decree or order of any court or any order, rule or regulation of any administrative or governmental body) failure to pay principal of or interest on (or, in the case of an Acquisition Failure Event, any premium in relation to) any Note (which default in the case of principal (or, in the case of an Acquisition Failure Event, any premium) continues for seven Payment Days and in the case of interest continues for 14 Payment Days) after the due date for such payment.

9.2 Enforcement

If a Default occurs in relation to the Notes and is continuing, the sole remedy available to the Trustee shall be the right to institute proceedings in Singapore (but not elsewhere) for the winding-up of the Issuer. The Trustee shall have no right to enforce payment under or accelerate payment of any Note in the case of such Default in payment on such Note or a default in the performance of any other covenant of the Issuer in such Note or in the Trust Deed except as provided for in this Condition 9 and Clause 10 of the Trust Deed.

Subject to the subordination provisions as set out in Condition 3 and in Clause 7 of the Trust Deed, if a court order is made or an effective resolution is passed for the winding-up of the Issuer, there shall be payable on the relevant Notes, after the payment in full of all claims of all the Relevant Creditors, but in priority to holders of share capital of the Issuer and any other Tier 1 Capital Securities, such amount remaining after the payment in full of all claims of all the Relevant Creditors up to, but not exceeding, (i) the nominal amount of the Notes together with interest accrued to the date of repayment or (ii) in the case of an Acquisition Failure Event, the Acquisition Failure Event Redemption Amount.

9.3 Rights and Remedies upon Default

If a Default in respect of the payment of principal of, or interest on, the Notes occurs and is continuing, the sole remedy available to the Trustee shall be the right to institute proceedings in Singapore (but not elsewhere) for the winding-up of the Issuer.

If the Issuer shall default in the performance of any obligation contained in the Trust Deed or the Notes other than a Default specified in Condition 9.1, the Trustee and the Noteholders shall be entitled to every right and remedy given hereunder or thereunder or now or hereafter existing at law or in equity or otherwise, provided, however, that the Trustee shall have no right to enforce payment under or accelerate payment of any Note except as provided in this Condition 9 and Clause 10 of the Trust Deed. If any court awards money damages or other restitution for any default with respect to the performance by the Issuer of its payment obligations contained in the Trust Deed, the Notes, the payment of such money damages or other restitution shall be subject to the subordination provisions set out in Condition 3 and in Clause 7 of the Trust Deed.

9.4 Entitlement of the Trustee

The Trustee shall not be bound to take any of the actions referred to in Condition 9.2 and Condition 9.3 or any other actions under these Conditions or Clause 10 of the Trust Deed or any other action under the Trust Deed unless (A) it shall have been so requested by an Extraordinary Resolution (as defined in the Trust Deed) of the Noteholders or in writing by the holders of at least 25 per cent. in principal amount of the relevant Notes then outstanding and (B) it shall have been indemnified and/or secured and/or pre-funded to its satisfaction in its sole discretion.

9.5 Rights of holders

No Noteholder shall be entitled to proceed directly against the Issuer or to institute proceedings for the winding-up of the Issuer in Singapore or to prove in any winding-up of the Issuer unless the Trustee, having become so bound to proceed (in accordance with the terms of the Trust Deed and these Conditions) or being able to prove in such winding-up, fails to do so within a reasonable period and such failure shall be continuing, in which case the Noteholder shall have only such rights against the Issuer as those which the Trustee is entitled to exercise.

No remedy against the Issuer in respect of the Notes, other than as referred to in this Condition 9 and Clause 10 of the Trust Deed, shall be available to the Trustee or any Noteholder whether for the recovery of amounts owing in relation to or arising from the Notes and/or, in respect of the Notes, the Trust Deed or in respect of any breach by the Issuer of any of its other obligations relating to or arising from the Notes and/or, in respect of the Notes, the Trust Deed.

10. REPLACEMENT OF NOTES

Should any Note be lost, stolen, mutilated, defaced or destroyed, it may be replaced at the specified office of the Registrar upon payment by the claimant of such costs and expenses as may be incurred in connection therewith and on such terms as to evidence and indemnity as the Issuer may reasonably require. Mutilated or defaced Notes must be surrendered before replacements will be issued.

11. AGENTS

The initial Agents are set out above. The Issuer is entitled, with the prior written approval of the Trustee, to vary or terminate the appointment of any Agent and/or appoint additional or other Agents and/or approve any change in the specified office through which any Agent acts, provided that:

(i) there will at all times be a Registrar and a Principal Paying Agent; and

(ii) so long as the Notes are listed on any stock exchange, there will at all times be a Transfer Agent with a specified office in such place as may be required by the rules and regulations of the relevant stock exchange or other relevant authority.

Notice of any variation, termination, appointment or change in Paying Agents will be given to the Noteholders promptly by the Issuer in accordance with Condition 12.

In acting under the Agency Agreement, the Agents act solely as agents of the Issuer and, in certain circumstances specified therein, of the Trustee and do not assume any obligation to, or relationship of agency or trust with, any Noteholder. The Agency Agreement contains provisions permitting any entity into which any Agent is merged or converted or with which it is consolidated or to which it transfers all or substantially all of its assets to become the successor agent.

12. NOTICES

All notices regarding the Notes will be deemed to be validly given if sent by first class mail or (if posted to an address overseas) by airmail to the holders (or the first named of joint holders) at their respective addresses recorded in the Register and will be deemed to have been given on the fourth day after mailing and, in addition, for so long as any Notes are listed on a stock exchange, in a manner which complies with the rules of that stock exchange, and, if so required, published on the website of the relevant stock exchange or relevant authority.

Until such time as any definitive Notes are issued, there may, so long as any Global Notes representing the Notes are held in their entirety on behalf of CDP, be substituted for such publication in such newspaper(s) or such websites or such mailing (A) (subject to the agreement of CDP) the delivery of the relevant notice to CDP for communication by them to the holders of the Notes; or (B) the delivery of the relevant notice to the persons shown in the records maintained by CDP no earlier than three business days preceding the date of despatch of such notice as holding interests in the relevant Global Notes; or (C) for so long as the Notes are listed on the SGX-ST, the publication of the relevant notice on the website of the SGX-ST at http://www.sgx.com. In addition, for so long as any Notes are listed on a stock exchange and the rules of that stock exchange so require, such notice will be published on the website of the relevant stock exchange. Any such notice shall be deemed to have been given to the holders of the Notes on the day after the day on which the said notice was given to CDP and/or the day after the date of the despatch of such notice to the persons shown in the records maintained by CDP and/or the date of publication of such notice on the website of the SGX-ST.

Notices to be given by any Noteholder shall be in writing and given by lodging the same, together (in the case of any Note in definitive form) with the relative Note or Notes, with the Registrar. Whilst any of the Notes are represented by a Global Note, such notice may be given by any holder of a Note to the Agent or the Registrar through CDP in such manner as the Agent, the Registrar and CDP may approve for this purpose.

13. MEETINGS OF NOTEHOLDERS, MODIFICATION, WAIVER AND SUBSTITUTION

Notwithstanding any other provision of these Conditions or the Trust Deed, no modification to any Condition or any provision of the Trust Deed may be made without the prior written approval of the

MAS, to the extent that such modification changes or otherwise affects the eligibility of the Notes as Tier 2 Capital Securities.

The Trust Deed contains provisions for convening meetings (including by way of teleconference or videoconference call) of the Noteholders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of the Notes or any of the provisions of the Trust Deed.

Such a meeting may be convened by the Issuer or the Trustee and shall be convened by the Issuer if required in writing by Noteholders holding not less than five per cent. in nominal amount of the Notes for the time being remaining outstanding.

The quorum at any such meeting for passing an Extraordinary Resolution is one or more persons holding or representing not less than 50 per cent. in nominal amount of the Notes for the time being outstanding, or at any adjourned meeting one or more persons being or representing Noteholders whatever the nominal amount of the Notes so held or represented, except that at any meeting the business of which includes the modification of certain provisions of the Notes or the Trust Deed (including modifying the date of maturity of the Notes or any date for payment of interest thereon, reducing or cancelling the amount of principal or the rate of interest payable in respect of the Notes or altering the currency of payment of the Notes), the quorum shall be one or more persons holding or representing not less than two-thirds in nominal amount of the Notes for the time being outstanding, or at any adjourned such meeting one or more persons holding or representing not less than one-third in nominal amount of the Notes for the time being outstanding.

The Trust Deed provides that (i) a resolution passed at a meeting duly convened and held in accordance with the Trust Deed by a majority consisting of not less than two-thirds of the votes cast on such resolution, (ii) a resolution in writing signed by or on behalf of the holders of not less than two-thirds in nominal amount of the Notes for the time being outstanding (a **Written Resolution**) or (iii) consent given by way of electronic consents through the relevant clearing system(s) (in a form satisfactory to the Trustee) by or on behalf of the holders of not less than two-thirds in nominal amount of the Notes for the time being outstanding (an **Electronic Consent**), shall, in each case, be effective as an Extraordinary Resolution of the Noteholders. An Extraordinary Resolution passed by the Noteholders will be binding on all the Noteholders, whether or not they are present at any meeting, and whether or not they voted on the resolution. A Written Resolution may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Noteholders. A Written Resolution and/or an Electronic Consent will be binding on all Noteholders whether or not they participated in such Written Resolution and/or Electronic Consent, as the case may be.

The Trustee may agree, without the consent of the Noteholders, to any modification of, or to the waiver or authorisation of any breach or proposed breach of, any of the provisions of the Notes or the Trust Deed, or determine, without any such consent as aforesaid, that any Default or potential Default shall not be treated as such, where, in any such case, it is not, in the opinion of the Trustee, materially prejudicial to the interests of the Noteholders so to do or may agree, without any such consent as aforesaid, to any modification which is of a formal, minor or technical nature or to correct a manifest error or an error which, in the opinion of the Trustee, is proven. Any such modification shall be binding on the Noteholders and any such modification shall be notified to the Noteholders in accordance with Condition 12 as soon as practicable thereafter.

In connection with the exercise by it of any of its trusts, powers, authorities and discretions (including, without limitation, any modification, waiver, authorisation or determination), the Trustee shall have regard to the general interests of the Noteholders as a class (but shall not have regard to any interests arising from circumstances particular to individual Noteholders whatever their number) and, in particular but without limitation, shall not have regard to the consequences of any such exercise for individual Noteholders (whatever their number) resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory or any political sub-division thereof and the Trustee shall not be entitled to require, nor shall any Noteholder be entitled to claim, from the Issuer, the Trustee or any other person any indemnification or payment in respect of any tax consequences of any such exercise upon individual Noteholders, except to the extent already provided for in Condition 7 and/or any undertaking or covenant given in addition to, or in substitution for, Condition 7 pursuant to the Trust Deed.

The Trustee may, without the consent of the Noteholders, agree with the Issuer to the substitution in place of the Issuer (or of any previous substitute under this Condition) as the principal debtor under the Notes and the Trust Deed of another company, being a Subsidiary of the Issuer, subject to (i) the Notes being unconditionally and irrevocably guaranteed by the Issuer on a subordinated basis, (ii) the Trustee being satisfied that the interests of the Noteholders will not be materially prejudiced by the substitution, (iii) the Notes continuing to qualify as Tier 2 Capital Securities following such substitution and (iv) certain other conditions set out in the Trust Deed being complied with.

14. INDEMNIFICATION OF THE TRUSTEE AND TRUSTEE CONTRACTING WITH THE ISSUER

The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility, including provisions relieving it from taking action unless indemnified and/or secured and/or pre-funded to its satisfaction.

The Trust Deed also contains provisions pursuant to which the Trustee is entitled, *inter alia*, (a) to enter into business transactions with the Issuer and/or any of its Subsidiaries and to act as trustee for the holders of any other securities issued or guaranteed by, or relating to, the Issuer and/or any of its Subsidiaries, (b) to exercise and enforce its rights, comply with its obligations and perform its duties under or in relation to any such transactions or, as the case may be, any such trusteeship without regard to the interests of, or consequences for, the Noteholders and (c) to retain and not be liable to account for any profit made or any other amount or benefit received thereby or in connection therewith.

15. FURTHER ISSUES

Provided that it would not cause a Change of Qualification Event, the Issuer shall be at liberty from time to time without the consent of the Noteholders to create and issue further notes having terms and conditions the same as the Notes or the same in all respects save for the amount and date of the first payment of interest thereon and the date from which interest starts to accrue and so that the same shall be consolidated and form a single series with the outstanding Notes.

16. CONTRACTS (RIGHTS OF THIRD PARTIES) ACT

Without prejudice to the rights of the Noteholders as set out in these Conditions, no person shall have the right to enforce any term or condition of the Notes under the Contracts (Rights of Third Parties) Act, Chapter 53B of Singapore.

17. GOVERNING LAW AND SUBMISSION TO JURISDICTION

17.1 Governing law

The Trust Deed, the Agency Agreement, the Notes, the CDP Deed of Covenant and any non-contractual obligations arising out of or in connection with the Trust Deed, the Agency Agreement, the Notes and the CDP Deed of Covenant are governed by, and construed in accordance with, Singapore law.

17.2 Submission to jurisdiction

(i) Subject to paragraph (c) below, the Singapore courts have exclusive jurisdiction to settle any dispute arising out of or in connection with the Trust Deed and the Notes, including any dispute as to their existence, validity, interpretation, performance, breach or termination or the consequences of their nullity and any dispute relating to any non-contractual obligations arising out of or in connection with the Trust Deed and/or the Notes (a **Dispute**) and accordingly each of the Issuer and the Trustee in relation to any Dispute submits to the exclusive jurisdiction of the Singapore courts.

(ii) For the purposes of this Condition, the Issuer waives any objection to the Singapore courts on the grounds that they are an inconvenient or inappropriate forum to settle any Dispute.

(iii) To the extent allowed by law, the Trustee and the Noteholders may, in respect of any Dispute or Disputes, take (i) proceedings in any other court with jurisdiction; and (ii) concurrent proceedings in any number of jurisdictions.

SUMMARY OF PROVISIONS RELATING TO THE NOTES WHILE IN GLOBAL FORM

The Global Note contains the following provisions which apply to the Notes in respect of which they are issued whilst they are represented by the Global Note, some of which modify the effect of the Terms and Conditions. The Terms and Conditions have the same meaning as in the paragraphs below. Terms defined in the Terms and Conditions have the same meaning in the paragraphs below. The following is a summary of certain of those provisions.

The Notes will be represented by a Global Note. The Global Note will be deposited with and registered in the name of CDP.

The Issuer, for value received, will promise to pay to the holder of the Notes represented by the Global Note (subject to surrender of the Global Note if no further payment falls to be made in respect of such Notes) on 24 February 2031 (or on such earlier date as the amount payable upon redemption under the Terms and Conditions may become due and repayable in accordance with the Terms and Conditions) the amount payable upon redemption under the Terms and Conditions in respect of the Notes represented by the Global Note and to pay interest in respect of such Notes from 24 November 2020 in arrear at the rates, on the dates for payment, and in accordance with the method of calculation provided for in the Terms and Conditions save that the calculation is made in respect of the total aggregate amount of the Notes represented by the Global Note together with such other sums and additional amounts (if any) as may be payable under the Terms and Conditions, in accordance with the Terms and Conditions.

Owners of interests in the Notes in respect of which the Global Note is issued will be entitled to have title to the Notes registered in their names and to receive individual definitive Notes if, among other scenarios, CDP or any other clearing system selected by the Issuer and approved in writing by the Trustee, the Principal Paying Agent and the Registrar through which the Notes are held (any such other clearing system being an "**Alternative Clearing System**") is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention permanently to cease business or does in fact do so. In such circumstances, the Issuer will cause sufficient individual definitive Notes to be executed and delivered to the Registrar for completion, authentication and despatch to the relevant holders of the Notes. A person with an interest in the Notes in respect of which the Global Note is issued must provide the Registrar not less than 30 days' notice at its specified office of such holder's intention to effect such exchange and a written order containing instructions and such other information as the Bank and the Registrar may require to complete, execute and deliver such individual definitive Notes.

In addition, the Global Note will contain provisions which modify the Terms and Conditions as they apply to the Notes evidenced by the Global Note. The following is a summary of certain of those provisions:

Issuer's Redemption

The redemption options of the Issuer provided for in Conditions 6.2, 6.3 and 6.4 of the Terms and Conditions shall be exercised by the Issuer giving notice to the Noteholders within the time limits set out in and containing the information required by the Terms and Conditions.

Notices

For so long as all of the Notes are represented by the Global Note and the Global Note is held on behalf of CDP or any Alternative Clearing System, notices to Noteholders may be given by delivery of the relevant notice to (subject to the agreement of CDP) CDP or such Alternative Clearing System, for communication to accountholders entitled to an interest in the Notes in substitution for notification as required by the Terms and Conditions.

Meetings

For the purposes of any meeting of Noteholders, the holder of the Notes represented by the Global Note shall be treated as one person for the purposes of any quorum requirements of a meeting of Securityholders and as being entitled to one vote in respect of each S$1 in principal amount of Notes for which the Global Note is issued.

Transfers

Transfers of interests in the Notes will be effected through the records of CDP (or any Alternative Clearing System) and their respective participants in accordance with the Trust Deed.

Cancellation

Cancellation of any Notes represented by the Global Note by the Issuer following its redemption or purchase by the Issuer will be effected by a reduction in the principal amount of the Notes in the register of Noteholders and the Global Note on its presentation to or to the order of the Registrar for annotation (for information only) in the schedule to the Global Note.

Trustee's Powers

In considering the interests of Noteholders while the Global Note is registered in the name of a nominee for a clearing system, the Trustee may, to the extent it considers it appropriate to do so in the circumstances, but without being obligated to do so, (a) have regard to any information as may have been made available to it by or on behalf of CDP or its operator as to the identity of its accountholders (either individually or by way of category) with entitlements in respect of the Notes and (b) consider such interests on the basis that such accountholders were the holders of the Notes in respect of which the Global Note is issued.

Direct Rights

If any Default has occurred and is continuing, the Trustee may state in a notice given to the CDP Paying Agent and the Issuer (the "**default notice**") the nominal amount of Notes (which may be less than the outstanding nominal amount of the Global Note) which is being declared due and payable. Following the giving of the default notice, the holder of the Notes represented by the Global Note cleared through CDP may (subject as provided below) elect that direct rights ("**Direct Rights**") under the provisions of the deed of covenant executed as a deed by the Issuer on 24 November 2020, (and as further amended, restated or supplemented from time to time, the "**CDP Deed of Covenant**") shall come into effect in respect of a nominal amount of Notes up to the aggregate nominal amount in respect of which such default notice has been given. Such election shall be made by notice to the CDP Paying Agent and the Registrar in the case of the Global Note and presentation of the Global Note to or to the order of the CDP Paying Agent for reduction of the nominal amount of Notes represented by the Global Note by such amount as may be stated in such notice and by endorsement of the appropriate Schedule thereto of the nominal amount of Notes in respect of which Direct Rights have arisen under the CDP Deed of Covenant. Upon each such notice being given, the Global Note shall become void to the extent of the nominal amount stated in such notice, save to the extent that the appropriate Direct Rights shall fail to take effect. No such election may however be made on or before the Exchange Date or the date of transfer in respect of a Global Note unless the holder elects in such notice that the exchange for such Notes shall no longer take place.

DESCRIPTION OF THE ACQUISITION AND MERGER

The Acquisition

The Issuer has agreed to acquire all of the outstanding issued shares of Aviva Singapore and Aviva Asia (together, the “**Aviva Acquisition**”) and all of the outstanding issued shares of Singlife Singapore (the “**Singlife Acquisition**”, and together with the Aviva Acquisition, the “**Acquisition**”). The Issuer is offering the Notes as part of the overall financing of the Aviva Acquisition.

Aviva Acquisition

On 11 September 2020, the Issuer entered into a share purchase agreement (the “**Aviva Acquisition Agreement**”) with Aviva Group Holdings Limited (“**Aviva UK**”), pursuant to which the Issuer agreed to purchase, and Aviva UK agreed to sell to the Issuer, all of the outstanding issued shares of (i) Aviva Singapore for an aggregate consideration of S$2,692 million, comprising (a) S$1,644.09 million in cash consideration, (b) the issuance by the Issuer to Aviva UK of 117,203,998 ordinary shares in the Issuer (subject to amendment to reflect certain Singlife share options and transaction costs), (c) the issuance by the Issuer to Aviva UK of the Additional Tier 1 Perpetual Securities (as defined and described below) and (d) the issuance by TPG to Aviva UK of loan notes in an aggregate principal amount of S$250 million (the “**Vendor Financing Loan Notes**”) and (ii) Aviva Asia for a cash consideration of S$8 million.

Under the terms of the Aviva Acquisition Agreement, the Aviva Acquisition is conditional on the receipt of approval from the MAS for the Aviva Acquisition and the Singlife Acquisition. The approval from the MAS for the Aviva Acquisition and the Singlife Acquisition (as described below) was received on 9 November 2020.

Prior to the Acquisition Completion Date, Aviva UK is required to procure that Aviva Asia transfers to Aviva UK or its subsidiaries (other than Aviva Singapore, its subsidiaries and Aviva Asia) certain assets and liabilities which do not relate to, and are not required for, the operation of the business of Aviva Singapore and its subsidiaries. If the net asset value of Aviva Asia as at the Acquisition Completion Date is less than S$8 million, Aviva UK is required to pay to the Issuer an amount equal to such shortfall.

Under the terms of the Aviva Acquisition Agreement and a trademark licensing agreement to be entered into on the Acquisition Completion Date, Aviva UK has granted to the Issuer a limited, royalty-free licence to use the “Aviva” brand, including for the offering of the Notes.

Singlife Acquisition

On 11 September 2020 and concurrent with the execution of the Aviva Acquisition Agreement, the Issuer entered into a share purchase agreement (the “**Singlife Acquisition Agreement**”, together with the Aviva Acquisition Agreement, the “**Acquisition Agreements**”) with the shareholders of Singlife Singapore (the “**Singlife Sellers**”), pursuant to which the Issuer agreed to purchase, and the Singlife Sellers agreed to sell to the Issuer, all of the outstanding issued shares of Singlife Singapore (the “**Singlife Acquisition**”). As consideration for the Singlife Acquisition, the Issuer agreed to issue the Singlife Sellers 120,279,752 ordinary shares in the Issuer, subject to amendments to reflect certain Singlife share options and transaction costs (the “**Singlife Consideration Shares**”).

Under the terms of the Singlife Acquisition Agreement, the Singlife Acquisition is conditional on the receipt of approval from the MAS for the Aviva Acquisition and the Singlife Acquisition.

Share Subscription Deed and Shareholders’ Agreement

On 11 September 2020, the Issuer, Aviva UK, Aviva Singapore, Aviva Asia, the Singlife Sellers, Singlife Singapore, TPG and IPGL (Holdings) Limited entered into a share subscription and amendment deed (the “**Share Subscription Deed**”), pursuant to which, among other things, (i) TPG agreed to subscribe for 162,907,202 ordinary shares in the Issuer (subject to amendment to reflect certain Singlife share options and transaction costs) for a cash consideration of S$497.67 million and the contribution to the Issuer of certain receivables arising as a result of the issuance of the Vendor Financing Loan Notes (the “**TPG Equity Contribution**”) and (ii) Sumitomo Life agreed to subscribe for 69,936,879 ordinary shares in the Issuer (subject to amendment to reflect certain Singlife share options and transaction costs) for a cash consideration of S$320.98 million plus the amount of costs to be borne by Sumitomo Life in connection with the Acquisition under the Share Subscription Deed, in each case on the Acquisition Completion Date (the “**Sumitomo Life Equity Contribution**”, together with the TPG Equity Contribution, the “**Equity Contribution**”). The Share

Subscription Deed further provides for additional issuances of ordinary shares in the Issuer to certain of the parties thereto in respect of transaction costs and the termination of a previously envisaged transaction by Singlife, and potentially in respect of certain types of possible claims under the Aviva Acquisition Agreement or the Singlife Acquisition Agreement.

Under the terms of the Share Subscription Deed, the parties have agreed to enter into a shareholders' agreement in respect of the Issuer, Aviva Singapore and Singlife Singapore (the "**Shareholders' Agreement**") on the Acquisition Completion Date. The Shareholders' Agreement will set out the agreement among the shareholders as regards board nomination and appointment rights and share transfer restrictions as well as provisions relating to a sale or initial public offering of the Issuer, and will provide that certain decisions as to "Board Reserved Matters" will require the approval of at least 75% of the relevant board of directors and certain decisions as to "Shareholder Reserved Matters" will require the approval of shareholders holding at least 75% of the issued and outstanding shares of the relevant company.

The Shareholders' Agreement will also contain customary covenants regarding co-operation of shareholders, information sharing and restrictions on certain shareholders from competing with the Group or soliciting customers or employees of the Group.

The Merger

After the completion of the Aviva Acquisition and the Singlife Acquisition, the Issuer intends to effect a merger or other combination of Aviva Singapore and Singlife Singapore (the "**Merger**").

The Financing

The Issuer is issuing the Notes on the Issue Date in anticipation of the Aviva Acquisition occurring on the Acquisition Completion Date. On the Issue Date, the Issuer will cause the net proceeds of the offering of the Notes to be deposited directly into the Escrow Account subject to, and in accordance with, the terms of the Escrow Account Agreement. For more information, see "*Use of Proceeds*". On the Acquisition Completion Date (a) the amounts standing to the credit of the Escrow Account shall be released in accordance with the terms of the Escrow Account Agreement and transferred to an account specified by the Issuer; and (b) the Notes shall continue to remain outstanding and become subordinated Tier 2 capital of the Issuer, as further described in "*Terms and Conditions of the Notes—Escrow*". If, however, the Acquisition Completion Date does not occur prior to 24 February 2021, the Notes will be subject to redemption wherein the Issuer, within 15 business days of such Acquisition Failure Event, must redeem all, but not some only, of the Notes at 101 per cent. of their principal amount together with interest accrued but unpaid (if any) to (but excluding) the date of redemption, as further described in "*Terms and Conditions of the Notes—Redemption for Acquisition Failure Event*".

In addition, on the Acquisition Completion Date, the Issuer expects that TPG will complete the TPG Equity Contribution and Sumitomo Life will complete the Sumitomo Life Equity Contribution, in each case in accordance with the terms of the Share Subscription Deed. The proceeds from the Equity Contributions will be used to fund the Aviva Acquisition in part.

On the Acquisition Completion Date, the Issuer will use the net proceeds from the issuance of the Notes, together with the proceeds from the Equity Contribution and the Senior Term Facility, to pay the Aviva Acquisition Cash Purchase Price for the acquisition of Aviva Singapore and Aviva Asia under the Aviva Acquisition Agreement.

Senior Facilities

On 11 November 2020, the Issuer entered into the Senior Facilities Agreement, pursuant to which Standard Chartered Bank (Singapore) Limited and the other lenders thereunder agreed to make available to the Issuer the Senior Facilities, comprising a senior secured term loan facility in an aggregate principal amount of S$350 million and a senior secured revolving credit facility in an aggregate principal amount of S$100 million. On or prior to the Acquisition Completion Date, the Issuer intends to drawdown on the term loan under the Senior Facilities, the proceeds of which will be used to pay part of the Aviva Acquisition Cash Purchase Price. For more information on the Senior Facilities, see "*Description of Material Indebtedness and Other Securities—Senior Facilities*".

Additional Tier 1 Perpetual Securities

On the Acquisition Completion Date, the Issuer will enter into a subscription agreement, pursuant to which the Issuer will issue to Aviva UK subordinated unsecured perpetual capital securities in an aggregate principal amount of S$260 million (the "**Additional Tier 1 Perpetual Securities**"). For more information on the Additional Tier 1 Perpetual Securities, see "*Description of Material Indebtedness and Other Securities—Additional Tier 1 Perpetual Securities*".

Bridge Loan Facility

In the event the proceeds from the Offering is less than the aggregate principal amount of S$550,000,000, the Issuer intends to drawdown on the Bridge Loan Facility underwritten by Standard Chartered Bank and Standard Chartered Bank (Singapore) Limited to satisfy such shortfall amount. DBS Bank Ltd. has joined as a lender under the Bridge Loan Facility. See "*Description of Material Indebtedness and Other Securities*".

USE OF PROCEEDS

The net proceeds from the Offering are expected to be S$545,586,250 (after deducting an estimated S$4,413,750 of fees and commissions associated with the offering of the Notes).

On the Issue Date, the net proceeds from the Offering will be deposited directly into the Escrow Account pursuant to the Escrow Agreement for the benefit of the holders of the Notes. The release of the proceeds from the Escrow Account will be subject to the satisfaction of certain conditions, as further described in "*Terms and Conditions of the Notes—Escrow; Redemption for Acquisition Failure Event*".

On the Acquisition Completion Date, the net proceeds from the Offering, together with the proceeds from the TPG Equity Contribution, the Sumitomo Life Equity Contribution and the Senior Term Facility, will be used by the Issuer to fund the Acquisition.

For more details on the Acquisition see "*Description of the Acquisition and Merger*" and for risks associated with the Acquisition see "*Risk Factors— Risks Relating to the Acquisition*".

CAPITALISATION AND INDEBTEDNESS

The following table sets out the pro forma capitalisation and indebtedness of the Group as of 30 June 2020. The information has been extracted from the Unaudited Pro Forma Financial Information, which has been prepared to give effect to the proposed Acquisition and the financing of the Acquisition (including the issuance of the Notes offered hereby).

This table should be read in conjunction with the section titled "*Use of Proceeds*" and the Unaudited Pro Forma Financial Information prepared in accordance with SFRS (I), Notes 2 and 3 to the Unaudited Pro Forma Financial Information, the other related notes to the Unaudited Pro Forma Financial Information and other financial information contained elsewhere in this Offering Circular.

	Pro forma to give effect to the proposed Acquisition and the financing of the Acquisition (including the issuance of the Notes offered hereby) as at 30 June 2020(1)(2)
	(S$ millions)
Indebtedness	
Notes offered hereby(3)	550.0
Senior Facilities(4)	335.6
Total indebtedness	**885.6**
Total equity	**2,162.4**
Total capitalisation(5)	**3,048.0**

Notes:

(1) The Unaudited Pro Forma Financial Information assumes, among other things, that the aggregate principal amount of the Notes offered hereby is S$550 million. On the Acquisition Completion Date, the net proceeds from the Offering, together with the proceeds from the TPG Equity Contribution, the Sumitomo Life Equity Contribution and the term loan facility under the Senior Facilities, will be used by the Issuer to fund the Acquisition. In the event that the Acquisition Completion Date does not occur prior to 24 February 2021, the Notes will be subject to redemption wherein the Issuer, within 15 business days of such Acquisition Failure Event, must redeem all, but not some only, of the Notes at 101 per cent. of their principal amount together with interest accrued but unpaid (if any) to (but excluding) the date of redemption, as further described in "*Terms and Conditions of the Notes—Redemption for Acquisition Failure Event*".

(2) The Issuer's cash and cash equivalent of S$310.7 million comprises Aviva Singapore, Aviva Asia and Singlife's consolidated cash and cash equivalents upon consummation of the Acquisition, adjusting for the financing raised in connection with the Acquisition, offset by cash settlement of interest charges and principal repayments on the debt raised and up front debt raising fees, the cash consideration paid, one-off advisory and consulting fees and stamp duties in connection with the Acquisition, dividends paid in connection with the Additional Tier 1 perpetual securities, the accelerated vesting and exercising of all outstanding employee share options issued by Singlife and the related share buy-back; and assuming that dividend distributions made by Aviva Singapore to Aviva UK in 2019 and expected in 2020 were paid prior to the 1 January 2019 acquisition date.

(3) Represents the principal amount outstanding under the Notes.

(4) Represents the principal amount outstanding under the Senior Facilities, less principal repayments estimated at S$5.9 million for the year ended 31 December 2019 and S$8.5 million for the six months ended 30 June 2020.

(5) Total capitalisation is calculated as the sum of total indebtedness and total equity.

EXCHANGE RATE

The Singapore dollar is the function currency of the Group. The following table sets forth, for the periods indicated, certain information with respect to the average, high, low and period end Noon Buying Rate in the City of New York between the Singapore dollar and the U.S. dollar (in Singapore dollars per U.S. dollar) as certified for customs purposes by the Federal Reserve Bank of New York for cable transfers. No representation is made that the Singapore dollar amounts actually represent such U.S. dollar amounts or could have been or could be converted into U.S. dollars at the rate indicated, any particular rate or at all.

Singapore Dollar/U.S. Dollar Noon Buying Rate[1]

	Average[2]	High	Low	Period End
2015	1.3749	1.4356	1.3204	1.4139
2016	1.3811	1.4499	1.3375	1.4463
2017	1.3807	1.4489	1.3366	1.3366
2018	1.3491	1.3865	1.3053	1.3648
2019	1.3642	1.3940	1.3465	1.3472
January 2020	1.3508	1.3633	1.3466	1.3619
February 2020	1.3897	1.4013	1.3681	1.3977
March 2020	1.4166	1.4592	1.3810	1.4247
April 2020	1.4245	1.4403	1.4108	1.4108
May 2020	1.4181	1.4256	1.4119	1.4143
June 2020	1.3942	1.4084	1.3876	1.3932
July 2020	1.3883	1.3952	1.3752	1.3752
August 2020	1.3697	1.3760	1.3579	1.3579
September 2020	1.3656	1.3757	1.3549	1.3692
October 2020	1.3596	1.3658	1.3543	1.3637

Notes:

(1) Source: MAS

(2) The average rate for each period is calculated as the average of the daily noon buying rate during that period.

Fluctuations in the exchange rate between the Singapore dollar and the U.S. dollar will affect the U.S. dollar price of the Notes.

Currently, no exchange control restrictions exist in Singapore.

DESCRIPTION OF MATERIAL INDEBTEDNESS AND OTHER SECURITIES

The following is a summary of the material terms of the Issuer's financing arrangements in addition to the Notes. The following summary does not purport to describe all of the terms and conditions of such arrangements and is subject to, and is qualified in its entirety by reference to, the underlying documents. Capitalised terms used in the following respective summaries and not otherwise defined in this offering circular have the meanings ascribed to them in their respective agreements.

Senior Facilities

On 11 November 2020, the Issuer, as borrower, entered into a senior secured credit facilities agreement (the "**Senior Facilities Agreement**"), pursuant to which Standard Chartered Bank (Singapore) Limited and the other lenders thereunder agreed to make available to the Issuer the Senior Facilities, comprising a senior secured term loan facility in an aggregate principal amount of S$350 million (the "**Senior Term Facility**") and a senior secured revolving credit facility in an aggregate principal amount of S$100 million (the "**Senior Revolving Facility**", together with the Senior Term Facility, the "**Senior Facilities**"). The proceeds from the Senior Term Facility are to be applied towards, among other purposes, partially funding the Aviva Acquisition. The proceeds from the Senior Revolving Facility are to be applied towards, among other purposes, funding interest payments under the Senior Facilities and the Notes and the costs and expenses incurred or to be incurred by the Issuer as part of maintaining its corporate existence. The Issuer is required to pay a commitment fee to the lenders in connection with the Senior Facilities.

The Senior Facilities bear an interest rate that is in line with other term loan banking facilities of similar tenor for entities in the Asian insurance market. The Senior Facilities mature on the date falling five years after the utilisation date of the Senior Term Facility.

The Senior Facilities Agreement contains customary provisions for acquisition financing facilities in relation to voluntary and mandatory prepayment.

The Senior Facilities are secured by a first ranking charge over certain interest reserve accounts, a mandatory prepayment account, an equity cure account and an operating account each opened by the Issuer in connection with the Senior Facilities. The Senior Facilities Agreement also contains certain customary covenants that the Issuer is required to comply with, including financial covenants. Additionally, the Senior Facilities Agreement includes provisions requiring the Issuer to apply the proceeds of dividends it receives in accordance with a specified priority as between the Issuer's creditors and the payment priorities set out in the Senior Facilities Agreement require that interest and principle under the Senior Facilities be serviced ahead of interest and principal, respectively, under the Notes. For more information, see "*Risk Factors—The Issuer is a newly formed entity with no revenue generating operations of its own and will depend on cash from its direct and indirect subsidiaries to be able to make payments on the Notes.*" and "*Risk Factors—Noteholders may recover less as a result of the subordination of the Notes.*" The Senior Facilities Agreement also contains customary provisions on events of defaults under the agreement.

In addition, the Senior Facilities Agreement also includes customary provisions requiring the Issuer to provide certain information to the lenders, including (subject to materiality and other customary and agreed exceptions) the financial statements of the Issuer and certain members of the Group, documents delivered by the Issuer to its creditors generally, judgments or orders of court against any member of the Group and other information that the lenders reasonably require.

Additional Tier 1 Perpetual Securities

On the Acquisition Completion Date, the Issuer will enter into a subscription agreement, pursuant to which the Issuer will issue to Aviva UK subordinated unsecured perpetual capital securities in an aggregate principal amount of S$260 million (the "**Additional Tier 1 Perpetual Securities**"). The obligations of the Issuer under the Additional Tier 1 Perpetual Securities rank in priority to the ordinary shares of the Issuer and other obligations of the Issuer which, by law or by their terms, are required to rank junior to the Additional Tier 1 Perpetual Securities, and rank *pari passu* with any subordinated obligations of the Issuer which, by law or by their terms, rank *pari passu* with the Additional Tier 1 Perpetual Securities. The obligations of the Issuer under the Additional Tier 1 Perpetual Securities will rank junior to the obligations of the Issuer under the Notes. The Additional Tier 1 Perpetual Securities will qualify as Additional Tier 1 capital instrument of the Issuer.

Bridge Loan Facility

On 11 November 2020, the Issuer, as borrower, entered into the Bridge Facility Agreement, pursuant to which Standard Chartered Bank and Standard Chartered Bank (Singapore) Limited agreed to underwrite a Singapore dollar denominated subordinated unsecured term loan facility in an aggregate principal amount of S$550,000,000 (the "**Bridge Loan Facility**"). Additionally, on 12 November 2020, Standard Chartered Bank in its capacity as the original lender under the Bridge Loan Facility transferred by novation an amount of its commitments thereunder equal to S$220,000,000 to DBS Bank Ltd. The Bridge Loan Facility can only be drawn after the Issuer receives a waiver of certain requirements under Appendix 5C of MAS Notice 133 and consent to early redemption of the Bridge Loan Facility to enable the Bridge Loan Facility to qualify as a Tier 2 capital instrument of the Issuer.

In the events the proceeds from the Offering is less than the aggregate principal amount of S$550,000,000, the Issuer intends to drawdown on the Bridge Loan Facility to satisfy such shortfall amount. Subject to the receipt of the waiver under Appendix 5C of MAS Notice 133 outlined in the preceding paragraph, the loan drawn under the Bridge Loan Facility will qualify as a Tier 2 capital instrument of the Issuer.

OVERVIEW OF THE GROUP'S BUSINESS

The Issuer

The Issuer was incorporated under the laws of Singapore on 17 July 2020 as a private company limited by shares under its former name, Red Dot Life Pte. Ltd., and was renamed to Aviva Singlife Holdings Pte. Ltd. on 19 October 2020. The Issuer is a newly formed entity with no business operations and no significant assets other than the equity interests it will hold in Aviva Singapore, Aviva Asia and Singlife Singapore following the completion of the Acquisition.

The Group

Following completion of the Acquisition, the Group will be a regional, homegrown savings and protection company in Southeast Asia, which combines the complementary strengths of two of Singapore's leading insurers. The Group will be a "future first" financial services company offering a comprehensive suite of products delivered through a multi-channel distribution network, which integrates Singlife's digital capabilities with Aviva's deep product and advisory capabilities and large customer base.

Following the completion of the Acquisition and the Merger, the Group intends to measure the scale and profitability of its business using key performance indicators, including APE, GWP, ROCE, CAR, net statutory profit and multiple product holdings, among others.

Strategies of the Group

Continue to expand the multi-channel distribution network with a focus on the financial advisory channel

The Group believes that the financial advisory channel, which provides customer with both choice and quality advice, will emerge as the preferred distribution channel in the future, and the Group's vast experience in the industry as a composite insurance provider underpinned by its technology ecosystem and mobile-first strategy makes the Group well-positioned to leverage this landscape. The Group will continue to expand and strengthen its owned financial advisory channel, aiming to maintain its net recruitment growth rate for this channel. The Group will also continue to leverage its scalable and highly flexible technology to provide its advisors with a platform to seamlessly and efficiently engage with customers, provide customer insight to enable them to provide tailored advice to customers. The Group also intends to invest in the training and development of its advisors to enhance their skillsets and the quality of their advice, as well as to competitively compensate its advisors. The Group is focused on retaining its advisors and reduce advisor attrition by offering broad product capabilities and the flexibility to offer the optimal product mix to its customers, which will help generate higher income for the advisors, and in turn help the Group increase productivity and customer outreach at optimal costs.

In addition to the financial advisory channel, the Group intends to continue developing other channels of distribution by deploying its mobile-first strategy and user-friendly mobile application to the Group's affinity, partnership and brokerage channels. The Group also intends to continue focusing on the employee benefit and affinity channels. The Group believes its multi-channel distribution network positions it well to tap a range of retail, mass affluent and high net worth customers in Singapore and the rest of Asia.

Leverage technology to enhance customer experience and engagement, boost productivity and improve efficiency

The Group will leverage its mobile-first ecosystem to engage with customers directly through its relevant product offerings and user-friendly mobile application, and build on its business foundation through analytics, robotics and artificial intelligence (including to facilitate targeted customer recommendations, customer profile matching, and conversion optimization) that will enhance engagement and put it on the path of rapid and sustainable growth. The Group will also employ its digital technology capabilities to provide leads for financial advisers to capitalise on its existing customer base. The Group plans to continue rolling out digital tools for its distributors and customers, in order to improve the quality of engagement, as well as to attract sales forces from other distribution channels. The Group intends to offer its distributors the benefit of its platform that collates and analyses customer data, based on which the Group and its distributors can improve their interactions with customers, build long-term relationships and offer holistic financial planning advice. By asking customers a limited number of high-impact questions and adapting based on their responses, the Group intends to dramatically reduce on-boarding time while still collecting and utilising the data that is central to its continuous improvement. The Group intends to continue investing in technology to optimise its customer experience and product capabilities, as well as simplify its back-end processes in order to deliver quality customer service (such as digitally embedded compliance checks to enhance customer experience).

In addition, the Group will continue to support its distributors and customers with scalable and efficient digital technology which the Group believes provides it with the headroom to integrate new capabilities, readily expand to new geographies and handle new products, distribution channels and local customization seamlessly and cost-effectively.

Deliver a disciplined product mix to bridge the protection gap for customers

The Group aims to be a market leader with innovative and profitable products that meet the changing needs of its customers for financial protection and efficient long-term regular savings. The Group intends to evolve its comprehensive and disciplined range of protection products to address the life, accident and health protection needs of customers, including through the mobile-first savings account that customers can access through their mobile phones. The Group believes that its focus and success on regular premium protection products will help meet the large and increasing protection and critical illness gap for Singaporeans and customers in other markets into which the Group expands. The Group also intends to continue to diversify its product range, including through investment-linked products to HNWIs and other customers, depending on the Group's future capabilities and risk management profile.

Build a leading risk culture and invest in human resources to deliver sustainable results

The Group will develop a leading risk culture which is focused on optimising capital utilisation, reducing balance sheet volatility and improving the expense ratio through robust risk management. In order to achieve this and to support the Group's long-term value creation, the Group believes that its people will continue to be its key assets and are instrumental in driving the change and delivering the "excellence" to sustainably outperform its peers in the industry. The Group intends to automate some of its employees' routine tasks through its evolving technology platform, such as paperless on-boarding and automated KYC, and increase employee satisfaction by involving them in more engaging tasks. The Group intends to continue investing in areas of mental and physical health, engagement and industry training to enable them to stay ahead of the changing times and meaningfully contribute to the growth of the organisation.

AVIVA'S BUSINESS

Aviva Singapore is a leading insurance company in Singapore established in 1969 and is a wholly owned subsidiary of Aviva plc, a company listed on the London Stock Exchange. Aviva has built a long and established track record of performance, enabling it to offer products and services to all classes of consumers, including the retail market, high net worth individuals as well as corporates and government agencies. Aviva believes that it has built a reputation of being an industry leader with focus on "excellence" and not exclusivity.

Aviva is a composite insurer and maintains a diversified product portfolio that enables it to address the needs of a broad customer base. Its portfolio includes life insurance, accident and health insurance and general insurance. Aviva's focus has been to promote regular premium protection sales to bridge the protection gap for Singaporeans, primarily through a distribution channel that provides holistic advice and choice to consumers. Aviva believes that this strategy has helped it maintain an optimal product mix that translates into superior financial performance. For the period from fiscal year 2017 to 2019, Aviva's APE has grown at a CAGR of 23.67%, while maintaining a strong capital position as evidenced by its RBC 2 CAR of 202.07% as at 30 June 2020. Aviva continues to expand its broad and diversified product suite and maintain a profitable product mix, to serve evolving customer preferences, regulatory development and other market trends. As at 30 June 2020, Aviva's employees, partners and proprietary sales force served approximately one million customers.

Aviva has an extensive multi-distribution channel network with key sales channels consisting of (a) a large and long-standing financial advisory channel; (b) an affinity channel which is Aviva's proprietary distribution channel that uses its salaried sales force and strong partnerships to engage with retail customers; (c) the employee benefits channel through which Aviva engages with a broad range of public and private institutions; and (d) a partnership distribution network, which is a form of an "open architecture" type of bancassurance relationship through which Aviva engages with the customers of banks and other financial institutions. Aviva also engages and distributes products to its customers directly.

Aviva invests the premiums and other income generated from its insurance business across varying investment products, including fixed income assets, equities and real estate. Its success in investment management contributes to the competitiveness of its products, financial strength and business reputation. Aviva Singapore's total investment portfolio has grown at a CAGR of 8.42% for the period from fiscal year 2017 to 2019. Investment portfolio was S$7,959.59 million, S$8,527.89 million, S$9,356.48 million, S$9,219.82 million and S$9,756.20 million as at 31 December 2017, 2018 and 2019, and 30 June 2019 and 2020, respectively. Aviva Singapore's investment portfolio is composed primarily of fixed income securities such as government bonds and corporate bonds, which represented 75.71% of Aviva Singapore's investment portfolio (excluding investment linked portfolio) as at 30 June 2020. Aviva Singapore's portfolio also includes public equities and properties, which represented 22.86% of its investment portfolio (excluding investment linked portfolio). See "—Investment" for more details.

Aviva is led by a management team with extensive experience in the financial services industry and with a proven track record of performance. The management team is supported by a strong and experienced team of cross-functional professionals across senior and middle level management. Aviva is also supported by an experienced board of directors with diversified expertise in the insurance sector, which actively contributes to and participates in its strategy. According to MAS' classification, Aviva is a "Tier 1" insurer in Singapore which means that it is required to maintain high standards of corporate governance and have a Board with majority independent directors.

Aviva measures the scale and profitability of its business using various performance indicators, including APE, gross written premium, net statutory profits, CAR, dividend payout, ROCE and multiple product holdings. The following table shows Aviva Singapore's operating data for the periods indicated.

	Fiscal year ended 31 December			**Six months ended 30 June**	
	2017	**2018**	**2019**	**2019**	**2020**
	(S$ millions, except CAR, ROCE and multiple product holdings)				
APE[(1)]	208.71	237.14	319.21	136.90	141.42
GWP[(2)]	1,652.61	1,844.84	2,363.62	1,139.97	1,252.96
Net statutory profit for the period	75.54	15.87	116.16	50.57	24.62
CAR[(3)]	249.70%	216.73%	245.76%	247.72%	202.07%
Dividend payout	-	10	80	-	-
ROCE[(4)]	13.82%	2.67%	18.85%	16.23%	7.57%
Multiple product holdings (in millions)[(5)]	0.35	0.39	0.42	0.40	0.45

Notes:
(1) APE for Aviva is defined as the sum of new regular premiums plus 10% of new single premiums written in the period.
(2) GWP for Aviva is defined as gross premiums received or receivable including portfolio premiums, after deducting discounts and return premiums, which have been entered in the books of the insurer during the period. Commissions are not deducted from "gross premiums".
(3) CAR for Aviva for the fiscal year ended 31 December 2017, 2018 and 2019 and for the six months ended 30 June 2019 are based on RBC 1 regime and the CAR for the six months ended 30 June 2020 is based on RBC 2 regime.
(4) ROCE for Aviva is defined as the net statutory profit as a percentage of average of the opening and the closing equity for the year. For the six months ended 30 June 2019 and 2020 returns are annualised.
(5) Multiple product holdings for Aviva is defined as the number of customers who holds more than one Aviva product.

Impact of COVID-19

The outbreak of COVID-19 was recognised as a pandemic by the WHO on 11 March 2020. In response to the COVID-19 outbreak, the governments of many countries, including Singapore, have taken preventive or protective actions such as imposing country-wide lockdowns, as well as restrictions on travel and business operations. These measures have impacted and may continue to impact international financial markets and may result in a global recession.

From April 2020 to June 2020, the Singapore government imposed a "circuit-breaker", or lockdown measures, to contain the spread of the COVID-19 virus. In June, Singapore gradually resumed economic activities in two phases. During "phase-I" (1 June 2020 to 18 June 2020), only economic activities that did not pose a high risk of transmission were allowed to reopen. During "phase-II" (from 18 June 2020 to the date of this Offering Circular), most economic activities were allowed to resume operations in Singapore, subject to safe-distancing measures.

During the "circuit-breaker" and "phase-I" periods, Aviva temporarily closed its customer service centre in Singapore. Although online insurance services were available, Aviva's closure of its customer service centre and travel restrictions imposed during the "circuit-breaker" period resulted in restricted face-to-face interactions with customers. As a consequence, Aviva Singapore's APE declined in the second quarter of fiscal year 2020. For example, Aviva Singapore's life insurance business delivered S$88.99 million of APE in the first quarter of fiscal year 2020 which declined to S$52.43 million of APE in the second quarter of fiscal year 2020 primarily due to the restrictions imposed during the "circuit breaker" period. However, with economic activities gaining momentum in "phase-II", Aviva's APE have been steadily increasing. Aviva also benefitted from its digital capabilities, such as end-to-end digital sales processes, built in prior financial years during the "circuit-breaker" period. Despite the various restrictions imposed during the "circuit-breaker" period, Aviva was able to engage with customers digitally. Aviva believes these capabilities reduced the overall impact of the "circuit-breaker" period on its sales and performance. See "– *Information Technology*" for more details on Aviva's digitization initiatives.

In order to reduce the impact of COVID-19 on its operations, Aviva proactively took various steps to manage its expenses and liquidity by reducing discretionary spending, such as marketing, recruitment and travel costs. It also reduced its expenses by selectively backfilling to reduce manpower costs and deferred change spends. Throughout the "circuit-breaker" period Aviva prioritised and continues to prioritise the health and safety of its customers and employees. Strict safe distancing protocols have been implemented at Aviva's customer service centre and employees either work from home or work in staggered shifts if coming to office. Employees working at Aviva's corporate offices have been given the option to continue to work from home.

Aviva has been closely monitoring the impact of the COVID-19 developments on its businesses and will continue to take appropriate actions to mitigate any potential impacts. For more information, please see *"Risk Factors – COVID-19 may adversely affect the Group's business, financial condition and results of operations"*.

Strengths

Deep and historic roots in Singapore

Aviva is a leading insurance company in Singapore established in 1969 and is wholly owned subsidiary of Aviva plc, a company listed on the London Stock Exchange. As per MAS' classification, Aviva is a "Tier 1" insurer which means that is it required to maintain high standards of corporate governance and have a Board with majority independent directors. Aviva is the Ministry of Defence's trusted insurer with a relationship extending for more than three decades. Through this relationship, Aviva has access to potentially a large consumer base in Singapore. Aviva's wide range of products help it to meet its customer's needs thereby becoming an insurer of choice for its customers. For example, Aviva is one of the three insurers approved by the Ministry of Health in Singapore to complement the basic national long term care insurance in Singapore. It is also one of the seven insurance providers that is allowed to provide CPF Medisave-approved medical insurance plan. Both these products allow for premiums to be paid through social security contributions.

Stable cash flows and strong capital position

Aviva has a track record of stable and profitable growth which Aviva believes is key to the success of its business model. Internally generated cash flows, together with strong persistency have created a stable revenue base that supports Aviva's ongoing efforts to capture significant growth opportunities available by investing in new business opportunities at high internal rates of return. Over the years, Aviva has been paying stable dividends to its shareholders and reinvesting in its own business to expand its distribution footprint and implement the latest technologies to boost its efficiency and productivity. Aviva believes that the scale and efficiency of its operations gives it a competitive advantage in pricing products, which provides great value for money for its customers.

Aviva's ability to generate sustainable profits from its large back-book, together with a progressive yet balanced dividend policy, has allowed Aviva to maintain a strong solvency position. For the participating portfolio, Aviva has taken concerted actions on its fixed income portfolio to increase the asset duration from 8.2 years to 13.4 years, which is broadly in line with the liability duration of 14.8 years under RBC 2 basis. Aviva's capital base is resilient to external economic conditions; as at 30 June 2020, the solvency ratio for Aviva based on RBC 2 basis is at 202.07%. Aviva employs regular stress testing to assess the impact of market movements on its solvency position and identify the actions that might be required to maintain solvency ratio in excess of the internal target levels.

Growing multi-channel distribution network with a focus on the financial advisory channel

Aviva has an extensive and expansive multi-channel distribution network with a focus on the financial advisory channel. Aviva distributes its products through its two subsidiaries that provide financial advisory services and through third party financial advisory firms in Singapore. Aviva believes that offering choice to customers is fundamental to quality advice and currently only the financial advisory channel offers that in Singapore, which will lead to this distribution channel emerging as the preferred distribution channel in the future. Aviva believes that given its vast existing experience and current standing in the financial advisory space makes Aviva well placed to exploit the impending changes in the Singapore's distribution landscape. As at 30 June 2020, Aviva had 1,901 financial advisors for its own financial advisory firms and the financial advisory channel contributed 73.72% of Aviva's APE in the fiscal year ended 31 December 2019.

Aviva has also established other distribution channels to broaden access to potential customers and meet their evolving needs. Aviva's other distribution channels also contribute to its overall profits, and in-turn allows Aviva to make additional investments to enhance efficiency and deliver best-in-class customer experience. Aviva has established long-term relationships with key partners, such as, the Singapore government agencies, which provide it with access to potential customers. Furthermore, Aviva leverages its direct sales network and its employee benefit products to expand its customer footprint. See " – *Distribution*" for more details on Aviva's distribution network.

A diversified suite of products and innovative product capabilities

Aviva is a composite insurer and maintains a diversified product portfolio that enables it to address the needs of a broad segment of customers. Aviva's portfolio includes life insurance, accident and health insurance and general insurance. Aviva is one of the three insurers approved by the Ministry of Health in Singapore to complement the basic national long term care insurance in Singapore. It is also one of the seven insurance providers that is allowed to provide CPF Medisave-approved medical insurance plan. Both these products allow for premiums to be paid through social security contributions.

Aviva undertakes deep market research when developing products to understand the evolving needs of the customers and the prevailing topics of national relevance. Aviva also focusses particularly on meeting the protection and critical illness needs of its customers and thus bridging the national protection and critical illness gap. For example, Aviva launched products that cover diabetes which was in line with the Singapore government's initiative to raise awareness on diabetes. Aviva believes that its diversified product suite positions it well to capture evolving customer demand under a variety of market conditions. Its long-term track record has also provided significant experience and know-how, enabling it to deliver efficiencies, thereby keeping its premium rate competitive and ultimately offering value for money to its policyholders.

Throughout the years, Aviva has won a number of accolades and awards, such as being recognised as the life insurance company of the year by SBR in 2020. Aviva's MyCoreCI was also recognised at the Health Insurance

Asia awards in 2019 which is a testament of how Aviva responds to changes in society. See "- *Awards*" for more details on Aviva's recognitions and awards.

Experienced management driving a comprehensive business growth strategy

Aviva has a strong management team with extensive experience and business expertise with a proven track record of success. The management team is supported by a strong and experienced team of cross-functional professionals across senior and middle level management. Aviva is also supported by an experienced board of directors with diversified expertise in the insurance sector, which actively contributes to and participates in its strategy. On the back of the strong management team Aviva's APE has grown at a CAGR of 23.67% between fiscal years 2017 to 2019.

Products

Aviva offers a wide range of products and services to individuals and group customers. The individual insurance plans comprise a suite of products and services that cover life, health, travel and housing insurance as well as financial planning to meet the protection and savings needs of individuals. Aviva's group customers include large corporates, small-to medium-sized companies in Singapore, as well as government affiliates. Aviva offers its corporate customers tailored insurance products and services, covering insurance for travel, business operations and employee benefits, among others, and government affiliates with life and health insurance. Aviva has developed and continues to expand its broad and diversified product portfolio to serve evolving customer preferences, regulatory development and other market trends.

Aviva's key insurance products are described below.

Life and Health insurance

Aviva offers life insurance products to individuals and groups. The individual products are broadly classified under the following two categories:

- *Participating life insurance*: Aviva's participating life insurance products primarily include endowments and whole life products. These products provide both savings benefits and insurance protection, as well as, the opportunity to participate in the performance of the participating fund as a supplement to the guaranteed benefits. The participating life insurance products are written in a participating fund that is distinct from Aviva's other funds. These products typically have a guaranteed cash value after a period of time and aim to provide bonuses to policyholders. Some of the products under this category also provide regular cash pay-outs to customers to help them fund their lifestyle and retirement needs.

- *Non-participating life insurance*: Aviva's non-participating life insurance products are mainly plans that provide basic protection and benefits, and do not participate in the performance of the non-participating fund. These products typically provide protection for death, total and permanent disability, critical illnesses and maternity risk protection for a defined period, among others.

Aviva is one of the three insurers approved by the MOH in Singapore to provide supplementary products to complement the basic national long-term care insurance in Singapore. It is also one of the seven insurance providers that is allowed to provide CPF Medisave-approved medical insurance plan. Both these products allow for premiums to be paid through social security contributions.

As part of the group life insurance schemes, Aviva partners with large corporates, small to medium size companies in Singapore, as well as government affiliates. For example, Aviva offers group term life insurance and the group accident insurance to the Ministry of Defence ("**MINDEF**") in Singapore and the Ministry of Home Affairs of Singapore ("**MHA**"). Since 2019, Aviva has also been offering an exclusive group life insurance plan for public officers under the Public Officers Group Insurance Scheme.

As part of the group health insurance scheme, Aviva offers group hospital and surgical plans, group outpatient benefits and various other riders for both employees and their dependents. Aviva's aim is to be a partner in its customer's wellness journey, starting from primary care to chronic disease management. Aviva's services extend to cashless and reimbursement solutions, ranging from general practitioners to specialist in government restructured, as well as private hospitals. Aviva also offers innovative products and services, which includes psychological wellness cover, cashless telehealth services and private international medical insurance, among others.

Aviva distributes its life and health insurance products primarily through financial advisors, affinity, employee benefits, partnership and other channels. See "—*Distribution Channels*" for more details.

General insurance

Aviva also offers general insurance products as described below, which are primarily distributed digitally online and through its financial advisory channel. In fiscal years ended 31 December 2017, 2018 and 2019 and in the six months ended 30 June 2019 and 2020, sales through general insurance accounted for 1.34%, 1.30%, 1.04%, 1.07% and 1.04% of Aviva's total GWP, respectively.

- ***Motor insurance:*** Aviva's motor insurance products includes coverage for private car, commercial vehicle, private hires and fleet insurance. Aviva's aim is to provide value for money solutions to its customers in this highly competitive market. Aviva also provides unique e-Call assistance service which will automatically alert its emergency team in real time so that Aviva can call customers and send help immediately in the event of an accident. In addition, Aviva provides complimentary emergency roadside assistance in case of a car breakdown.

- ***Personal lines:*** Aviva offers a suite of personal line products that include travel, personal accident, home and domestic helper insurances.

- ***Commercial lines:*** Aviva also offers products such as workmen injury compensation insurance, public liability, corporate travel and property all-risk insurance to Singapore domiciled corporates.

Value-added Services

Aviva offers its financial advisors a digital platform, "Aviva Online" and "Pocket SQS", to connect with customers and with Aviva personnel. Financial Advisors can use these platforms to engage with customers online and keep a track of their interactions with customers. Aviva has also introduced additional value-added features through its mobile applications and online portals "MyAviva" through which customers can view policies and submit claims online. Customers can also receive SMS and email alerts when their claims are processed. Aviva believes this portal has helped it conserve paper, reduce postage costs and manage changes in customers' profiles seamlessly.

Aviva also offers concierge services through which customers can make appointments for insurance related medical exams. It also offers a limousine pick up and drop service to its customers for the medical exam. Aviva also introduced an "E-Call" service which has an automatic crash detection feature that provides real time information about an accident, location and severity of the accident, and alerts emergency team at the nearest hospital.

Aviva also introduced a travel mobile application in 2012. Customers can easily purchase travel policies, renew existing policies and submit claims through this application while travelling.

See "– *Information Technology*" for more details on Aviva's digitization initiatives.

Distribution

Aviva has an extensive multi-distribution channel network with sales channels consisting of (1) financial advisory; (2) affinity; (3) employee benefits; and (4) partnerships and others. Aviva believes that its experience with a broad range of distribution channels, with a focus on the financial advisory channel and its successful cross-selling affinity channel, positions it well to respond to evolving customer needs, industry trends and regulatory requirements.

Aviva has built and is continuing to develop distribution channels to increase market penetration, broaden access to potential customers and meet the evolving preferences of its customers. Aviva has established sound relationships with key partners, which provide it with access to potential customers. Furthermore, Aviva has not only increased its financial advisors' footprint, but has empowered them with digital tools and platforms to enable its financial advisors move up the value curve as they support customers in their financial goals.

Financial advisory

The financial advisory channel is large and long-standing forming the cornerstone of Aviva's multi-channel distribution platform and product offerings. Aviva forms partnerships with financial advisory firms to distribute its products. Aviva has two owned advisory firms which are Aviva's subsidiaries, Aviva Financial Advisors Pte Ltd and Professional Investment Advisory Services Pte Ltd, and relationship with other third-party financial advisory firms. These financial advisory firms distribute Aviva's products on a non-exclusive basis with an intent to provide customers with financial service that is tailored to their needs. Aviva believes that offering choice to customers is fundamental to quality advice and currently only the financial advisory channel offers that in Singapore, which will lead to this distribution channel to emerge as the preferred distribution in the coming years. Aviva distributes all its insurance products and services through the financial advisory channel.

In fiscal years 2017, 2018 and 2019 and in the six months ended 30 June 2019 and 2020, sales through Aviva's financial advisory channel accounted for 75.80%, 76.32%, 73.72%, 74.69% and 69.35% of Aviva's APE, respectively. Over fiscal years 2017 to 2019, the adviser base for Aviva's own financial advisory firms has grown at a CAGR of 19.54%.

Affinity

The affinity channel is Aviva's proprietary channel through which Aviva uses its salaried sales force and strong partnerships to engage with retail customers, and primarily serve their protection needs. As at 30 June 2020, Aviva had 225 salaried sales employees. Through the affinity channel, Aviva primarily distributes its life and health insurance products.

Aviva's unique distribution model leverages its strong relationships with government agencies, corporates, employee benefits customers and other partners, to cross-sell its products to their members. Aviva builds on strong corporate relationships through its employee benefits and general insurance products. It offers bespoke insurance products and solutions to corporates which helps Aviva expand its customer base. Aviva also distributes its individual products to corporates through multiple-distribution channels, such as, worksite marketing and direct communication sessions with the corporate's employees.

Aviva supervises and provides training to its direct sales representatives and set product management and customer service standards, and have developed sales risk warning systems, which Aviva require all of its representatives to meet. Aviva's sales representatives are paid salaries and rewarded with bonus linked to performance.

In fiscal years 2017, 2018 and 2019 and in the six months ended 30 June 2019 and 2020, sales through Aviva's Affinity channel accounted for 5.73%, 7.57%, 6.42%, 5.80% and 9.02% of Aviva's APE, respectively.

For its affinity channel, Aviva has developed "AffinityConnect" which is an online portal for members and dependents of the MINDEF & MHA customers. Customers can transact digitally in a hassle-free, seamless and secure manner. Through this portal, customers benefit from reduced policy and claims processing time. It also allows Aviva to receive premiums on time and manage its customer data and provide more targeted service.

Employee benefits

Through the employee benefits channel, Aviva engages with a broad range of public and private institutions to provide employee related group insurances. As a result, it is able to form relationships with the members of these institutions that can eventually purchase individual policies directly from Aviva through its Affinity channel. Through the employee benefits channel, Aviva primarily distributes its life and health insurance products. In fiscal years 2017, 2018 and 2019 and in the six months ended 30 June 2019 and 2020, sales through Aviva's employee benefits channel accounted for 13.39%, 8.22%, 8.28%, 7.24% and 7.70% of Aviva's APE, respectively.

Partnerships and others

Aviva also has a partnership distribution network, mainly comprising of "open-architecture" type bancassurance and broker relationships, through which Aviva engages with the customers of such banks and brokers. Aviva also engages and distributes products to its customers directly. In fiscal years 2017, 2018 and 2019 and in the six months ended 30 June 2019 and 2020, sales through these channels accounted for 5.09%, 7.90%, 11.57%, 12.27% and 13.93% of Aviva's APE, respectively.

Investment

Aviva invests the premiums and other income generated from its insurance business. Its success in investment management contributes to the competitiveness of its products, its financial strength and its business reputation.

Aviva invests its premiums and other income generated from the underlying insurance business in accordance with its investment policy, which is established by its Investment Committee/Asset Liability Committee and approved by the Board. The Investment/Asset Liability Committee assists the Board in ensuring that Aviva's investment activities are managed in a prudent manner. It is established by the chief executive officer to exercise risk oversight, make all investment decisions in line with the approved investment policy, set strategic asset allocation for insurance funds, appoint authorised dealers and individuals to execute and approve trades, and set dealing limits for authorised dealers and individuals. The committee consists of five permanent members including the chief executive officer, chief financial officer, chief and appointed actuary, chief risk officer and director, product and marketing, with the CEO being the chair of the committee.

The investment goal of Aviva is to achieve long-term rates of return that meet policyholders' and shareholders' reasonable expectations. Aviva's investment policy is guided by the following key principles:

- Maximising returns to policyholders and shareholders within the regulatory and group requirements and protecting the interests of policyholders and shareholders;
- Maintenance of adequate liquidity to meet policyholders' obligations and business requirements;
- Ensuring compliance with all applicable local legislations;
- Ensuring compliance with all applicable group policies and guidelines; and
- Managing credit, geographical, sectors, market, capital management, liquidity and operational risk associated with the investment process.

Aviva believes that long-term sustainable performance can be achieved by capturing multiple sources of returns through prudent diversification across asset classes, geographical regions, active management strategies and investment styles. Aviva's investment strategy is guided by: (i) expected return to meet the guaranteed liabilities for each insurance fund and policyholders' and shareholders' reasonable expectations; (ii) Aviva's overall risk appetite; (iii) return on shareholder's capital; and (iv) expected returns and correlation of various asset classes in which Aviva is invested.

Aviva diversifies its investments broadly through multi-asset strategies. These include varying strategies for fixed income assets, equities and real estate, with the underlying aim to enhance diversification, ensure asset liability matching, and improve the overall risk-return characteristics of the investment portfolio. The strategies themselves, by funds, are reviewed annually and subsequently approved by the Board, as part of the strategic asset allocation exercise, to ensure that they remain relevant for the current business operations, any changes to the long term investment views, as well as any changes to the regulatory framework. Along with the strategic asset allocation framework, the asset managers have access to a tactical asset allocation mechanism to tactically manage asset class allocations to capture any potential upside opportunities and mitigate downside risks.

Aviva Singapore's total investment was S$7,959.59 million, S$8,527.89 million, S$9,356.48 million, S$9,219.82 million and S$9,756.20 million as of 30 December 2017, 2018 and 2019, and 30 June 2019 and 2020, respectively. Aviva Singapore's investment portfolio is composed primarily of fixed income securities such as government bonds and corporate bonds, which represented 75.71%(1) of Aviva Singapore's investment portfolio (excluding investment linked portfolio) as at 30 June 2020. Aviva Singapore's portfolio also includes public equities and properties, which represented 22.86%(2) of its investment portfolio (excluding investment linked portfolio). The proportion of investment grade bonds for Aviva's fixed income portfolio (excluding investment linked portfolio) is 91.54%, which includes Singapore Statutory Board Bonds for which an implied rating generally given to the Singapore Government has been assumed. Singapore Statutory Board (excluding MAS) Bonds constitute 4.76% of Aviva's total fixed income portfolio (excluding investment linked portfolio), Aviva's fixed income portfolio has an average credit rating of A+.

The methodology used for determining the credit ratings for its fixed income portfolio is as follows: (i) if S&P, Fitch and Moody's ratings are available, Aviva used the middle rating. If two ratings are same, they used the lowest rating; (ii) if only two of three ratings are available, Aviva used the lowest rating; (iii) if only one rating is available, Aviva used that rating. Issue level rating is used while determining the proportion of investment grade bonds and average credit rating.

The following table sets forth Aviva Singapore's total investment portfolio (excluding the investment linked portfolio) by asset class as at the dates indicated:

	As at 31 December			As at 30 June	
	2017	2018	2019	2019	2020
			(S$ million)		
Fixed income[(1)]	5,043.21	5,632.46	6,116.88	5,812.31	6,987.52
Equities[(2)]	1,297.27	1,417.69	1,580.44	1,590.19	1,306.64
Property[(3)]	603.08	620.84	813.57	750.08	802.93
Cash and cash equivalents	159.89	181.96	188.73	392.27	154.12
Derivatives	46.82	2.36	59.32	17.31	(22.19)
Total	**7,150.27**	**7,855.31**	**8,758.94**	**8,562.16**	**9,229.02**

Notes:

(1) This includes securities that have been reclassified from equities on a look-through basis as the underlying investments of the funds are composed primarily of fixed income assets.

(2) This includes Aviva's investments in subsidiaries and available-for-sale financial assets.

(3) This comprises Aviva's investment in associate, as well as property unit trusts and REITS that have been reclassified from equities.

As a long-term investor with a commitment to deliver positive social impact, Aviva supports the concept of responsible investment to drive positive impact through environment, social and corporate governance factors. Aviva believes that the environment, social and governance ("**ESG**") principles can be an effective tool to manage investment risks and generate long-term sustainable returns. Aviva encourages its investment personnel and external fund managers to conduct due diligence in ESG factors, whenever appropriate and possible, when assessing and monitoring investments.

Risk Management

Aviva recognises the importance of sound risk management in every aspect of its business and decision-making process. Risk management is a key element of Aviva's corporate governance and culture. Aviva's risk management strategy is formulated by the Board Risk Committee and approved by the Board. The risk strategy serves to ensure that the risk management framework, policies, processes and controls are in place to identify, assess and manage material risks in a robust and consistent manner across all business activities. Aviva's Board and Risk Committee is responsible for setting the risk appetite for the business and ensuring that an effective risk management processes and controls are in place. The chief executive officer and senior management team are supported by various governance committees to oversee risk management, including the "own risk and solvency assessment" processes.

Aviva's risk governance framework is a critical component of its overall risk framework. It is based on the "three lines of defence" operating model and includes risk governance committees, risk policies and business standards.

Three lines of defence operating model

Aviva follows a "three lines of defence" operating model for risk management with clear delineation of roles and responsibilities for line management, risk & compliance function and internal audit.

- The first line of defence includes the business and support teams who are primarily responsible for managing risks under their charge. They are responsible for identifying, assessing, monitoring, managing and reporting key risks associated with their respective operations, and are held accountable for the effectiveness of their risk management processes and internal controls. For example, the actuarial function under Aviva's finance department is responsible for calculating technical provisions, proposing assumption changes and managing the capital and liquidity profile of the company. The chief actuary is responsible for ensuring that the company's solvency and liquidity positions are within the approved limits established by the Board Risk Committee.

- The second line of defence comprises the risk, compliance and financial crime prevention function ('Risk function'). The risk function is responsible for defining the risk framework, monitoring, challenging and advising the line management on the adequacy of their risk management activities. The Risk function ensures that all key risks and regulatory obligations are captured in the enterprise risk register and ensures that line management implement appropriate controls to mitigate risk exposures within appetite. This includes the monitoring of the company's current and projected solvency and liquidity positions against the approved risk appetite. The chief risk officer provides an independent risk report to Board and Risk Committee on a quarterly basis.

- The third line of defence is the internal audit function. This function is responsible for assessing and reporting, to the group and local Board Audit Committee on the effectiveness of the company's risk management framework and systems of internal controls. The internal audit function provides a report to the Board Audit Committee on a quarterly basis.

Delegation of authority

Aviva's 'day-to-day' risk management is managed by its chief executive officer. Aviva follows a clear delegation of authority framework for its decision-making process. The CEO in turn delegates authority to the senior management team in accordance to their individual role and responsibility. This delegation of authority is approved by the board and all roles and responsibilities are tailored accordingly. Certain material business decisions require preapproval from the chief risk officer as stipulated in the escalation and approval protocol.

Risk based decision making

For all material business propositions, the respective business owners are required to identify and document the key risks and mitigating measures in the business case proposal paper. All material propositions presented to the Board for approval must be accompanied by an independent risk opinion by the chief risk officer. Examples of such material business propositions include, acquisitions, new distribution arrangements, changes to reinsurance strategy, changes to strategic asset allocation, material outsourcing arrangements and major IT change initiatives.

Risk Governance

The Board has set up the Board Risk Committee and the Board Audit Committee to assist it in carrying out the oversight of risk management and internal controls. At the management level, the CEO has established a management committee, operational risk & reputation committee, investment/asset liability committee and various other committees to assist the CEO and senior leadership team discharge their risk management responsibilities. Each of these committees have a clear terms of reference document approved by the Board.

Risk Appetite Framework

Aviva's risk appetite framework comprises the risk preference statements, overarching risk appetite and operating risk limits/tolerance.

- The risk preference statements define the types of risks the Aviva actively seeks as part of its business strategy (risk seeking), the type of risks the company accepts as part of doing business (risk maintaining), and the risks the company actively minimises or manages away (risk minimising). These choices are dependent on the existing risk profile of the company, its competitive advantage to make reasonable profit, its regulatory obligations and the capability of the systems and resources to manage the underlying risk within approved limits.
- The overarching risk appetite are broad parameter limits setting out the maximum boundaries of risks the company can undertake/support based on its available financial resources, solvency and liquidity position. These are expressed quantitatively in the form of minimum solvency ratio and liquidity coverage ratio, as well as tolerance ranges at the individual risk type level.
- Operating risk limits are specific limits, range or tolerances levels defined at the granular risk type and transaction level and which are managed as part of day-to-day business operations. It includes reinsurance limits, financial risk limits and operational risk tolerance.

Risk Management Policies

Aviva's risk management framework contains a set of risk management policies, one for each of the main risks Aviva faces, such as, life insurance, general insurance, credit, market, liquidity and operational risk.

Business standards

Aviva recognises the importance of consistent and controlled business processes as a form of risk management. As such, each risk management policy is supported by a number of associated business standards, which set out the minimum process and internal control requirements for its core business activities.

Risk management processes

Aviva has a robust risk management process, which enables it to identify, measure, monitor, manage and report on key and emerging risks which may impact the business strategy, achievement of financial targets, solvency and liquidity profiles, regulatory, operational and reputation risks. The following diagram depicts Aviva's risk management process.

- *Risk identification*: Aviva adopts a top-down and bottom-up approach for risk identification. The company's key risks, including emerging risks and trends are typically identified collectively by the senior management team, reviewed quarterly by the Investment/Asset Liability Committee and Operational Risk and Reputation Committee and reported to the Board Risk Committee. The chief risk officer is the custodian for the key risk register. Risks arising from the execution of Aviva's business processes and activities are identified through the Operational Risk and Control Management Framework. This facilitates the timely identification and management of operational risks that are outside set tolerance and supports stakeholders to make informed decision-making.

- *Risk measurement*: Aviva's key risks are measured by the potential impact the relevant risk has on Aviva's solvency, financial, conduct and reputation. These are measured against the risk appetite framework.

- *Risk management*: This process involves making a decision to accept a risk (in line with risk preference and within risk appetite), to mitigate a risk that is out-of-tolerance, to transfer part of the risk through reinsurance (for financial and insurance risk) and/or purchase corporate insurance (for operational risk such as fraud), or to avoid the risk altogether. Aviva has a robust process for ensuring that each risk is assigned to an owner, who is a member of the senior leadership team. The risk owner is responsible for managing their risk within the approved risk appetite. If the risk is outside appetite/tolerance, the risk owner is required to develop an appropriate action plan to bring the risk back within appetite/tolerance. All issues and action plans are recorded and tracked regularly at the monthly and quarterly management and governance committee meetings.

- *Risk monitoring*: The monitoring process is a key feedback loop in the management of risk. It ensures timely identification, assessment and reporting of key and emerging risks. The key processes employed for monitoring risks includes review of key risk indicators such as solvency and liquidity profiles, financial market trends, operational and conduct risk profiles and operational risk events and compliance breaches.

- *Risk reporting*: Regular reporting of material risks and risk profiles are made to senior management, relevant governance forums and to the Board Risk Committee. This includes the business-as-usual reports to line manager and to the appropriate governance oversight committees. The chief risk officer is responsible for reporting Aviva's key risks and risk profiles to the Board and Risk Committee through quarterly risk reports, risk analysis papers and opinions.

Risk culture

The culture of Aviva is at the core of the risk management process. The risk culture across the company is strong and this is evident from its own-risk and solvency assessment and risk management in the decision-making processes. All managers have risk goals in their personal objectives. The company tracks its risk culture via various indicators.

Customer Service

Aviva aims to provide quality services to its customers and potential customers and to be responsive to their needs, both before and after issuing a policy or contract. Through an extensive customer service network, Aviva provides its range of services to its customers through a multi-channel support offering, giving customers more flexibility and choices. Apart from a physical customer service centre and call centre services, customers can access the digital self-service portal "MyAviva" to view their policy information, check payments, submit life insurance claims and also buy products online 24x7.

Claims that Aviva receives on its products are processed and investigated in a structured manner by a dedicated claims team. Typically, upon receiving a claim, a staff person will make a preliminary verification if all materials supporting the claim have been submitted; if so, the claim and its materials will be forwarded to the claim settlement department to confirm liability and to determine whether a claim investigation is needed. Upon confirming the validity of the claim and insurance liability, the amount payable to the insured will be calculated, and the claim will be paid upon completion of approval procedure. Meanwhile, in order to improve the operational efficiency of claims for small-sum medical insurance with low risks, Aviva has built an automatic operation mode to automatically handle the entire process after the acceptance of the claim. It actively uses digital signatures and paperless claims and premium processing, among other features.

Automation and digitisation has helped Aviva to approve over 70% of customers' new applications instantly online. Aviva also uses artificial intelligence to read and interpret its customers' medical reports for pre-defined medical conditions. This enables Aviva to determine the correct underwriting policy, expand its internal database and improve the quality of the services it provides to its customers.

To pave the way for a profitable and sustainable health business, the retail health claims team introduced preferential specialist consultation rates in 2019. Retail health customers have access to a mobile application for benefit identification, clinic locator and appointment booking with panel specialists.

Underwriting and Pricing

Aviva's underwriting objectives and standards are driven from its Group's life insurance underwriting standard of maximising underwriting profits from taking mortality, morbidity and longevity risks; reducing the volatility of profits from these sources; controlling and managing Aviva's exposure to these risks and; ensuring that customers are treated fairly. Aviva regularly reviews its underwriting policies to respond to changing trends and maintain its competitiveness.

Aviva's Underwriting and Claims Committee is responsible for oversight of its underwriting and claims functions. This committee is a sub-committee of the Operational Risk and Reputational Committee. The main objective is to ensure collective awareness of significant risk management issues, and that Aviva has a coordinated cross functional solution to mitigate these issues. Trends and statistics on underwriting outcomes and underwriting strategies are monitored at this platform. The underwriting team collaborates with other internal stakeholders, such as the team responsible for developing new products to ensure underwriting inputs on product design, guidelines are provided to ensure adherence to its underwriting philosophy and standards.

Aviva's individual and group insurance underwriting involves the evaluation of applications for life, accident and health insurance products by a professional staff of underwriters and actuaries, who determine the type and the amount of risk that Aviva is willing to accept. They have established qualification requirements and review procedures for underwriting professionals. Aviva employs detailed underwriting policies, guidelines and procedures designed to assist underwriters to assess and quantify risks before issuing a policy to qualified applicants. Aviva generally evaluates the risk characteristics of each prospective insured. Requests for coverage are reviewed on their merits, and a policy is not issued unless the particular risk or risk portfolio has been examined and approved for underwriting. Aviva has different authorisation limits and procedures depending on the amount of the sum assured. They also have authorisation limits for personnel depending on their qualifications. In order to maintain high standards of underwriting quality and consistency, Aviva engages in periodic internal underwriting audits.

Aviva is selective when it comes to recruiting underwriters. It invests in developing its underwriters' skillset with continuous training and sends them to seminars, webinars and other industry conferences to expand their knowledge base. Aviva strives to maintain a high quality of underwriting services and conduct regular checks and audits. Aviva leverages technology to ensure consistency and accuracy in its underwriting process through the use of an underwriting rule engine, AllFinanz by Munich Re. The rules in the underwriting rule engine are regularly reviewed to ensure relevance with the latest underwriting guidelines and to maximise opportunity for higher auto-underwriting decision. Approximately 80% of Aviva's underwriters have over five years of underwriting experience.

Aviva leverages on technology to deliver a seamless sales process and customer journey, where applications are submitted electronically and immediately processed by its fully automated underwriting engine. Aviva actively refines its underwriting rules and engine that is backed by evidence and data, and it constantly seeks to improve its risk selection. Aviva launched an automated underwriting engine in early 2017. The collective use of electronic application at the point of sale and the underwriting engine reduces data entry mistakes, eliminates human errors and significantly improves the consistency of underwriting decisions by using a rule-based underwriting matrix. Aviva's underwriting engine provides decisions on 70% of applications, hence allowing the underwriting team to focus on the more complex cases. Data from both the point of sale engine and the underwriting engine provide crucial and instant business intelligence via a dashboard to enable Aviva to constantly fine-tune its underwriting rules.

Individual and group product pricing reflects Aviva's insurance underwriting standards. Product pricing on insurance products is based on the expected pay-out of benefits, calculated through the use of mortality table, morbidity, expenses and investment returns. Those assumptions and other assumptions for calculating expected profit margin are based on Aviva's own experience, third party consultation, the experience of reinsurance companies and published data from other institutions.

Information Technology

Aviva has implemented a range of technologies throughout its operations with the aim of enhancing the experience of customers and improving the efficiency of its operations. Aviva has implemented an automated claims processing solution for quicker and efficient claims management. It has also developed customer engagement platforms, such as, "MyAviva" through which customers can use to view their policies and perform self service operations.

Aviva has also automated some of its corporate functions using artificial intelligence and robotics. For example, in 2019, Aviva implemented a solution to map a customer's journey through which it can understand its customers, identify their pain points and improve customer interaction and experience. It has also partnered with PayNow to procure another cashless payment option to its customers. Aviva also introduced an online digital distribution management system complete with dashboards to provide Aviva's financial advisors the ability to manage customers and policies. Through this initiative Aviva aims to reduce failure demand, improve customer experience and increase productivity. Aviva has introduced a pre-sales tool, designed to increase customer engagement and improve the conversion rate. The pre-sales tool is a pre-financial needs analysis tool that assists advisors with potential customers to showcase the gaps in the insurance coverage, product features and profile relevant statistics. It provides customers with a view of their gaps, quick access to relevant product information, news articles and statistics personalised for their profile that helps them in making an informed decision. Aviva believes that digitization has helped Aviva reduce costs, improve customer satisfaction and increase its market share.

Awards

Aviva has received multiple accolades over the years. A few examples of the awards Aviva has received are as follows:

- ***Awards for business ideas***: Aviva was awarded the Life Insurance category award at the 2020 International Business Award by Singapore Business Review. Aviva was awarded the health insurance initiative of the year award at the Insurance Asia Awards in 2019. It was also recognised as the best employee insurance provider (Bronze) at the Human Resource Vendors of the year awards in 2017.

- ***Senior leadership***: Aviva's senior leadership team have also received awards by Tripartite Alliance for Fair and Progressive Employment Practices, UN HeForShe and Asia Insurance Review.

- ***Culture awards***: Aviva was recognised for excellence in work-life balance, and fair and progressive employment practices by Tripartite Alliance for Fair and Progressive Employment Practices . It was also recognised as a great place to work by Great Place to Work Institute Singapore. Aviva was recognised as the employer of choice in 2020 by Human Resource Development awards and its human resources team was recognised as the top human resources team in 2019 and the innovative human resource team in 2020.

- ***Learning and development***: Aviva's workforce transformation efforts have been recognised in 2020 by Human Resource Development. Awards like SkillsFuture Employer Awards by SkillsFuture Singapore and Workforce Transformation Award by Institute of Banking & Finance Singapore also recognises Aviva's commitment in reskilling employees.

- ***Diversity and Inclusion***: Aviva also received an Excellence Award for the Best Workplace Diversity & Inclusion Programme by Human Resource Development.

- ***Corporate social responsibility***: Aviva has received the prestigious Distinguished Friend of Red Cross award in 2018 and has also received the Sustainability and Corporate Social Responsibility Award by the Asia Insurance Review in 2019.

Employees

As at 31 October 2020, Aviva had 1,132 permanent employees. Aviva recognises that quality and professionalism of its employees is critical to its success. It seeks to attract, motivate, reward, train and retain quality employees and foster a performance-oriented culture across the organisation. The total compensation package for employees comprises basic salary, fixed and variable bonuses, as well as other staff benefits. For employees, the approximate mix of remuneration of fixed and variable bonuses is 90%-10%. For senior management, fixed pay ranges from 45% of total compensation to 80% of total compensation together with variable annual bonus and restricted share grants. Aviva performs regular market benchmarking with respect to its compensation packages.

Corporate Social Responsibility

Aviva is committed to delivering positive social impact through its products, services and people. Aviva believes that its success can be attributed to the robustness of its inclusive corporate social responsibility strategy, which demonstrates how it can create shared value among all its stakeholders while being aligned to its business priorities and a higher social purpose. Some key initiatives undertaken by Aviva include:

- ***Meals with Love programme***: Launched in 2017, in partnership with the Singapore Red Cross, the "Aviva Meals with Love" programme aims to provide financial assistance to the elderly in Singapore. Since 2017, the programme's beneficiaries also include those who are differently abled, in line with Aviva's business focus of providing disability coverage. Aviva's volunteers adopt a vulnerable elderly/ differently abled household for six months, pay monthly visits and provide assistance to the elderly in other ways, depending on the household needs. For example, they may assist the elderly in purchasing groceries, help them with household chores and provide companionship. Over the years Aviva has increased the number of adopted homes and also the number of its employees participating in the programme.

- ***Home+***: Aviva's HOME+ programme, launched in 2018 across 50 homes, aims to provide assistance to the elderly and with disabilities at home through state-of-the-art smart home installations. Through this programme, sensors are installed at the beneficiaries' homes that is automatically triggered when there is an accident at home and alerts are sent to the nearest hospital for assistance.

- **Enablement fund:** The Singapore Red Cross - Aviva Enablement Fund aims to provide a sustainable pool of funds that can be activated for the vulnerable in times of crisis, especially when an unfortunate incident renders the individual incapable of performing daily activities. This is aligned with Aviva's priority of being an inclusive business that addresses pressing social challenges, i.e. rising cost of quality long-term care.

Legal and Compliance

Compliance

Aviva has policies and procedures to manage compliance risks and address regulatory requirements and other compliance obligations. There is a centralised compliance department that sets compliance policies for Aviva and supervises its overall compliance function. Aviva has dedicated compliance personnel to address applicable regulatory requirements and market conduct risks. The compliance team report directly to Aviva's chief risk officer, who reports directly to the chief executive officer.

Legal Proceedings

Aviva is a party to legal actions arising out of its normal business operations, including as plaintiff and defendant in arbitration and litigation matters relating to contested insurance claims. While it cannot predict the outcome or impact of any pending or future arbitration or litigation proceedings, it does not believe that any pending arbitration or litigation proceedings will have a material adverse effect on its business, financial condition or results of operations.

Aviva Asia

Aviva Asia, incorporated in 1999 in Singapore, oversees Aviva's operations in Asia on behalf of Aviva plc. It is a wholly owned subsidiary of Aviva plc and operates as a management office in Singapore.

SINGLIFE'S BUSINESS

Overview

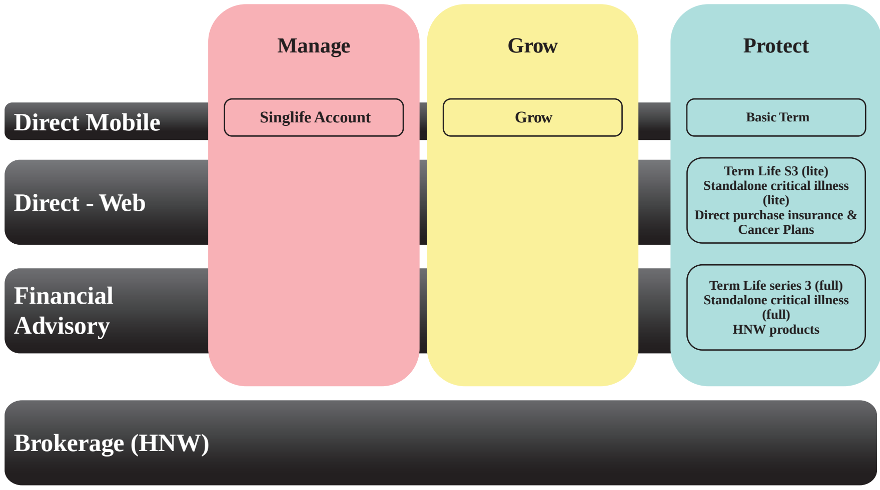
Singlife Singapore, incorporated in 2014, is a digitally native life insurer and mobile-first savings and protection company. It is an independent locally-headquartered insurance company and was issued a life insurance license by MAS in 2017. Singlife's product offerings aim to provide customers an opportunity to manage their savings using its proprietary digital insurance savings plan; grow their savings through investment-linked plans; and benefit from protection products, such as term life, critical illness and cancer insurance plans. Singlife has an average customer engagement of approximately 51% Weekly Active Users (as defined below). As at 30 June 2020, the RBC 2 CAR for Singlife was 238.53%. In addition to Singapore, Singlife also has operations in the Philippines and recently received its license to operate as a life insurance provider in the Philippines.

In a short span of five years, Singlife has been able to build a contemporary cloud-based technology stack that does not rely on on-premise legacy systems that are used by most insurance providers in the industry. Its mobile ecosystem currently includes an insurance savings plan, the "Singlife Account" and a VISA debit card product that is linked to the Singlife Account policy which offers customers a digital platform to manage their savings, make investments and benefit from Singlife's life insurance product offerings. Since its launch in March 2020 and as of 30 June 2020 and 30 September 2020 Singlife had 20,097 and 54,112 Singlife Account policyholders, respectively. The number of customers who opened Singlife Account policies has continued to grow, to over 60,000 customers in October 2020.

Singlife offers customers an opportunity to grow their savings through its investment-linked and endowment plans. Singlife recently launched the investment-linked "Grow" plan which is offered through Singlife's mobile platform, through which customers can participate in investment opportunities to grow their wealth. Singlife believes that it is a pioneer in the digital endowment products industry. Singlife also offers a wide variety of protection insurance products covering term life, critical illness and cancer. As of 30 June 2020, Singlife had 6,323 policyholders availing its protection products. Singlife also partners with insurance brokers and financial advisors to offer customised insurance solutions targeted at HNWIs.

Singlife caters to a range of retail, mass affluent and high net worth customers through its multi-channel distribution network. Singlife has a direct distribution channel which includes its mobile and web network, mostly targeted at Singapore's retail customers. It also works with financial advisors that target Singapore's retail customers with traditional life insurance products, including critical illness, endowment, universal life and variable universal life insurance products. Singlife's third-party broker distribution channel is a distinct arm of its business that targets HNWIs. As customers mature financially and their needs become more complex, Singlife connects them with third-party financial advisors and brokers to provide more customised products and personalised advice. Singlife's direct, financial advisory and brokerage distribution channels contributed 86.51%, 13.26% and 0.24% of its total APE in the six months ended 30 June 2020.

The following chart provides an overview of Singlife's product verticals and distribution channels.



Singlife invests the premiums and other income generated from its insurance business and its investment portfolio contributes to the competitiveness of its products, financial strength and business reputation. Singlife's total investment portfolio was S$53.22 million, S$168.54 million, S$351.99 million, S$248.54 million and S$415.85 million as of 31 December 2017, 2018 and 2019, and 30 June 2019 and 2020, respectively. Singlife's investment portfolio is composed predominantly of fixed income securities, such as government bonds and corporate bonds which represented 92.3% of Singlife's investment portfolio as of 30 June 2020. Singlife's portfolio also includes investment-linked unit trusts and other equity securities, which represented 5.9% and 1.8% of its investment portfolio as of 30 June 2020. Singlife's portfolio also includes derivative financial instruments, such as foreign exchange contracts to hedge foreign exchange risks.

Singlife is led by a management team with extensive experience in the insurance and finance industries and with a proven track record of performance. The management team is supported by a strong and experienced team of cross-functional professionals across senior and middle level management. Singlife is also supported by an experienced board of directors with diversified expertise in the insurance sector which actively contributes to and participates in its strategy. In a short span of five years, Singlife has received multiple accolades and awards for its products and services. For example, Singlife was awarded the Insurance & Fintech Brand of the Year award by Global Banking & Finance Review in 2020. *See "—Awards" for more details on Singlife's Awards.*

Singlife measures the scale and profitability of its business using various key performance indicators, including APE and GWP. The following table shows certain operating data for the periods indicated.

	Fiscal year ended 31 December			**Six months ended 30 June**	
	2017	**2018**	**2019**	**2019**	**2020**
	(S$ millions, except CAR)				
APE[1]	2.09	15.19	16.58	6.38	19.90
GWP[2]	15.83	132.34	141.99	59.76	212.39
CAR[3]	1,526%	513%	482%	1,102%	239%
Net statutory profit for the period	(6.90)	6.99	(65.22)	(29.61)	(47.19)

Notes:

(1) APE for Singlife is defined as 100 per cent of annualised first year premiums and 10 per cent of single premiums, before reinsurance ceded. It is an internally used measure of Singlife's new business sales or activity.

(2) GWP for Singlife is defined as gross premiums received or receivable including portfolio premiums, after deduction of discounts and return premiums, which have been entered in the books of the insurer during the period. Commissions shall not be deducted from "gross premiums".

(3) CAR for Singlife for fiscal year ended 31 December 2017, 2018 and 2019 and for the six months ended 30 June 2019 are based on RBC 1 regime and the CAR for the six months ended 30 June 2020 is based on RBC 2 regime.

Impact of COVID-19

Singlife was able to leverage its digital platform to benefit from the COVID-19 pandemic and saw an increase in the number of Singlife Account policyholders during the "circuit-breaker" period. Since its launch in March 2020 and as of 30 June 2020, 20,097 customers opened Singlife Account policies with an average addition of over 300 customers taking up Singlife Account policies daily. Since 30 June 2020, the number of customers who opened Singlife Account policies has continued to grow, to over 60,000 customers in October 2020. Despite the pandemic, Singlife's total income increased from S$12.76 million in the six months ended 30 June 2019 to S$224.32 million in the six months ended 30 June 2020.

During the "circuit breaker" period, there were no interruptions to Singlife's direct channels of distribution as it was able to leverage its mobile-first technology to engage with customers. Its third-party financial Advisor channel was also less affected as Singlife's insurance application platform is fully online and does not involve the require face-to-face interactions with customers. However, Singlife's third-party broker channel, which constituted 61.67% of Singlife's APE in fiscal year ended 31 December 2019, was affected during the "circuit breaker" period as products sold through this channel typically require direct interactions with customers. In the six months ended 30 June 2020, the third-party broker channel constituted 0.24% of its APE for the period compared to 58.74% of Singlife's APE for the same period last year. However since business operations have resumed in Singapore during "phase-II", there has been an increase in Singlife's sales to HNWIs through the brokerage channel. In addition, a decrease in interest rates caused by the COVID-19 pandemic resulted in a decrease in the crediting rates for Singlife's universal life products, thereby causing them to less attractive compared to its competitors.

Singlife has been closely monitoring the impact of the COVID-19 developments on its businesses and will continue to take appropriate actions to mitigate any potential impacts. For more information, please see "*Risk Factors – COVID-19 may adversely affect the Group's business, financial condition and results of operations*".

Strengths

Singlife is mobile-first savings and protection company in the insurance industry

Singlife is a digitally native life insurer and mobile-first savings and protection company in Singapore. It is an independent locally-headquartered insurance company and was issued a life insurance license by MAS in 2017. In a short span of five years, Singlife has built a contemporary cloud-based technology stack that does not rely on on-premise legacy systems that are used by most insurance providers in the industry. Singlife was also recognised as the Start-up of the Year by Insurance Asia Awards in 2018. Singlife has an average customer engagement of approximately 51% Weekly Active Users (as defined below) for the period from July 2020 to October 2020, primarily because of its user-friendly customer interface and innovative products. Singlife's Weekly Active Users are customers who have an active Singlife Account policy and who have been active during the week divided by the cumulative Singlife Account policies in-forced at the end of that particular week (for the purposes of this Offering Circular, from 5 July 2020 to 3 October 2020).

Singlife aims to offer customers the ability to access protection and wealth accumulation benefits directly through their mobile phones. Singlife offers the Singlife Account, which is a secure insurance savings account that customers can access directly through their mobile phones. Customers can also benefit from a VISA debit card that is linked to the Singlife Account policy offering customers instant liquidity, without additional fees or penalties. Singlife can provide its products directly to customers without relying on external bancassurance partners or other media platforms. Its technology architecture is also designed to be scalable and can easily integrate with third-party partner platforms to acquire new customers and upsell to existing customers.

Through Singlife's mobile network, customers can grow their savings. Singlife recently announced a new investment-linked "Grow" plan, that is available on its mobile ecosystem and to Singlife Account policyholders, through which customers can grow their wealth. Singlife Account policyholders can also access other life insurance products through Singlife's mobile application. As Singlife's technology is fully automated and paperless, including the 'Know Your Customer' processes, Singlife is able to offer a cost-effective and efficient solution to its customers.

Scalable technology infrastructure

Singlife's proprietary technology has been designed to be highly flexible, scalable and configurable, which gives Singlife the headroom to integrate new capabilities, readily expand to new geographies and handle new products, distribution channels and local customization seamlessly and cost-effectively. Its platform is agnostic to underlying infrastructure and can be deployed across a wide range of public, private and hybrid infrastructure options. Singlife's mobile ecosystem can easily integrate with the mobile eco systems of its partners, such as digital banks, allowing Singlife to expand its customer engagement through its partners. For example, Singlife Philippines has partnered with Philippines' popular mobile wallet service provider, GCash, to provide a unique mobile-first insurance savings solution to customers in the region. Singlife intends to leverage its digital platform and digital partnership to drive growth in the life insurance industry of Philippines.

Singlife's platform is built with an application programming interface ("**API**")-first approach. Singlife's cloud-hosted and API-based technology enables modular and extensible deployment, which allows Singlife to address a wide variety of customer needs and preferences, as they continue evolving over time. All components and systems are integrated through a set of scalable APIs. This approach allows Singlife to decouple functionality into specialised micro services which provide enhanced utility for a particular product or geography in which they operate. Singlife's platform is able to collate and analyse customer information across various platforms. Based on this information, Singlife's customer experience team is able to improve its interactions with its customers. Singlife's online and mobile onboarding and customer interface, uses natural language to guide customers through an easy process of joining Singlife. By asking customers a limited number of high-impact questions, and adapting based on their responses, Singlife is able to dramatically reduce on-boarding time while still collecting and utilising the data that is central to its continuous improvement.

Customer insight driven and focused product offerings and multi-channel distribution network

Singlife caters to a range of retail and HNWI high net worth customers through its distribution channels. Singlife has a direct distribution channel which includes its mobile and web network, mostly targeted at Singapore's retail customers. Through this channel Singlife offers its Singlife Account policy and other traditional life insurance products. Since its launch in March 2020 and as of 30 June 2020, 20,097 customers opened Singlife Account policies. Since 30 June 2020, the number of customers who opened Singlife Account policies has continued to grow, to over 60,000 customers in October 2020. It also has a third-party advised distribution channel that targets retail customers with traditional life insurance products, including critical illness, endowment plans, universal life and variable universal life insurance products. Singlife's direct business has been designed to transition customers into the third-party advised business at the right time in a customer's financial life stage to benefit from customised solutions and personalised advice. Singlife also offers customised advice and investment-linked plans through the brokerage channel. Singlife's direct, financial advisory and brokerage distribution channels contributed 86.51%, 13.26% and 0.24% of its total APE in the six months ended 30 June 2020, respectively.

Singlife has a high-quality asset portfolio, prudent liquidity and a healthy capital adequacy ratio

Through its investment, and asset and liability management strategies, Singlife has maintained a stable financial profile and has limited its risk exposure. Singlife has a high-quality and conservative asset portfolio, with approximately 44.77% of its total assets held in government treasury bills and bonds (including MAS treasury bills) and cash and cash equivalents as of 30 June 2020. Furthermore, Singlife benefits from a strong liquidity position, with approximately 41.91% of Singlife's total assets as of 30 June 2020 are held in debt securities and cash and cash equivalents that will mature in the next 12 months. As at 30 June 2020, the RBC 2 capital adequacy ratio for Singlife was 238.53%.

Experienced management team driving a comprehensive business growth strategy

Singlife is led by a management team with extensive experience in the insurance, technology and finance industries and with a proven track record of performance. The management team has an average of over 15 years of experience in the insurance sector and is supported by a strong and experienced team of cross-functional professionals across senior and middle level management. Singlife is also supported by an experienced board of directors with diversified expertise in the insurance sector which actively contributes to and participates in its strategy. Furthermore, Singlife's shareholders include IPGL, Sumitomo Life, Aflac, Aberdeen and Direct Holdings, among others, that have supported Singlife's growth and capital requirements through its development and key milestones.

Key Milestones

The following table highlights Singlife's key milestones:

Year	Key milestone
2017	Received the license from MAS to operate as a life insurance company in Singapore Launched the HNW business IPGL invested approximately US$18.7 million (S$24.99 million) in Singlife Launched the retail business
2018	Acquired Zurich Life Singapore AFLAC Ventures LLC invested US$20 million (S$27.30 million) in Singlife
2019	Aberdeen Asset Management plc invested US$12.75 million (S$17.18 million) in Singlife Sumitomo Life Insurance Company invested US$90 million (S$121.25 million), in a combination of primary and secondary offerings AFLAC Ventures LLC invested US$15.95 million (S$21.49 million) in Singlife Singlife made an investment of US$2.80 million (S$3.77 million) in Railsbank Licensed as a VISA issuer Entered the Philippines market with Aboitiz Equity Ventures Inc. and Di-Firm to pursue growth in the life insurance industry in the region.
2020	Launched the Singlife Account Launched Singlife Grow Entered into a the Singlife Acquisition Agreement pursuant to which the Issuer agreed to purchase the shared of Singlife

Products

On 9 June 2017, Singlife Singapore was granted the license by MAS to carry on life insurance business in Singapore. Singlife's product offerings aim to provide customers an opportunity to manage their savings using its proprietary Singlife Account; grow their savings through an investment-linked plan called "Grow"; and benefit from protection products, such as term life, critical illness and cancer insurance plans. Singlife has three product verticals, (1) Manage; (2) Grow; and (3) Protect. It uses its direct (mobile and web), third-party advised and brokerage distribution channels to distribute these products.

Manage

Singlife offers the Singlife Account policy under its Manage product vertical. The Singlife Account, launched in March 2020, is an insurance savings plan that allows customers to manage their savings and also avail themselves of life insurance benefits.

Currently, Singlife account policyholders can earn an interest of up to 2.0% per annum on their savings in the Singlife Account and this rate of interest will be reviewed periodically by Singlife. Customers can make withdrawals anytime without any lock-in or transaction fees from their Singlife Account policy. Singlife Account policyholders can transfer money from their Singlife Account policy using FAST. Singlife Account policyholders are entitled to apply for a Singlife Visa debit card. The Singlife VISA debit card can be used for transactions in different currencies. Singlife Account policyholders enjoy death benefits of up to 105% of the policy's account value.

Since its launch in March 2020 and as of 30 June 2020 and 30 September 2020 Singlife had 20,097 and 54,112 Singlife Account policyholders, respectively. The number of customers who opened Singlife Account policies has continued to grow, to over 60,000 customers in October 2020.. Singlife's Manage products contributed 0.17% and 84.58% of its APE in the fiscal year ended 31 December 2019 and in the six months ended 30 June 2020, respectively. The Singlife Accounts' assets under management as of 30 June 2020 and 30 September 2020 was S$168.51 million and S$581.60 million, respectively.

The Singlife Account policy are primarily accessible through Singlife's mobile application. See "- *Distribution – Direct channel*" for more details on Singlife's direct distribution channel.

Grow

Singlife recently announced a new product under the grow product vertical, "Grow" plan. The "Grow" plan is a simplified and mobile-first investment-linked policy, offering three risk-rated portfolios managed and curated by Aberdeen Standard Investments with investment expertise, accessible through the Singlife mobile application. Funds can be withdrawn any time with no lock-ins and withdrawal fees. All funds in the "Grow" plan are protected by life cover, giving more protection to customers. The minimum investment threshold is set at an accessible level with an initial minimum premium of S$1,000 and customers can make monthly contributions as low as S$100 to their portfolios. The "Grow" plan offers a single fee structure of 0.25 per cent per quarter.

Prior to launching the Grow product, Singlife offered endowment products. Singlife's grow products contributed 12.66%, 14.29%, 24.18% and 9.37% of its APE in the fiscal year ended 31 December 2018 and 2019 and in the six months ended 30 June 2019 and 2020, respectively.

Singlife distributes its "Grow" plan primarily through its mobile application and offers it to Singlife Account policyholders. See "- *Distribution – Direct channel*" for more details on Singlife's direct distribution channel.

Protect

Singlife offers a wide variety of protection insurance products covering term life, critical illness and cancer.

- *Term life plans*: These plans provide term life financial protection for a defined period. Singlife offers the term life series 3 plan which is a non-participating term insurance plan that provides term life and critical illness financial protection at affordable premiums. The terms of this policy are flexible and customers can choose the most suitable coverage for their financial needs. It offers optional supplementary benefits covering disability and critical illness. This plan offers guaranteed insurability option and guaranteed renewability of all policy terms

- *Critical illness plans*: These plans provide financial protection against 36 late-stage critical illnesses as identified and defined by the Life Insurance Association of Singapore. The suite of critical illness plans also come with optional riders to provide early-stage critical illness benefits and cancer care benefits.

- *Cancer plans*: These plans provide financial protection against major or late-stage cancers as well as early and intermediate stage cancers. The key features of these plans include simplified underwriting, renewable policy terms of 10, 15 and 20 years, and recurrence benefit for early and intermediate stage cancer of up to 100% of the sum assured.

Singlife's Protect products contributed 25.70%, 20.80% ,23.87%, 17.08% and 5.77% of its APE in the fiscal year ended 31 December 2017, 2018 and 2019 and in the six months ended 30 June 2019 and 2020, respectively.

Singlife distributes its Protect products through all its distribution channels, including the mobile-first network, website, advisors and brokers. See "*—Distribution Channels*" for more details on Singlife's distribution channels.

Products and Services for HNWIs

Singlife offers wide ranges of products to its HNWIs. These products include universal life products and portfolio bonds, such as, variable universal life insurance products and private placement life insurance products.

- *Unit-linked insurance products*: Unit-linked insurance products are non-participating, whole life policies that provide benefit on death or terminal illness, with a cash value that grows at a declared crediting rate with a minimum guarantee. The high day-one cash value is designed to meet the need of premium financing. The guaranteed cash value allows the policy to remain in force for a longer duration. The product also comes with the option of joint life coverage. Policy charges are guaranteed, unlike most of product designs with two-level (current and maximum) of charge structure. Singlife's universal life policies offer free withdrawal of funds after five years and is available for customers residing overseas.

- *Variable universal life insurance products*: The variable life insurance plans are whole life, single premium portfolio bonds that provide benefits for death and terminal illness. They are available to accredited investors and the product is offered in eight different currency including Singapore dollars and U.S. dollars. The policy assets are usually held by a highly rated custodian bank and are segregated from those of the insurer and other policyholders. The products provide high death coverage combined with the choice to select from a wide range of investment options in line with the client's risk profile/ existing assets. They can also be integrated with existing discretionary fund managed portfolios. The cost of insurance charges is guaranteed instead of current and maximum charges offered by many other variable universal like insurance plans in the market.

- *Private placement life insurance product ("**PPLI**")*: PPLI is a whole life, single premium portfolio bond focusing mainly on asset accumulation with minimal protection coverage on death and terminal illness. No medical underwriting is required when incepting PPLI. It is available to accredited investors and is offered in eight different currencies, including Singapore dollars and U.S. dollars. The policy assets are usually held by a highly rated custodian bank and are segregated from those of the insurer and other policyholders. Customers can select from a wide range of investment options in line with their risk profile/existing assets. The product can also be integrated with existing discretionary fund managed portfolios. There are also penalty free options for withdrawal of funds. Benefit payout can be paid whole in cash or combination of cash and transfer in kind of underlying investment.

Singlife's HNW insurance products contributed 74.30%, 66.54% ,61.67%, 58.74% and 0.28% of its APE in the fiscal year ended 31 December 2017, 2018 and 2019 and in the six months ended 30 June 2019 and 2020, respectively.

Singlife offers these products to its high net worth customers primarily through brokers. See "*—Distribution Channels – Brokerage channel*" for more details on Singlife's distribution channels.

Distribution

Singlife distributes its products through three major distribution channels: (1) direct channel which includes distribution through Singlife's mobile application and website; (2) the third-party advisor channel which includes distribution through financial advisors; and (3) the third-party brokerage channel which includes insurance brokers working with private banks that service HNWIs. As customers mature financially and their needs become more complex, Singlife works with brokers and private bankers to provide more customised advice. As part of its strategy Singlife aims to deploy investment-linked plans through its mobile application to attract new customers.

Direct channel

Singlife's direct channel includes its mobile application and website. As part of its mobile-first strategy, Singlife distributes products across all product verticals through its mobile application. The Singlife Account policy and

"Grow" plans are offered though the mobile application. Customers can also access a suite of life insurance products through the mobile application.

Singlife also distributes its life insurance products through its website. These products typically include term life and direct purchase insurance products that customers can purchase directly from the website.

Singlife's direct distribution channels contributed 16.73%, 10.14% ,7.88%, 10.30% and 86.51% of its APE in the fiscal year ended 31 December 2017, 2018 and 2019 and in the six months ended 30 June 2019 and 2020, respectively.

Advisor channel

Singlife has arrangements with third-party financial Advisors to distribute its products, primarily to retail customers. These financial advisors distribute Singlife's products on a non-exclusive basis with an intent to provide customers with independent financial advice and service that is tailored to the customer. Singlife primarily distributes its critical illness, endowment, universal life and variable universal life insurance plans through this channel. As of 31 December 2017, 2018 and 2019, and as of 30 June 2019 and 2020, Singlife had arrangements with 4, 16, 24, 20 and 27 financial advisory firms, respectively. Singlife's third-party advised business has a dedicated advisor portal through which advisors can interact with existing and potential customers. Most transactions through this portal are digital and paperless.

Singlife compensates its third-party financial advisors through a system of commissions and incentives to reward performance. Financial advisors are compensated based on a commission rate that generally decreases over the premium period. For short-term insurance products, financial advisors are generally compensated with fixed fees.

Singlife's advisor distribution channels contributed 8.97%, 23.32%, 30.45%, 30.96 % and 13.26% of its APE in the fiscal year ended 31 December 2017, 2018 and 2019 and in the six months ended 30 June 2019 and 2020, respectively.

Insurance Brokers

Singlife has arrangements with leading insurance brokers that work with private banks to distribute its products to HNWIs. This distribution channel provides Singlife with access to an efficient, variable cost and global network without the significant time and expense that would be incurred in creating wholly-owned distribution networks.

Singlife compensates the insurance brokers through a system of commissions and allowances to reward performance. Singlife compensates insurance brokers through a system of commissions and allowances to reward performance. Broker advisors are compensated based on the terms as stated in the respective agreements.

Singlife's insurance broker channels contributed 74.30%, 66.54%, 61.67%, 58.74% and 0.24% of its APE in the fiscal year ended 31 December 2017, 2018 and 2019 and in the six months ended 30 June 2019 and 2020, respectively.

Investments

Singlife invests the premiums and other income generated from its insurance business. Its investment portfolio contributes to the competitiveness of its products, its financial strength and its business reputation. Singlife's investment objectives centre on the following principles:

- Insurance funds are segregated into distinct categories based on return-risk objectives and requirements of its related products such as, time horizon, timing and nature of liabilities.
- Risk and return objectives of the life insurance funds are determined in consultation with the appointed actuary, taking into account guaranteed returns and required returns, nature and duration of liabilities, and tax considerations.
- Investment portfolios are constructed based on fund return objectives and risk appetite statements.
- Investment limits as stipulated by MAS are considered, and constraints communicated to investment managers.
- Liquidity requirements that are known (maturity and coupon payments) are communicated to investment managers one year in advance and confirmed quarterly in advance.

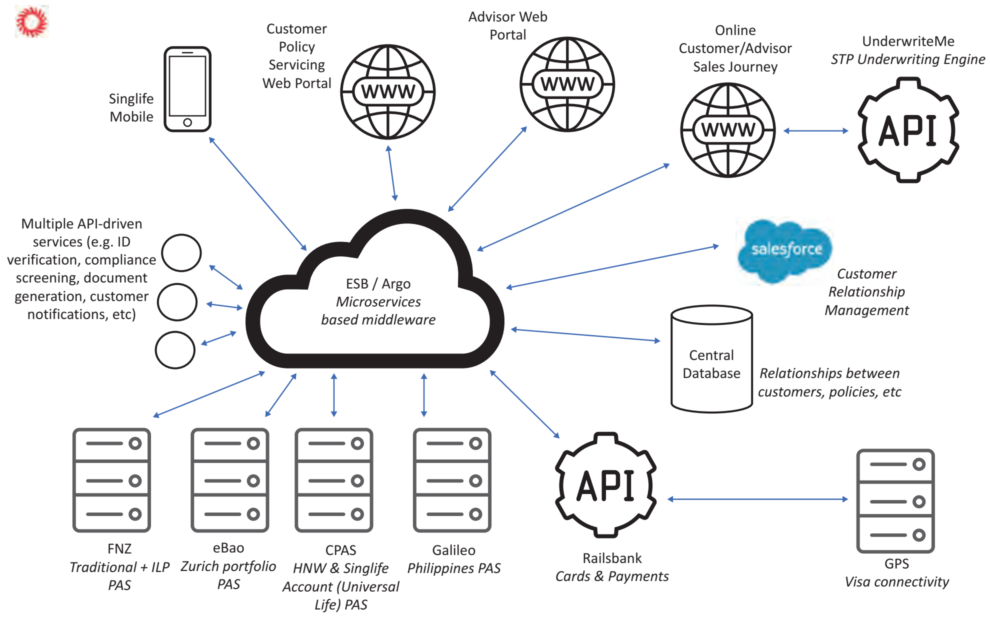
Singlife's investment strategy is implemented by an Investment Committee The Investment Committee, which consists of five members including the Chief Executive Officer, Deputy Chief Executive Officer, Chief Financial Officer and Appointed Actuary, oversees the investment function of Singlife. The Investment Committee assists the Board in ensuring that Singlife's investment activities are managed in a prudent manner.

Singlife's total investment portfolio was S$53.22 million, S$168.54 million, S$351.99 million, S$248.54 million and S$415.85 million as of 31 December 2017, 2018 and 2019, and 30 June 2019 and 2020, respectively. Singlife's investment portfolio is composed predominantly of fixed income securities, such as, government bonds and corporate bonds which represented 92.3% of Singlife's investment portfolio as of 30 June 2020. Singlife's portfolio also includes investment-linked unit trusts and other equity securities, which represented 5.9% and 1.8% of its investment portfolio as of 30 June 2020. Singlife's portfolio also includes derivative financial instruments, such as foreign exchange contracts to hedge foreign exchange risks.

The following table sets forth Singlife's investment portfolio for the periods indicated.

	As of 31 December			As of 30 June	
	2017	2018	2019	2019	2020
			(S$ million)		
Debt securities					
Bonds	53.22	145.37	322.77	224.35	383.79
Investment securities					
Unit trusts	-	23.17	24.48	24.18	24.34
Other equity securities	-	-	3.77	-	7.41
Derivative financial instruments					
Forward exchange contract	-	-	0.97	-	0.31

Information Technology



Singlife is Singapore's first digital life insurer and has a mission to build a connected financial experience for its customers by leveraging smart technologies. Singlife has a cloud based infrastructure that integrates all products, distribution channels and processes. Singlife's technology platform is designed to readily extend into new geographies, capabilities and segments while being scalable to handle new products, new distribution channels and local customization seamlessly. New capabilities can be integrated rapidly and can be made available to all user interfaces and internal systems simultaneously.

Singlife's platform is built with an API-first approach. All components and systems are integrated through a set of scalable APIs. This approach allows Singlife to decouple functionality into specialised micro services which provide enhanced utility for a particular product or geography in which they operate. Singlife's technology interface can adapt to new technologies without requiring significant migration projects in the future. Examples of these APIs include automated underwriting, digital know-your-customer and ID-verification.

Singlife's proprietary and entirely integrated technology stack is thus a key enabler of its strategy and business model. Interactions with customers across platform generate a trove of data, which in turn improves interactions with customers across platforms. All interactions (financial, support or otherwise) with customers are collected in "Salesforce" and is made available to Singlife's customer experience team. This data is then analysed to enable Singlife to provide an integrated customer service by addressing their possible needs.

Singlife's online and mobile onboarding and customer interface, uses natural language to guide customers through an easy process of joining Singlife. By asking customers a limited number of high-impact questions, and adapting based on their responses, Singlife is able to dramatically reduce onboarding time while still collecting and utilising the data that is central to its continuous improvement.

In order to build the Singlife Account product and Singlife VISA debit card functionality, Singlife partnered with Railsbank that provides standardised connectivity to various payment systems around the world, such as VISA. While the Singlife debit card is currently on the VISA network, it can be easily expanded onto other payment systems as Singlife expands its operations.

Customer Service

Singlife aims to provide quality services to its customers and potential customers and to be responsive to their needs, both before and after issuing a policy or contract. Singlife interacts with its customers through various mediums, including WhatsApp, webchat, phone and email. However most of Singlife's customer interactions are through WhatsApp.

Singlife's customer service team can identify customers the moment they receive a WhatsApp message and these messages are routed through Singlife's "Salesforce" cloud omni-channels. All queries between different contact channels are managed seamlessly, with customer information drawn from Singlife's policy and customer database systems enabling the customer service team to have a consolidated view. As a result, customer service representatives know the entirety of the customer's inquiry, preventing disruption to customer conversations and information silos that are typically experienced with traditional customer service hotlines.

Singlife believes that its integrated workbench and WhatsApp capability have been instrumental in on boarding new customers as customers can easily connect with Singlife's customer service team. Singlife has already received positive feedback on the speed of on boarding and the responsiveness of service, and was awarded Best Digital Experience Gold Award at the CX Asia awards in 2020.

Risk Management

Singlife recognises the importance of sound risk management in every aspect of its business and for all stakeholders, including policyholders, investors and regulators. Risk management is a key element of Singlife's corporate management. The risk management strategy, as formulated by the Risk Committee and approved by the Board, serves to ensure that the risk management framework, policies, processes and controls are in place to identify, assess and manage material risks consistently across all business activities and support decision making. Singlife has a comprehensive risk management framework to ensure key risks are identified, controlled or mitigated.

Risk management principles

Risk is defined by Singlife as events which have a range of probable outcomes, some of which have a negative impact on the organisation. Risk is a key part Singlife's business and the objective of risk management is to ensure that these risks are properly identified, assessed, managed, controlled, monitored or mitigated, so as to safeguard Singlife's financial strength and business continuity, as well as enable it to fulfil its obligations to its customers and stakeholders.

Singlife has a framework which provides for the identification and quantification of risks and addresses matters relating risk, solvency and capital management. Risk owners are required to identify, address and report the foreseeable and relevant material risks to the Risk Committee every quarter. The senior management team also plays an important role in the risk management process by identifying, reporting and mitigating emerging risks. The Risk Committee is responsible for assessing the reported risks, making suggestions and reporting the material risks to the Board. Singlife undertakes periodic risk and solvency assessments, through which it assesses the adequacy of its risk management, current and projected future solvency position. Singlife measures its assets and liabilities according to the rules as set out by the MAS. For more details see "*Regulation and Supervision*".

Singlife's strategy is tailored to its organisation and business structure to ensure that it is relevant and effective. Review of Singlife's risk management framework is performed regularly to ensure that it remains fit for purpose and provides the safeguards and assurances that the business is soundly run. Under its risk management framework, risks are classified under four broad categories which are considered to be most central to Singlife's business as follows:

- *Insurance risk*: refers to the uncertainty of claim payment upon a contingent, uncontrollable event, in return for a premium. Such risks include pricing, reserving, underwriting and reinsurance risks. Singlife has established appropriate guidelines and framework combined with authority limits as part of risk mitigation activities embedded in the business operations. This risk is managed through the product pricing process, the subsequent ongoing review of profitability of the products currently available for sale, and the policies relating to underwriting, claims management and reinsurance. Singlife's assumptions for determining the insurance liabilities are based on industry experiences, external market indices and benchmarks which reflect the current observable market prices and trends. Assumptions and prudent estimates are determined at the date of valuation. Assumptions are further evaluated on a periodic basis in order to ensure realistic and reasonable valuations.

- *Credit risk*: refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to Singlife. Singlife's major classes of financial assets are cash and cash equivalents, debt securities and insurance and other receivables. To manage counterparty risks associated with its placement of cash and cash equivalents and debt securities, counterparty limits are established to ensure that there are no significant credit exposures to a single party and/or group of related parties. Assets are invested by experienced external fund managers in accordance with a prescribed mandate within the investment policy. Industry diversification limits and issuer limits are also mandated to reduce concentration risks. Ongoing credit monitoring is performed by the external managers with recommendations for action to the Investment Committee.

- *Liquidity risk*: is the risk arising from the inability to meet financial obligations as they fall due without incurring unacceptable costs or losses. Singlife's manages this risk through regular monitoring of liquidity risk indicators. Singlife's cash management process assesses the liquidity of assets held to ensure that assets can be realised on a reasonably timely basis to settle policyholders' liabilities.

- *Operational and reputational risk*: relates to loss resulting from inadequate or failed internal processes, systems, people or from external events. Operational risks typically include information technology, business continuity planning, legal and compliance, fraud, outsourcing, change management and distribution risks. Singlife has developed processes to identify, assess, process and monitor risks through specific governance frameworks, policies and processes. In particular, there are policies, processes and controls in place to (i) protect Singlife from risks associated with money laundering and terrorist financing and these include regular monitoring and screening activities, (ii) protect the customers, business and other related third parties from fraud risks and (iii) manage cyber risks and technology risks relating to data loss/leakage, system security vulnerabilities, system breakdown and availability, privileged access misuse and technology obsolescence.

Singlife also evaluates its risk appetite and tolerance levels for operational risks on an ongoing basis. Operational risk incidents are managed and reported to facilitate an analysis of operational losses, which may then be used as an input to determine operational risk profile changes in the future. Singlife's operational risk reviews are conducted by an independent audit firm. Singlife's business relies on its reputation and the trust that its policyholders place in it for their financial security. Singlife is committed to continue earning this trust by reinforcing fair and ethical practices, supported by strong compliance and corporate governance structures and processes. Singlife has risk management policies in place for each of its core business processes, including underwriting, claims, reinsurance and product pricing. Each risk policy is assigned to an owner who is accountable for ongoing compliance with the policy. All risk policies are subject to an annual review, with the final approval given by the Board.

Pricing, Underwriting and Claims

Singlife's products are priced in accordance with a robust set of pricing philosophy and standards, aiming to strike a balance between offering competitive and affordable premiums to its customers and ensuring profitability within its risk appetite. For pricing insurance products, Singlife considers amongst other levers, the expected cost of insurance benefits, management and distribution expenses, investment returns, reserves and cost of holding regulatory capital. The assumptions used in calculating profitability are based on Singlife's own experience, relevant industry experience, third party consultation and published data from credible institutions. Sensitivity tests are performed to ensure the rigorousness of pricing.

Singlife employs a team of professional life underwriters to perform the task of risk assessing for each individually submitted case. Singlife has detailed underwriting policies, guidelines and procedures designed to assist underwriters to assess and quantify risks before issuing a policy to qualified applicants. Singlife's underwriting policies were developed in accordance with the risk appetite of the company, product type and in collaboration with the reinsurers. Singlife's life insurance underwriting involves the evaluation of applications for insurance products by a professional staff of underwriters and actuaries, who determine the type and the amount of risk that Singlife is willing to accept. Applicants typically undergo an underwriting process to commensurate with the risks presented, and underwriters assess and quantify the risks before issuing a policy. Singlife has established qualification requirements and review procedures for underwriting professionals. Singlife generally evaluates the risk characteristics of each prospective insured. Requests for coverage are reviewed on their merits, and a policy is not issued unless the particular risk or risk portfolio has been examined and approved for underwriting. Singlife has different authorisation limits and procedures depending on the amount of the claim.

Claims received from various products are processed and investigated in a structured manner by dedicated claims personnel. Claims form, supporting documents and medical evidences are gathered and sent for assessment to confirm Singlife's liability, if any, and to determine whether a claim investigation is needed. Upon confirming the admissibility of the claim, the necessary documents are collected and the final payable amount is calculated. Singlife has different authorisation limits and procedures for assessing and settling claims.

For proper governance, Singlife adopts differentiated authority limits for both the underwriters and claims personnel, depending on their experience and work performance. Singlife maintains a high standard of underwriting quality and consistency, engaging in periodic internal underwriting audits as well as external audits by the reinsurers.

Intellectual Property

Singlife has obtained trademarks registrations in Singapore and Thailand, including for the logo of "Singlife". They are in the process of registering their trademark in Malaysia, Indonesia, Hong Kong and Philippines. Singlife also has proprietary rights over its domain names, which include singaporelife.com singaporelife.ph, singaporelife.com.ph, singlaporelife.sg, singaporelife.com.sg, and malaysialife.com, indonesialife.com among others.

People

Singlife recognises that the quality and professionalism of its employees is critical to its success. It seeks to attract, motivate, reward and retain quality employees and foster a performance-oriented culture across the organisation. Singlife pro-actively enables its people to play to their strengths within the framework of the intent-based leadership model and has a strong collaborative culture where development-based feedback and recognition of team achievements are the norm.

As of 30 June 2020, Singlife had 76 employees. The reward structure for employees comprises of basic salary, fixed and variable bonuses and other staff benefits. The approximate mix of remuneration of fixed and variable bonuses is between 80%-20% and 75%-25% for all levels of staff. Singlife performs regular market benchmarking with respect to its compensation packages and also regularly conducts employee engagement surveys in order to nurture high levels of employee engagement.

Awards

In a short span of five years, Singlife has received multiple accolades and awards for its products and services. For example, Singlife was awarded the Insurance & Fintech Brand of the Year award by Global Banking & Finance Review in 2020. It also received an award under the Financial Services Category of 2020 at the SBR's National Business Awards and was also awarded the Digital Life Insurance Initiative of the Year 2020 award by Insurance Asia Awards in 2020. Singlife also got the gold award for providing the Best Digital Experience by CX Asia Excellence Awards in 2020. Singlife was also recently awarded the HR Asia Best Companies to Work for in Asia 2020 award in October 2020.

Corporate Social Responsibility

Singlife is committed to delivering positive social impact through its products, services and people. For example, during the "circuit breaker" period Singlife teamed up with local celebrity in Singapore, Adrian Pang, to create a series of YouTube videos to highlight the critical work that essential workers in Singapore were providing during the pandemic.

Legal and Compliance

Compliance

Singlife has policies and procedures to manage compliance risks and address regulatory requirements and other compliance obligations. There is a centralised compliance department that sets compliance policies for Singlife and supervises its overall compliance function. Singlife has dedicated compliance personnel to address applicable regulatory requirements and market conduct risks. Its compliance personnel report directly to Singlife's Head of Compliance, who reports directly to the Chief Executive Officer.

Legal Proceedings

Singlife is currently not involved in any governmental, legal or arbitration proceedings (including any such proceedings that are pending or threatened) that may have, or have had, a significant effect on its business, results of operations or financial position.

BOARD OF DIRECTORS

The Issuer

Board of Directors

The following table sets forth certain information regarding the Issuer's board of directors (the "**Board**").

Name	Title
Raymond John Ferguson	Independent Non-Executive Director and Chairman
Walter Mark de Oude	Executive Director and Deputy Chairman
Chetan Singh	Non-Executive Director
David Gelber	Non-Executive Director
Dominic Picone	Non-Executive Director
Nishit Piyush Majmudar	Executive Director

Raymond John Ferguson: Mr. Ferguson is currently the Independent Non-Executive Chairman of the Issuer and the Non-Executive Chairman of Singlife Singapore. He is an experienced finance industry professional and board level leader with almost 20 years of experience internationally as a Chief Executive Officer. Mr. Ferguson is currently also the Chairman and Chief Executive Officer of Caber Partners Pte. Ltd., the independent Non-Executive Chairman of Heveaconnect Pte. Ltd. and the Non-Executive Chairman of 1SignHash Pte. Ltd. He was formerly the Chief Executive Officer of Standard Chartered Singapore and the Regional Chief Executive Officer, South East Asia, of Standard Chartered Singapore. He has also served as Group Chief Banking Officer of the Arab Banking Corporation. Mr. Ferguson has also received the award of Distinguished Fellow by the Institute of Banking and Finance, Singapore.

Walter Mark de Oude: Mr. De Oude is currently an Executive Director and Deputy Chairman of the Issuer. He founded Singlife Singapore in 2014 and is also currently an Executive Director and the Chief Executive Officer of Singlife Singapore. He has been active in the financial services sector since 2000. Prior to establishing Singlife Singapore in 2014, Mr. De Oude was the Chief Executive Officer of HSBC Insurance Singapore and was also a board member of HSBC Asset Management Singapore. Mr. De Oude is also a qualified actuary.

Chetan Singh: Mr. Singh is currently the Chief Strategy and Mergers and Acquisitions Officer of Aviva plc responsible for overseeing Aviva plc's strategy, mergers and acquisitions and investor relations activities. He is part of the Aviva plc group's executive committee and reports to the group's chief executive officer. Before joining Aviva plc in 2016, Mr. Singh worked at J.P. Morgan in Asia for six years. In his last role, he was a Managing Director and Head of Southeast Asia and India Financial Institutions Group. Prior to that, Mr. Singh spent more than ten years in investment banking, covering European financial institutions in London with Citigroup.

David Gelber: Mr. Gelber is currently a Non-Executive Director of the Issuer and a Non-Executive Director of IPGL Limited, previously the largest shareholder in Singapore Life. He serves on the boards of several IPGL portfolio companies covering a wide range of sectors. Until recently, Mr. Gelber was the chairman of Walker Crips PLC and continues to be a board member. After a 20 year career in banking with Citibank, Chemical Bank and HSBC in senior trading roles, Mr. Gelber joined ICAP PLC in 1994 and served as its Chief Operating Officer until 2007. He has previously served on several public boards and is currently a non-executive director of AA4+ PLC, an aircraft leasing company. Mr. Gelber is a founding partner of Castellain Capital LLP, a fund management company.

Dominic Picone: Mr. Picone is a Partner and Managing Director at TPG Capital and is based in Singapore. Since joining the firm in 2005, he has been engaged with investments throughout the Asia Pacific region and has worked on transactions representing more than US$1.50 billion of committed equity capital. His involvement with current and past TPG Capital portfolio companies includes Apollo Towers, Vietnam Australia International School (VAS), Myanmar Distillery Company / Grand Royal Group, PropertyGuru, 8990 (Deca Homes), BFI Finance, Masan Group, Fairmont Raffles Hotels, Bank BTPN, United Test & Assembly Centre (UTAC), and CIMB. Prior to joining TPG Capital, Dominic worked in the Investment Banking Division of Credit Suisse First Boston in Melbourne, primarily focused on mergers and acquisitions in Australia and New Zealand. A native of Australia, he received a Bachelor of Commerce (Honours – Finance) and a Bachelor of Laws from the University of Melbourne.

Nishit Piyush Majmudar: Mr. Majmudar is currently a Non-Executive Director of the Issuer and an Executive Director and the Chief Executive Officer of Aviva Singapore. He has over 30 years of experience in actuarial, finance, marketing, sales and executive management and has worked in India, the United Kingdom, the Philippines, Thailand and Singapore. He has held a variety of senior roles across the Asia Pacific region with Aviva, Prudential, the Monetary Authority of Singapore and Watson Wyatt. Mr Majmudar holds a Bachelor of Commerce degree from Bombay University. He is also a Fellow of the Institute of Actuaries (United Kingdom and India). He is an accredited member of the Institute of Investment Management and Research (United Kingdom).

After the Issue Date, subject to approval from the MAS, the Issuer intends to appoint an additional seven non-executive directors to the Board.

The Board exercises stewardship in directing the Group towards achieving its objectives. It ensures that the Group adopts sound corporate governance practices, complies with applicable laws and regulations, and has the necessary measures in place to achieve its objectives. It monitors management performance and emphasises professionalism and honesty in all dealings, and at all levels in the organisation so as to sustain Group's standing, image and reputation. The Board oversees the affairs of the Group, including setting its strategic direction and long-term goals, and reviewing its performance. The principal duties of the Board include:

- approving broad policies, strategies and objectives of the organisation;
- monitoring management performance, including the implementation of strategies, policies and business results;
- approving annual budgets (capital and operating), major fund proposals, and investment and divestment proposals;
- overseeing investment management including approval of investment policy and strategy;
- overseeing the processes for evaluating the adequacy of internal controls, risk management, financial reporting and compliance;
- overseeing talent acquisition, development and retention, including compensation policies and succession planning; and
- assuming responsibility for corporate governance including reviewing the code of conduct and standards of business practice.

Aviva Singapore

Board of Directors

The following table sets forth certain information regarding Aviva Singapore's board of directors.

Name	Title
Christopher Brian Wei	Non-Executive Director, Chairman
Nishit Piyush Majmudar	Executive Director, Chief Executive Officer
Foong Soo Hah	Independent Non-Executive Director, Chairman of the Risk Committee
Justin Paul Breheny	Independent Non-Executive Director
Lim Sook Mee	Independent Non-Executive Director, Chairman of the Audit Committee

Christopher Brian Wei: Mr. Wei is currently the Executive Chairman for Aviva Asia and Non-Executive Chairman of Aviva Singapore. As Executive Chairman of Aviva Asia, he works closely with the senior leaders on setting and tracking the strategic direction and priorities of Aviva Asia. He also holds other leadership positions in companies under the Aviva UK group which will not form part of the Group after the completion of the Acquisition, including Global Chairman for Aviva Digital, Council Chairman of Aviva Vietnam Life Insurance Company Limited and Vice Chairman of Aviva-Cofco Life Insurance Co. Ltd. He is also a director of Aviva UK Digital Ltd. Mr. Wei holds a Bachelor of Science (Honours) from the University of Toronto in Canada where he specialised in actuarial science. Mr. Wei is an associate of the Casualty Actuarial Society and a member of the American Academy of Actuaries.

Nishit Piyush Majmudar: Mr. Majmudar's biography is set out above.

Foong Soo Hah: Mr. Foong is currently the Chairman of the Risk Committee, a member of the Audit Committee and an Independent Non-Executive Director of Aviva Singapore. Mr. Foong started his career as an actuarial assistant with American International Assurance Company Ltd (AIA) based in Hong Kong. In 1983, he returned to Malaysia to take up a senior position with a public-listed insurance company, British American Insurance Bhd (whose name was later changed to John Hancock Life Insurance Bhd, and is now known as Manulife Insurance Bhd). From 1991 to 1996, Mr. Foong became the Chief Executive Officer of the firm and was a member of the board of directors of John Hancock Life Insurance Company Ltd, Singapore. Mr. Foong then joined Great Eastern in September 1996 as a director and Chief Executive Officer of Great Eastern Capital Sdn Bhd, which is the holding company of Great Eastern Life Assurance (Malaysia) Bhd. He retired from this role in July 2009. He also holds a directorship in Private Pension Administrator (PPA) Malaysia. Mr. Foong holds a Master of Actuarial Science from Northeastern University, Bachelor of Science (Honours) in Mathematics from Universiti Malaya and is a Fellow of the Society of Actuaries, United States of America.

Justin Paul Breheny: Mr. Breheny is an Independent Non-Executive Director and a member of the Audit Committee and Risk Committee of Aviva Singapore. Mr. Breheny has 34 years of experience working in the insurance and banking industries in Australia and throughout Asia. For the two years preceding his retirement in 2015, he was Group Chief Risk Officer for Insurance Australia Group (IAG), with responsibility for all aspects of risk management across the group. Prior to this, from March 2006 to October 2013, he was the Chief Executive Officer, Asia, establishing and managing IAG’s general and life insurance interests in Malaysia, Thailand, China, India, Vietnam, and Indonesia. For the thirteen years prior to joining IAG, Mr. Breheny held senior executive and board positions within ANZ Banking Group’s Asia operations, including as the General Manager of the bank’s Asian business, with responsibility for managing the bank’s branch network business in China, Hong Kong, Philippines, Taiwan, Vietnam, Indonesia, Singapore, Malaysia and Thailand. Prior to that, he spent eleven years working in Australia for Citibank, Capel Court Investment Bank and Chase-NBA in the disciplines of corporate finance, project finance, and treasury. Mr. Breheny is also currently a Non-Executive Director and Chairman of the Risk Committee of the Sydney-based Westpac Bank insurance entities. He is also the Chairman and a Director of the Australian stock exchange-listed Nuchev Group of companies in Melbourne and a Non-Executive Director of Lawcover Insurance Pty Ltd and Lawcover Pty Ltd.

Lim Sook Mee: Ms. Lim is currently the Chairman of the Audit Committee, a member of the Risk Committee and an Independent Non-Executive Director of Aviva Singapore. She has been a Non-Executive Director of Aviva Singapore since July 2011. She was previously a Managing Director (Finance & Corporate Affairs) at Great Eastern Holdings Ltd, a life insurance company in Singapore and Malaysia, a role from which she retired in April 2009. Her executive roles in Great Eastern over a period of 12 years included leadership over regional finance, actuarial & risk management. During that time she was board director at Lion Global Investors Ltd and several private equity companies with real estate investments in China, Japan and India. Ms. Foong has more than thirty years of operational and corporate leadership experience in the real estate and hospitality sector, including start-ups of mega hotels and resorts in Singapore and Indonesia. She has also been a director of LohSeeYip Pty Ltd, a company trustee, since 2013.

Board Committees

The board of Aviva Singapore has established two board committees to assist it in carrying out its oversight of the operations and business affairs of Aviva Singapore. The board committees are the audit committee and the risk committee. The board has delegated authority and powers to these committees to monitor and have oversight over specific areas.

The composition of the board committees satisfies the independence requirements stipulated in the Guidelines on Corporate Governance issued by the MAS for all major insurers (“**GCG**”) and the Insurance (Corporate Governance) Regulations 2013 (“**ICGR**”).

Each committee has its own clearly defined terms of reference which describe its objectives, composition, and key duties and responsibilities. The respective terms of reference are reviewed periodically to ensure alignment to the notices and guidelines issued by the MAS, where applicable.

Audit Committee

The audit committee of Aviva Singapore comprises the following members:

Name	Title
Lim Sook Mee	Chairman
Foong Soo Hah	Member
Justin Paul Breheny	Member

The key duties and responsibilities of the audit committee are to:

- monitoring the integrity of Aviva Singapore's financial statements and the effectiveness of its internal control systems; and
- assessing the effectiveness of performance, independence and objectivity of internal and external auditors.

Risk Committee

The risk committee of Aviva Singapore comprises the following members:

Name	Title
Foong Soo Hah	Chairman
Lim Sook Mee	Member
Justin Paul Breheny	Member

The key duties and responsibilities of the risk committee are to:

- formulate and implement the risk management strategy for Aviva Singapore, for approval by its board and audit committee;
- ensure that the risk management framework, policies, process and controls are appropriately implemented to identify, assess and manage material risks across all of Aviva Singapore's business activities;
- oversee Aviva Singapore's internal compliance, risk management and internal audit functions, including assessing the effectiveness of the risk management framework;
- oversee the establishment of appropriate business standards and operating processes which comply with Aviva Singapore's risk management framework and policies;
- identifying and addressing major risks identified;
- reviewing and assessing Aviva Singapore's risk appetite and risk profile;
- assessing the adequacy of capital and liquidity positions;
- ensuring due diligence appraisals are appropriately conducted on strategy or significant transactions; and
- monitoring regulatory compliance.

Aviva Asia

Board of Directors

The following table sets forth certain information regarding Aviva Asia's board of directors.

Name	Title
Christopher Brain Wei	Executive Director, Chairman
Randy Lianggara	Executive Director
Neil Harrison	Non-Executive Director

Christopher Brian Wei: Mr. Wei's biography is set out above.

Randy Lianggara: Mr. Lianggara is currently the Regional Chief Executive Officer for the operating companies of the Aviva UK group for its operations in China, Indonesia, Vietnam and the Asia Regional Office, working closely with the management teams, key partners and regulators in each country. He is an industry veteran with more than 27 years' experience in the insurance sector. Mr. Lianggara holds a Master's Degree in Business Administration from Golden Gate University and a Bachelor's Degree from Iowa State University. He is also a Certified Financial Planner, a Certified Life Underwriter, a Certified Wealth Manager, a Certified Professional in Life and Health Insurance and a ChFC Charter Holder.

Neil Harrison: Mr. Harrison is currently a Non-Executive Director and the General Counsel for Aviva Asia and the General Counsel for the Aviva UK group and Aviva Digital, which will not form part of the Group after the completion of the Acquisition.

Singlife Singapore

Board of Directors

The following table sets forth certain information regarding Singlife Singapore's board of directors.

Name	Title
Raymond John Ferguson	Non-Executive Director, Chairman
Walter Mark de Oude	Executive Director, Chief Executive Officer
Chiu Estella Sheun Fun	Independent Non-Executive Director
David Gelber	Non-Executive Director
Kenji Yoneda	Non-Executive Director
Nadeem Khan	Non-Executive Director
Wong Yuen Tin Laurence	Independent Non-Executive Director

Raymond John Ferguson: Mr. Ferguson's biography is set out above.

Walter Mark de Oude: Mr. de Oude's biography is set out above.

Chiu Estella Sheun Fun: Ms. Chiu is currently an Independent Non-Executive Director of Singlife Singapore. Prior to joining Singlife Singapore, she led the actuarial practice at KPMG for the Asia Pacific. Ms. Chiu worked in HSBC Insurance for approximately 20 years, where her last position held was the Regional Chief Actuary and Head of Investment and Insurance Risks of HSBC Insurance in Asia and has served on the board of directors for HSBC Life (Shanghai). Currently, Ms. Chiu is also a member of the Industry Advisory Committee of the Insurance Authority in Hong Kong. She is also a Council Advisor of the Hong Kong Institute of Monetary Research, an organisation under the Hong Kong Monetary Authority's Academy of Finance. She is also a Fellow of the Society of Actuaries and is currently an Executive Council member of the International Actuarial Association and was the President of the Actuarial Society of Hong Kong in 2005.

David Gelber: Mr. Gelber's biography is set out above.

Kenji Yoneda: Mr. Yoneda is currently a Non-Executive Director of Singlife Singapore. He has extensive experience in life insurance, and currently also serves as a General Manager of Sumitomo Life's International Business Department and a Director of Bao Viet Holdings. He is a qualified lawyer in New York and has served as a Chief Representative of Sumitomo's United Kingdom and Vietnam office.

Nadeem Khan: Mr. Khan is currently the President of Aflac Global Ventures, managing Aflac's global corporate venture fund and leading all operating and investment subsidiaries under Aflac Global Ventures. Prior to joining Aflac Global Ventures, Mr. Khan held various leadership positions with Bristol-Myers Squibb, Siemens and Lucent Technologies. He was also the co-founder of a technology company. He currently serves on the boards of TTV Capital, Sensely, Better Business Bureau, Columbus Cricket Association and various non-profit organisations.

Wong Yuen Tin Laurence: Mr. Wong is currently an Independent Director of Singlife Singapore. He has extensive experience in in life and general insurance, and has held key positions in product development, marketing, distribution and greenfield development with multinationals as well as a mutual insurer, both in Singapore and in South-East Asia. He also previously served as the Head of Bancassurance for DBS Bank, the Chief Executive Officer of Great Eastern Life Vietnam and helped to set up the Singapore branch of Transamerica Life. Mr. Wong is currently a Senior Director in the Singapore International Commercial Court.

Board Committees

The board of Singlife Singapore has established two board committees to assist it in carrying out its oversight of the operations and business affairs of Singlife Singapore. The board committees are the audit and risk committee and the nomination and remuneration committee. The board has delegated authority and powers to these committees to monitor and have oversight over specific areas.

The composition of the board committees satisfies the independence requirements stipulated in the GCG and the ICGR.

Each committee has its own clearly defined terms of reference which describe its objectives, composition, and key duties and responsibilities. The respective terms of reference are reviewed periodically to ensure alignment to the notices and guidelines issued by the MAS, where applicable.

Audit and Risk Committee

The audit and risk committee of Singlife Singapore comprises the following members:

Name	Title
Estella Chiu	Chairman
Raymond John Ferguson	Member
Walter Mark de Oude	Member

The key duties and responsibilities of the audit and risk committee are to:

- be responsible for the adequacy of the external and internal audit functions of Singlife and its subsidiary;
- provide oversight of the overall risk management framework for Singlife and its subsidiary, including its risk profile, risk tolerance level and risk and capital management strategy;
- review and formulate corporate governance, risk, investment, product development and compliance policies and make recommendations to the board;
- review the financial statements of Singlife and its subsidiaries and make recommendations to the board;
- identify and address major risks faced by Singlife and its subsidiary;
- provide independent oversight on risk management and internal control systems; and
- address major findings in reviews, including audit or assurance reviews.

Nomination and Remuneration Committee

The nomination and remuneration committee of Singlife Singapore comprises the following members:

Name	Title
Wong Yuen Tin Laurence	Chairman
Raymond John Ferguson	Member
Walter Mark de Oude	Member

The key duties and responsibilities of the nomination and remuneration committee are to:

- assist the board in defining and assessing qualifications for membership to the board and to identify qualified individuals for appointments to the board;
- review the remuneration policy and framework for directors and senior management;
- review the board composition, size and structure and make recommendations to the board as necessary;
- oversee the development of a management succession plan for the senior management team and issue an annual report to the board;
- review and approve the appointment and employment terms of senior management team members;
- review and approve any significant new plans, programmes and arrangements or benefits for employees;
- review and discuss the corporate objectives and performance targets for senior management; and
- evaluate the appointment of advisors and consultants.

Approval of MAS

The appointment of each member of the board of directors of each of the Issuer, Aviva Singapore and Singlife Singapore identified in this Offering Circular is subject to the approval of the MAS on the basis that the Issuer, Aviva Singapore and Singlife Singapore are entities regulated by the MAS. Any member of the proposed board of directors who does not receive the approval of the MAS, will need to be replaced and if already appointed, will need to resign. The relevant applications relating to the each new member of the board of directors of each of the Issuer, Aviva Singapore and Singlife Singapore identified in this Offering Circular have been submitted. It is expected that the response from the MAS will be forthcoming: (i) prior to Completion in respect of Aviva Singapore and Singlife Singapore; and (ii) in respect of the Issuer, upon the Issuer being designated as a financial holding company. See also "*Risk Factors—Risks Relating to Regulatory and Legislative Matters—Board of Directors of the Issuer, Aviva Singapore and Singlife Singapore remains subject to prior approval of the MAS*."

SUPERVISION AND REGULATION

Overview

The Issuer is a group holding company which, after the completion of the Acquisition, owns a group of companies which are regulated by the MAS under different regimes. The group of companies includes Aviva Singapore and Singlife Singapore, which are licensed direct insurers, Aviva Financial Advisers Pte Ltd and Professional Investment Advisory Services Pte Ltd which are licensed financial advisers, Navigator Instrument Services Limited which is a capital markets services licensee and Singlife Singapore which is a major payment institution (in addition to being a licensed direct insurer). Singlife Philippines is licensed by the Insurance Commission of the Philippines and holds a certificate of authority to operate issued by the commission, and is licensed with the Securities and Exchange Commission of the Philippines as a private corporation.

Each of Aviva Singapore and Singlife Singapore is regulated by the MAS as a licensed direct insurer under the Insurance Act (Chapter 142) of Singapore (the "**Insurance Act**"). Singlife Singapore holds a licence to carry on life insurance business. Aviva Singapore holds a composite licence to carry on both life insurance business and general insurance business. The MAS regulates and supervises insurers in Singapore. The insurance regulatory framework consists mainly of the Insurance Act and its related regulations, as well as the relevant notices, guidelines, circulars and practice notes issued by the MAS. The MAS has issued several consultation papers with proposals to make amendments to certain aspects of the insurance regulatory framework (including to clarify MAS' expectations on insurers' charging of expenses to participating funds and set out additional requirements to bring about consistent and appropriate charging of such expenses, so as to safeguard policy owners' interests, and to impose a contractual recognition requirement on any foreign law governed financial contract entered into by a qualifying pertinent financial institution (which includes a licensed insurer in Singapore) that is required to perform recovery and resolution planning, wherein all parties to that financial contract must agree that their exercise of any of the termination rights may be subject to MAS' stay powers under sections 83 and 84 of the Monetary Authority of Singapore Act (Chapter 186) of Singapore (the "**MAS Act**")), which, if implemented, may affect the contents of this section.

This section does not address the proposals outlined in the consultation papers issued by the MAS. This section sets out a broad overview of certain key regulations applicable to licensed insurers in the conduct of their insurance business, and does not address the regulatory framework applicable to insurance intermediaries (for example, agents or employees of licensed insurers) whether in respect of life or non-life policies.

Aviva Singapore is also included by the Central Provident Fund ("**CPF**") Board as an insurer under the CPF Investment Scheme (the "**CPFIS**") introduced pursuant to the Central Provident Fund (Investment Schemes) Regulations, pursuant to which CPF monies may, subject to certain conditions, be used by CPF members to purchase investment-linked insurance policies issued by Aviva Singapore if such policies are also included under the CPFIS.

Insurance Companies

Licences held by Aviva Singapore and Singlife Singapore

Each of Aviva Singapore and Singlife Singapore is a licensed direct insurer under the Insurance Act. Singlife Singapore holds a licence to carry on life insurance business. Aviva Singapore holds a composite licence to carry on both life insurance business and general insurance business.

A licensed insurer in Singapore must pay a prescribed annual fee to the MAS.

Exempt Status of Aviva Singapore and Singlife Singapore

Exempt financial adviser

As an insurer licensed under the Insurance Act, each of Aviva Singapore and Singlife Singapore is exempt from the requirement to hold a financial adviser's licence under Section 23(1)(c) of the Financial Advisers Act (Chapter 110) of Singapore (the "**Financial Advisers Act**"). Singlife Singapore has invoked the licensing exemption in respect of arranging of life policies other than contracts of reinsurance ("**FAA life policies**"). Aviva Singapore has invoked the licensing exemption in respect of: (a) advising others (other than advising on corporate finance within the meaning of the Securities and Futures Act (Chapter 289) of Singapore (the "**SFA**")), either directly, through publications or writings, and whether in electronic, print or other form concerning collective investment schemes (within the meaning of the SFA) and FAA life policies; (b) advising others by issuing or promulgating research analyses or research reports, concerning collective investment schemes and FAA life policies; and (c) arranging of any contract of insurance in respect of FAA life policies. As exempt financial advisers, each of Aviva Singapore and Singlife Singapore is subject to certain conduct of business and other requirements applicable under the Financial Advisers Act and its related regulations, notices, guidelines, practice notes and circulars.

Supervisory Powers of the Monetary Authority of Singapore

Under the Insurance Act, the MAS has, among other things, the power to impose conditions on a licensed insurer, and may add to, vary or revoke any existing conditions of its licence. In addition, the MAS may issue such directions as it may consider necessary for carrying into effect the objects of the Insurance Act and may at any time vary, rescind or revoke any such directions. The MAS may also issue such directions to an insurer as it may consider necessary or assume control of and manage such areas of the business of the insurer as it may determine, or appoint one or more persons as statutory manager to do so, where, among other things, it is satisfied that the affairs of the insurer are being conducted in a manner likely to be detrimental to the public interest or the interests of the policy owners or prejudicial to the interests of the insurer. The MAS is also empowered to cancel the licence of an insurer on certain grounds.

Paid-up Capital Requirement, Fund Solvency Requirement and Capital Adequacy Requirement

A licensed insurer is required at all times to maintain a minimum level of paid-up ordinary share capital as determined by regulation 3 of the Insurance (Valuation and Capital Regulations) 2004. A licensed direct insurer that carries on business only in investment-linked policies or only in short-term accident and health policies is required to have minimum paid-up ordinary share capital of S$5 million. A licensed direct insurer that carries on any other types of business would be required to have minimum paid-up ordinary share capital of S$10 million.

First introduced in 2004, the risk-based capital framework:

(a) adopts a risk-focused approach to assessing capital adequacy and seeks to reflect the relevant risks that insurers face;

(b) prescribes minimum capital which serves as a buffer to absorb losses; and

(c) provides clearer information on the financial strength of insurers and facilitates early and effective intervention by MAS, where necessary.

The MAS issued the RBC 2 Review on 22 June 2012 followed by a second and third consultation paper on 26 March 2014 and 15 July 2016 respectively. The MAS has stated that the RBC 2 Review is not intended to result in a significant overhaul to the existing framework. Instead, it seeks to improve the comprehensiveness of the risk coverage and the risk sensitivity of the framework as well as define more specifically the MAS's supervisory approach with respect to the solvency intervention levels. The MAS has also stated that the objective of RBC 2 is to ensure that the framework for assessing capital adequacy is more aligned to an insurer's business activities and risk profiles. On 28 February 2020, MAS concluded the RBC 2 Review by issuing the Insurance (Valuation and Capital) (Amendment) Regulations 2020 and the new MAS Notice 133 on Valuation and Capital Framework for Insurers. The Insurance (Valuation and Capital) (Amendment) Regulations 2020 and MAS Notice 133 have come into effect on 31 March 2020, which, together, specify fund solvency requirements and capital adequacy requirements for a licensed insurer.

According to the Insurance (Valuation and Capital) Regulations 2004 and MAS Notice 133, a licensed insurer must at all times maintain its fund solvency requirement at the adjusted fund level and the capital adequacy requirement at the insurer level.

Under regulation 4(1) of the Insurance (Valuation and Capital) Regulations 2004 and MAS Notice 133, the fund solvency requirement in respect of an insurance fund established and maintained by a licensed insurer under the Insurance Act is that the total assets of the fund must not at any time be less than the total liabilities of the fund. The fund solvency requirement of an adjusted fund is that the financial resources of the adjusted fund must not at any time be less than:

(a) the amount of the total risk requirement of the adjusted fund at the higher solvency intervention level, where the total risk requirement, also referred to as the prescribed capital requirements ("**PCR**"), are calibrated at 99.5% Value-at-Risk ("**VaR**") over a one year period; and

(b) the amount of the total risk requirement of the adjusted fund at the lower solvency intervention level, where the total risk requirement, also referred to as the minimum capital requirements ("**MCR**"), are determined at 90.0% VaR over a one year period. MCR is set as 50% of PCR.

An adjusted fund is:

(a) a participating fund established and maintained by a licensed insurer under the Insurance Act that relates to Singapore policies;

(b) a participating fund established and maintained by a licensed insurer under the Insurance Act that relates to offshore policies;

(c) the aggregate of the following insurance funds (if any) established and maintained by a licensed insurer under the Insurance Act that relate to Singapore policies:

  (i) a non-participating fund;

  (ii) an investment-linked fund;

  (iii) a general fund; or

(d) the aggregate of the following insurance funds (if any) established and maintained by a licensed insurer under the Insurance Act that relate to offshore policies:

  (i) a non-participating fund;

  (ii) an investment-linked fund;

  (iii) a general fund.

A licensed insurer is also required to satisfy its capital adequacy requirement at all times, which is that its financial resources must not be less than:

(a) the higher of the following:

  (i) the amount of the total risk requirement of the licensed insurer at the higher solvency intervention level, where the total risk requirement, also referred to as the PCR, is calibrated at 99.5% VaR over a one year period;

  (ii) S$5 million; and

(b) the higher of the following:

  (i) the amount of the total risk requirement of the licensed insurer at the lower solvency intervention level, where the total risk requirement, also referred to as the MCR, is determined at 90.0% VaR over a one year period. MCR is set as 50% of PCR;

  (ii) S$5 million.

A licensed insurer must also ensure that at all times: (a) where it is an insurer incorporated in Singapore, the Common Equity Tier 1 ("**CET1**") Capital ratio which is determined as the ratio of the CET1 Capital over the sum of total risk requirements (excluding the risk requirements of participating funds) is not less than 60%; and (b) the Tier 1 Capital ratio which is determined as the ratio of the Tier 1 Capital over the sum of total risk requirements (excluding the risk requirements of participating funds) is not less than 80%.

Each of the "financial resources" of an insurer and insurance fund, the "higher solvency intervention level", "lower solvency intervention level" and the "total risk requirement" is determined, and assets and liabilities are valued, in accordance with the requirements of the Insurance (Valuation and Capital) Regulations 2004, the MAS Notice 133 on Valuation and Capital Framework for Insurers, the MAS Guidelines on Valuation of Policy Liabilities of General Business and the MAS Guidelines on Use of Internal Models for Liability and Capital

Requirements for Life Insurance Products Containing Investment Guarantees with Non-Linear Payouts, where applicable. The MAS has stated that the MAS Guidelines on Valuation of Policy Liabilities of General Business will be cancelled and it will issue updated guidelines on the preparation of the actuarial investigation report.

The total risk requirement of an adjusted fund of an insurer, or (in the case of a licensed insurer incorporated in Singapore) arising from assets and liabilities of an insurer that do not belong to any insurance fund established and maintained by the insurer under the Insurance Act (including assets and liabilities of any of the insurer's branches located outside Singapore) is to be calculated in accordance with MAS Notice 133 and currently comprises the following components:

(a) Component 1 (C1) requirement relating to insurance risks of the insurer's life and general businesses;

(b) Component 2 (C2) requirement relating to market risks, credit risks and risks arising from the mismatch, in terms of interest rate sensitivity and currency exposure, of the assets and liabilities of the insurer; and

(c) the risk requirement relating to operational risk of the insurer as described in MAS Notice 133.

The total risk requirement of a licensed insurer is the aggregate of the total risk requirements of every adjusted fund of the insurer and, where the insurer is a licensed insurer incorporated in Singapore, the total risk requirement arising from assets and liabilities of the insurer that do not belong to any insurance fund established and maintained by the insurer under the Insurance Act (including assets and liabilities of any of the insurer's branches located outside Singapore).

In the case of a licensed insurer incorporated in Singapore, in determining the total risk requirement arising from assets and liabilities of an insurer that do not belong to any insurance fund established and maintained by the insurer under the Act, the value of such assets and liabilities (including that arising from insurance business) is to be determined in accordance with Parts IV and V of the Insurance (Valuation and Capital) Regulations 2004.

A licensed insurer is required to immediately notify the MAS when it becomes aware that the fund solvency requirement or the capital adequacy requirement is not satisfied or is not likely to be satisfied in accordance with section 18(1) of the Insurance Act. The MAS also has the power to impose directions on the insurer, and direct the insurer to carry on its business in such manner and on such conditions as imposed by the MAS in the event that it is notified of any failure or likely failure, or is aware of any inability, of the insurer to comply with the fund solvency requirement or the capital adequacy requirement described above.

Furthermore, pursuant to section 18(4) of the Insurance Act, the MAS may by notice in writing, if it considers it appropriate in the particular circumstances of a licensed insurer having regard to the risks arising from the activities of the insurer and such other factors as the MAS considers relevant, direct that the insurer satisfy fund solvency requirements or capital adequacy requirements other than those that the insurer is required to maintain under section 18 of the Insurance Act. In the Consultation Paper on Review of Risk-Based Capital Framework for Insurers in Singapore – Third Consultation, MAS stated, in clarifying MAS' expectation of the additional capital buffer that insurers would have to maintain, that under RBC 2, additional capital requirements imposed on systemically important insurers will still be relevant, but additional capital requirements imposed as a result of limitations in the RBC1 framework or deficiencies in an insurer's risk management and internal controls are not expected to be significant. Currently, there have not been any insurers in Singapore which have been publicly designated by the MAS as systemically significant insurers.

Pursuant to regulation 5 of the Insurance (Valuation and Capital) Regulations 2004, a licensed insurer incorporated in Singapore must obtain the prior written approval of the MAS to reduce its paid-up ordinary share capital or redeem any preference share. Furthermore, pursuant to MAS Notice 133, prior approval of the MAS is also required to early redeem Additional Tier 1 and Tier 2 capital instruments.

The MAS also has the general power to impose asset maintenance requirements. Under section 21 of the Insurance Act, the MAS may, from time to time, by notice in writing to any licensed insurer, or any class of licensed insurers, direct the insurer or class of insurers, as the case may be, each to maintain and hold such minimum amount or amounts of assets in Singapore as may be specified in the notice for the purpose of meeting its liabilities.

Policy Owners' Protection Scheme

The Singapore Deposit Insurance Corporation Limited ("**SDIC**") administers the Policy Owners' Protection Scheme (the "**PPF Scheme**") in accordance with the Deposit Insurance and Policy Owners' Protection Schemes

Act (Chapter 77B) of Singapore (the "**DIPOPS Act**") for the purposes of compensating (in part or whole) or otherwise assisting or protecting insured policy owners and beneficiaries in respect of the insured policies issued by PPF Scheme members and for securing the continuity of insurance for insured policy owners as far as reasonably practicable. In the resolution of a PPF Scheme member, the PPF Life Funds and/or PPF General Funds (as described below) could be tapped on as an ex ante financing component to facilitate either (i) the transfer of the whole or part of the insurance business of a non-viable PPF Scheme member to another insurer; or (ii) the run-off of the insurance business of a non-viable PPF Scheme member. PPF Scheme members essentially comprise direct insurers licensed to carry on life business under the Insurance Act (other than a captive insurer) or direct insurers licensed to carry on general business under the Insurance Act (other than a captive insurer or specialist insurer) in each case, which are not exempted from the requirement to be a PPF Scheme member.

There are two funds established under the PPF Scheme, namely the Policy Owners' Protection Life Fund (the "**PPF Life Fund**") to cover insured policies comprised in insurance funds established and maintained under Section 17 of the Insurance Act by direct insurers licensed to carry on life business and the Policy Owners' Protection General Fund (the "**PPF General Fund**") to cover insured policies comprised in insurance funds established and maintained under Section 17 of the Insurance Act by direct insurers licensed to carry on general business (together, the "**PPF Funds**").

As PPF Scheme members, each of Aviva Singapore and Singlife Singapore is required to pay a levy for any premium year or part thereof in respect of the insured policies issued by it. The levy rates for the purposes of computing the levies payable by PPF Scheme members are assessed and determined by the MAS. Where the MAS is of the opinion that there are insufficient moneys in the PPF Life Fund or the PPF General Fund, as the case may be, to pay any compensation due to insured policy owners or beneficiaries, or to fund any transfer or run-off of the insurance business of any failed PPF Scheme member under the DIPOPS Act, the MAS may, with the concurrence of SDIC, require PPF Scheme members to pay additional levies for any premium year or part thereof and determine the levy rate(s) for the purposes of computing the additional levies.

Asset Management

Under Section 30B of the Insurance Act, no licensed insurer that is established or incorporated in Singapore shall acquire or hold, directly or indirectly, a major stake in any corporation without the prior approval of the MAS and any approval granted by the MAS may be subject to conditions as may be determined by the MAS, including any condition relating to the operations or activities of the corporation.

The MAS Notice 105 on Insurer's Appointment of Custodians, requires a licensed insurer to ensure that every custodian and, where applicable, sub-custodian, which holds any asset of its insurance fund established and maintained under Section 17 of the Insurance Act ("**insurance fund asset**"), is licensed, approved, registered or otherwise regulated for its business or activity of providing custodial services by the relevant authority in the jurisdiction where the respective custody account or sub-custody account is maintained. A licensed insurer must also ensure:

(a) that insurance fund assets held by a custodian or sub-custodian, as the case may be, are kept separate from the assets of the custodian or the sub-custodian, respectively;

(b) that the extent of the custodian's liability in the event of any loss caused by fraud, wilful default or negligence on the part of the custodian, its sub-custodians or its agents is agreed upon in writing with the insurer;

(c) that any material or systemic breach of the custody agreement between the custodian and the insurer must be brought to the insurer's attention as soon as possible; and

(d) that, except as agreed in writing with the insurer, a custodian or a sub-custodian, with whom the insurance fund assets are held in a custody account or subaccount, does not:

    (i) withdraw any of the insurance fund assets; or

    (ii) take any charge, mortgage, lien or other encumbrance over, or in relation to any of the insurance fund assets.

The MAS Notice 125 on Investments of Insurers sets out the basic principles that govern the oversight of investment activities of an insurer and the investments of its insurance funds, and in the case of an insurer that is incorporated or established in Singapore, the investments of both its insurance funds and its shareholders' funds. It contains requirements relating to, among other things, the oversight by the board of directors and senior management, the various reports to be made by the investment committee to the board of directors at the prescribed frequency, duties of the investment committee, asset-liability management and permitted derivatives activities.

The MAS Notice 320 on Management of Participating Life Insurance Business requires an insurer which has established or will be establishing a participating fund to put in place an internal governance policy on the management of its participating life insurance business. The insurer must among other things, ensure that the participating fund is managed in accordance with the rules and guiding principles set out in the internal governance policy.

Insurance Fund

Every licensed insurer is required to establish and maintain a separate insurance fund (a) for each class of insurance business carried on by the insurer that (i) relates to Singapore policies and (ii) relates to offshore policies; (b) in the case of a direct insurer licensed to carry on life insurance business, for its investment-linked policies and for its non-investment-linked policies; and (c) if, in the case of a direct insurer licensed to carry on life insurance business, no part of the surplus of assets over liabilities from the insurer's non-participating policies is allocated by the insurer by way of bonus to its participating policies, in respect of its non-investment-linked policies (i) for its participating policies and (ii) for its non-participating policies.

The MAS Notice 101 on Maintenance of Insurance Funds and the MAS Guidelines on Implementation of Insurance Fund Concept provide further guidance and requirements on, among other things, the establishment and maintenance of insurance funds and the segregation of the assets of licensed insurers in Singapore as required under the Insurance Act. The Insurance Act also prescribes requirements relating to, among other things, withdrawals from the insurance funds, and insurance funds comprising wholly or partly of participating policies.

All receipts of the insurer properly attributable to the business to which an insurance fund relates (including the income of the fund) must be paid into that fund, and the assets in the insurance fund shall apply only to meet such part of the insurer's liabilities and expenses as is properly so attributable.

Reinsurance

The MAS Notice 114 on Reinsurance Management sets forth the mandatory requirement for direct insurers to submit annual returns pertaining to their outward reinsurance arrangements and exposures to their top ten reinsurance counterparties as well as the guiding principles relating to the oversight of the reinsurance management process of insurers (which includes the principle that the board of directors and senior management of an insurer should develop, implement and maintain a reinsurance management strategy appropriate to the operations of the insurer to ensure that the insurer has sufficient resources to meet obligations as they fall due), the classification of a contract as a reinsurance contract, and the assessment of significant insurance risk transfer. In addition, the MAS has issued the MAS Guidelines on Risk Management Practices for Insurance Business – Core Activities, which provide further guidance on risk management practices in general, relating to, among other things, reinsurance management.

Regulation of Products

A direct insurer licensed to carry on life business may only issue a life policy or a long-term accident and health policy if the premium chargeable under the policy is in accordance with rates fixed with the approval of an appointed actuary or, where no rates have been so fixed, is a premium approved by the actuary.

An insurer is required under MAS Notice 302 on Product Development and Pricing, to exercise prudent management oversight on the pricing and development of insurance products and investment-linked policy sub-funds, and to, before offering certain new products, either obtain the approval of, or notify, the MAS, as the case may be. Such request for approval or notification shall include information on, among other things, the tables of premium rates. In addition, the MAS has issued the MAS Guidelines on Risk Management Practices for Insurance Business – Core Activities, which provide further guidance on risk management practices in general, relating to, among other things, product development and pricing. MAS Notice 302 also sets forth prohibited payout features and requirements relating to disclosure to policyholders and persons entitled to payment of the policy moneys under a policy who have exercised a certain settlement option. MAS Notice 302 has been amended to take into account the approval requirements which apply to the Direct Purchase Insurance Products ("**DPIs**"). In relation to DPIs, the MAS issued MAS Notice 321 on Direct Purchase Insurance Products on 13 May 2016 which imposes specific obligations on an insurer in respect of DPIs and also requires insurers to obtain written approval from the MAS before offering any new or re-priced DPI for sale to the public.

There are also mandatory requirements and non-mandatory standards which would apply under MAS Notice 307 on Investment-Linked Policies to investment-linked policies relating to: (a) notifying MAS before launching an investment-linked policy sub-fund, (b) valuation and audit of investment-linked policy sub-funds, and (c) disclosures in relation to the offering of investment-linked policies. Under Regulation 8 of the Insurance (General Provisions) Regulations, licensed insurers are required to provide for a free-look period for life policies, and accident and health policies with a duration of one year or more.

Market Conduct Standards

The Insurance (Remuneration) Regulations 2015, which came into force on 1 January 2016, set out certain requirements in connection with the payment of remuneration in relation to the provision of any financial advisory service in connection with any life policy, or the sale of any life policy following the provision of any financial advisory service.

The MAS implemented financial advisory industry review initiatives such as a web aggregator, which allows consumers to compare life insurance products from various companies using a web portal, and direct channel purchase in April 2015. The re-issuance of MAS Notice 322 on Information to be Submitted Relating to the Web-Aggregator came into effect on 1 January 2016, specifically detailing the information required to be submitted to the web-aggregator.

The MAS Notice 306 on Market Conduct Standards for Life Insurers Providing Financial Advisory Services As Defined under the Financial Advisers Act imposes certain requirements on direct life insurers which provide financial advisory services under the Financial Advisers Act relating to, among other things, training and competency requirements, prohibition against subsidised loans to representatives out of life insurance funds, establishing a compliance unit, taking disciplinary action against representatives for misconduct, and allocation/non-allocation of income and expenses to the life insurance funds. The MAS Notice 318 on Market Conduct Standards for Direct Life Insurer as a Product Provider also imposes certain requirements on direct life insurers as product providers of life policies relating to, among other things, standards of disclosure and restrictions on the sales process and the replacement of life policies.

The MAS Notice 211 on Minimum and Best Practice Training and Competency Standards for Direct General Insurers requires direct general insurers to only enter into insurance contracts arranged by agents or staff with the requisite registration and minimum qualification requirements (unless exemptions apply), and requires direct general insurers to ensure that staff of certain agents who sell or provide sales advice on the insurers' products are adequately trained and that front-end operatives meet the qualification requirements (unless exemptions apply) before they are allowed to provide sales advice on or sell general insurance products or handle claims. MAS Notice 211 was also revised as of 6 July 2015 to, among other things, clarify that the requirements similarly apply to outsourced claims handlers, with such amendments taking effect on 20 July 2015. Non-mandatory best practice standards apply to direct general insurers to implement training and competency plans for front-end operatives. The MAS Guidelines on Market Conduct Standards and Service Standards for Direct General Insurers set out the standards of conduct expected of direct general insurers as product providers of insurance policies.

In respect of health insurance products, direct insurers must ensure, among other things, that any individual employed by them or who acts as their insurance agent or appointed representative pass the examination requirements specified in MAS Notice 117 on Training and Competency Requirement: Health Insurance Module (unless exemptions apply) and are prohibited from accepting business in respect of any health insurance product from any individual whom they employ or who acts as their insurance agent and who has not met such requirements. The MAS Notice 120 on Disclosure and Advisory Process Requirements for Accident and Health Insurance Products sets out both mandatory requirements and best practice standards on the disclosure of information and provision of advice to insureds for accident and health policies and life policies that provide accident and health benefits. In 2015, the MAS reviewed the regulatory framework for accident and health insurance products and amended MAS Notices 117 and 120. The changes largely pertain to Medisave-approved Integrated Shield Plans but extend in part to all accident and health policies. The changes include enhanced disclosure requirements, stronger protection measures for policyholders, and improved quality of conduct of intermediaries selling accident and health insurance.

The MAS Notice 320 on Management of Participating Life Insurance Business requires a direct life insurer to comply with certain disclosure requirements for product summaries, and annual bonus updates, in relation to its participating policies.

Various industry codes of practice also apply to insurers, including codes/guidelines issued by the Life Insurance Association of Singapore and the General Insurance Association of Singapore. In addition, there are rules in the Insurance Act and the relevant regulations, notices, guidelines and circulars relating to the granting of loans, advances and credit facilities by insurers, which insurers have to comply with if they conduct such activities.

Risk Management and Fit and Proper Person

Broadly, the MAS has issued risk management guidelines applicable to insurers specifically and to financial institutions generally which would apply to licensed insurers.

The MAS Notice 126 on Enterprise Risk Management ("**ERM**") for Insurers sets out ERM requirements and guidelines on how insurers are to identify and manage interdependencies between key risks, and how they are translated into management actions related to strategic and capital planning matters.

The MAS Notice 127 on Technology Risk Management sets out requirements relating to technology risk management for licensed insurers. These include requirements for the insurer to have in place a framework and process to identify critical systems, to make all reasonable effort to maintain high availability for critical systems, to establish a recovery time objective of not more than four hours for each critical system, to notify the MAS of a system malfunction or IT security incident, which has a severe and widespread impact on the insurer's operations or materially impacts the insurer's service to its customers, to submit a root cause and impact analysis report to the MAS and to implement IT controls to protect customer information from unauthorised access or disclosure.

The MAS Notice 132 on Cyber Hygiene sets out cyber security requirements on securing administrative accounts, applying security patching, establishing baseline security standards, deploying network security devices, implementing anti-malware measures and strengthening user authentication.

The MAS Technology Risk Management Guidelines set out risk management principles and best practice standards to guide financial institutions (including licensed insurers) in respect of (a) establishing a sound and robust technology risk management framework, (b) strengthening system security, reliability, resiliency, and recoverability, and (c) deploying strong authentication to protect customer data, transactions and systems. Senior officers who have direct knowledge of a financial institution's information systems and operations should complete a prescribed compliance checklist each year. The MAS has also issued circulars on particular aspects of technology risk management.

Under the MAS Guidelines on Fit and Proper Criteria, the following persons, among others, are required to be "fit and proper" persons: a substantial shareholder of a licensed insurer, a principal officer or director of a licensed insurer, a person having effective control of a licensed insurer, a person having control of a licensed insurer, and an exempt financial institution and its representatives in relation to activities regulated by the MAS under the Financial Advisers Act and the SFA. Broadly, the MAS will take into account, among other things, the following criteria in considering whether a person is fit and proper: (i) honesty, integrity and reputation; (ii) competence and capability; and (iii) financial soundness.

Anti-money Laundering

Licensed life insurers must comply with anti-money laundering and countering the financing of terrorism requirements under the MAS Notice 314 on Prevention of Money Laundering and Countering the Financing of Terrorism – Life Insurers and relevant guidelines. The MAS has also issued the MAS Guidelines for Financial Institutions to Safeguard the Integrity of Singapore's Financial System, which apply to financial institutions generally, including licensed insurers.

These guidelines reiterate Singapore's commitment to safeguard its financial system from being used as a haven to harbour illegitimate funds or as a conduit to disguise the flow of such funds, and further elaborate on the role of financial institutions in preserving the integrity of the financial system.

Financial Reporting Requirements

The MAS Notice 129 on Insurance Returns (Accounts and Statements) sets forth various reporting requirements and prescribes the form in which the relevant statements of account and other statements of a licensed insurer are to be made.

A licensed insurer is required to file with MAS, all applicable forms (including all applicable annexes to such forms) and documents as specified in the relevant appendix of MAS Notice 129, in the form and manner specified in such appendix.

In addition, the MAS Notice 306 and the MAS Notice 318 require direct life insurers to submit information on their businesses to the MAS annually or (in the case of MAS Notice 306) a nil return. Further, MAS Notice 318 requires direct life insurers to submit information on its source of business to the MAS annually.

Actuaries

A licensed insurer carrying on life and general business is also required, for each accounting period, to have an investigation made by an actuary approved by the MAS into the financial condition of each class of business that it carries on.

Actuaries must be approved by the MAS. A direct insurer licensed to carry on life and general business is required to appoint an actuary and a certifying actuary, in each case, who is responsible for, among other things, reporting to the chief executive of the insurer on various matters including matters which in the actuary's opinion have a material adverse effect on the financial condition of the insurer in respect of its life or general business, or both, as the case may be. If the appointed actuary or certifying actuary, as the case may be, is of the opinion that the insurer has failed to take appropriate steps to rectify any matter reported by the actuary within a reasonable time, the actuary is required to immediately send a copy of his/her report to the MAS and notify the board of directors of the insurer that he/she has done so.

Change in Substantial Shareholders, Effective Control or Control

Approval from the MAS is required for the following:

(a) obtaining effective control of a licensed insurer incorporated in Singapore. A person shall, subject to certain exceptions, be regarded as obtaining effective control of a licensed insurer if:

    (i) the person, whether alone or together with his associates:

        (A) holds 20% or more of the total number of issued shares in the insurer; or

        (B) is in a position to control 20% or more of the voting power in the insurer;

    (ii) the directors of the insurer are accustomed or under an obligation, whether formal or informal, to act in accordance with the directions, instructions or wishes of the person (whether acting alone or together with any other person, and whether with or without holding shares or controlling voting power in the insurer); or

    (iii) the person (whether acting alone or together with any other person, and whether with or without holding shares or controlling voting power in the insurer) is in a position to determine the policy of the insurer;

(b) becoming a substantial shareholder of a licensed insurer incorporated in Singapore; or

(c) entering into any agreement or arrangement, whether oral or in writing and whether express or implied, to act together with any person with respect to the acquisition or holding of, or the exercise of rights in relation to, their interests in voting shares of an aggregate of 5% or more of the total votes attached to all voting shares in a licensed insurer which is incorporated in Singapore.

Information on Beneficial Interests in Voting Shares

The MAS has the power to require a licensed insurer that is incorporated in Singapore to obtain from any shareholder of the insurer, and to send to the MAS, information (a) as to whether that shareholder holds any voting shares in the insurer as beneficial owner or as trustee; and (b) if such shareholder holds them as trustee, to indicate, as far as he/she can, the persons for whom he/she holds them (either by name or by other particulars sufficient to enable those persons to be identified) and the nature of their interests.

Appointment of Chief Executive, Deputy Chief Executive and Directors

Before appointing a person as its chief executive, deputy chief executive, director or chairman of its board of directors, a licensed insurer incorporated or established in Singapore must satisfy the MAS that such person is a fit and proper person to be so appointed and obtain the approval of the MAS for such appointment.

Corporate Governance

Designated financial holding companies and direct insurers that are incorporated in Singapore are subject to the MAS Guidelines on Corporate Governance for Banks, Financial Holding Companies and Direct Insurers which are incorporated in Singapore. These guidelines provide guidance on best practices that certain financial institutions, including designated financial holding companies and direct insurers that are incorporated in Singapore, should strive to achieve in relation to their corporate governance. The guidelines in Annex 1 thereto comprise the Code of Corporate Governance 2012 for companies listed on the SGX-ST and supplementary principles and guidelines added by the MAS to take into account the unique characteristics of the business of, among other things, insurance. The MAS expects all financial institutions to observe the guidelines in Annex 1 to the fullest extent possible. Financial institutions which are not listed on the SGX-ST should disclose their corporate governance practices and explain deviations from the guidelines on their websites.

In addition, all direct insurers which are incorporated in Singapore (other than marine mutual insurers) are subject to the Insurance (Corporate Governance) Regulations 2013. Among other things, these regulations require an insurer which is established or incorporated in Singapore and in the case of a direct composite insurer, which has (A) total assets of at least S$5 billion or its equivalent in any foreign currency or (B) for its general business, gross premiums of at least S$500 million or its equivalent in any foreign currency in its insurance funds and income and outgoings of the operations of all its branches located outside Singapore (a "**Tier 1 insurer**") to, subject to certain exceptions, have a board of directors comprising at least a majority of directors who are "independent directors", establish various committees with prescribed responsibilities, and obtain the MAS's prior approval for the appointment of the members of the nominating committee, chief financial officer and chief risk officer. "Independent directors" are directors who are independent from any management and business relationship with the insurer and from any substantial shareholder of the insurer and who have not served on the board of directors of the insurer for a continuous period of nine years or longer. Singlife Singapore is a Tier 2 insurer. Aviva Singapore is a Tier 1 insurer. A designated financial holding company of one or more licensed insurers is subject to the same requirements.

Priority of Liabilities in Winding Up

In the event of the winding up of a licensed insurer, section 49FR of the Insurance Act provides that, where a licensed insurer becomes unable to meet its obligations or becomes insolvent, its assets shall, subject to section 17(11) of the Insurance Act, be available to meet its liabilities in Singapore specified in section 49FR(3) of the Insurance Act (as set out in sub-paragraphs (i) to (v) below) ahead of other unsecured liabilities of the insurer, other than preferential debts specified under section 203(1) of the Insolvency, Restructuring and Dissolution Act 2018. (Section 17(11) of the Insurance Act provides that in a winding up, any part of an insurance fund remaining after meeting the liabilities and expenses to which the fund is applicable may be dealt with as if it did not form part of that fund, except that where any other insurance fund is in deficit, the surplus must first be applied to make good that deficit.):

(i) firstly, any levy due and payable by the licensed insurer under the DIPOPS Act;

(ii) secondly, protected liabilities incurred by the licensed insurer, up to the amount paid or payable out of any of the PPF Funds by SDIC under the DIPOPS Act in respect of such protected liabilities and, if applicable, the amount paid or payable out of any of the PPF Funds by SDIC under the DIPOPS Act to fund any transfer or run-off of the business of the licensed insurer or the termination of insured policies issued by the licensed insurer;

(iii) thirdly, any liabilities incurred by the licensed insurer in respect of direct policies which are not protected under the DIPOPS Act;

(iv) fourthly, any liabilities incurred by the licensed insurer in respect of reinsurance policies; and

(v) fifthly, any sum claimed by the trustee of a resolution fund (within the meaning of section 98 of the MAS Act) from the licensed insurer under section 103, 104, 105 or 106 of the MAS Act.

As between liabilities of the same class referred to in sub-paragraphs (i) to (v) above, such liabilities shall rank equally between themselves and shall be paid in full unless the assets of the insurer are insufficient to meet them in which case they shall abate in equal proportions between themselves.

Financial Advisers

Licences held by Aviva Financial Advisers Pte Ltd and Professional Investment Advisory Services Pte Ltd

Each of Aviva Financial Advisers Pte Ltd and Professional Investment Advisory Services Pte Ltd is a licensed financial adviser under the Financial Advisers Act. Each of Aviva Financial Advisers Pte Ltd and Professional Investment Advisory Services Pte Ltd holds a licence to undertake: (a) advising others (other than advising on corporate finance within the meaning of the SFA, either directly, through publications or writings, and whether in electronic, print or other form concerning collective investment schemes, securities (each within the meaning of the SFA) and FAA life policies; (b) advising others by issuing or promulgating research analyses or research reports, concerning collective investment schemes, securities (each within the meaning of the SFA) and FAA life policies; and (c) arranging of any contract of insurance in respect of FAA life policies.

Licensed financial advisers in Singapore must pay a prescribed annual fee to the MAS.

Exempt Status of Aviva Financial Advisers Pte Ltd and Professional Investment Advisory Services Pte Ltd

Exempt insurance brokers

As financial advisers licensed under the Financial Advisers Act, each of Aviva Financial Advisers Pte Ltd and Professional Investment Advisory Services Pte Ltd, is exempt from the requirement to hold an insurance broker's licence under Section 35ZN(1)(c) of the Insurance Act. As an exempt insurance broker, each of Aviva Financial Advisers Pte Ltd and Professional Investment Advisory Services Pte Ltd is subject to certain conduct of business and other requirements applicable under the Insurance Act and its related regulations, notices, guidelines, practice notes and circulars.

Supervisory Powers of the Monetary Authority of Singapore

Under the Financial Advisers Act, the MAS has, among other things, the power to impose conditions on a licensed financial adviser, and may add to, vary or revoke any existing conditions of its licence. In addition, the MAS may issue such directions as it may consider necessary for carrying into effect the objects of the Financial Advisers Act and may at any time vary, rescind or revoke any such directions. The MAS may also issue such directions to an financial adviser as it may consider necessary regarding the procedure for the conduct of disciplinary control of the financial adviser, where, among other things, it is satisfied that the business of the financial adviser is being carried on in a manner likely to be detrimental to the clients of the financial adviser or contrary to the interests of the public. The MAS is also empowered to revoke or suspend the licence of an financial adviser on certain grounds.

Minimum Financial Requirements, Continuing Financial Requirements and Professional Indemnity Insurance

A financial adviser is required at all times to maintain a minimum level of paid-up ordinary share capital as determined by regulation 15 of the Financial Advisers Regulations (Reg 2). A licensed financial adviser that carries on business only in the limits of the licensed activities open to Aviva Financial Advisers Pte Ltd and Professional Investment Advisory Services Pte Ltd is required to have minimum paid-up ordinary share capital of S$150,000.

A financial adviser shall at all times maintain a net asset value of not less than one-quarter of its relevant annual expenditure of the immediately preceding financial year; or three-quarters of the minimum paid-up capital required (being S$150,000 as stated in the preceding paragraph), whichever is the higher.

A financial adviser shall have in force a professional indemnity insurance policy, the cover of which shall be an amount of not less than S$500,000, under which the deductible allowed shall be not more than 20% of the net asset value of the financial adviser as at the end of its immediately preceding financial year.

Market Conduct Standards

The Financial Advisers (Remuneration) Regulations 2015, which came into force on 1 January 2016, set out certain requirements in connection with the payment of remuneration in relation to the provision of any financial advisory service in connection with any investment product, or the sale of any investment product following the provision of any financial advisory service.

The MAS Notice FAA-N19 on Distribution of Direct Purchase Insurance Products also imposes certain requirements on the distribution of direct purchase insurance products and the safeguards which should be implemented by the financial advisers, provision of minimum product information, setting up of avenues to handle general queries, complaints and claims (such as phone or email helplines), implementation of internal policies and processes and control systems and procedures to ensure that its customer service officers act within their remit as well as stipulating the roles and responsibilities of its representatives or customer service officers in a manner that is clear, adequate and neither false nor misleading. The MAS Guidelines FAA-G04 on Standards of Conduct for Financial Advisers and Representatives set out the standards of conduct expected of financial advisers and their representatives, so as to help foster professional standards and enhance confidence in the financial services industry. The MAS Guidelines FSG-G02 on Standards of Conduct for Marketing and Distribution Activities by Financial Institutions set out the roles and responsibilities of Board and senior management, and safeguards that FIs should put in place to address market conduct risks when marketing financial products and services to retail customers at retailers and public places. The MAS Guidelines FAA-G11 on Fair Dealing - Board and Senior Management Responsibilities for Delivering Fair Dealing Outcomes to Customers set out the: (a) responsibilities of the Board and Senior Management in delivering fair outcomes to customers; (b) best practices for the selection, marketing and distribution of investment products and the provision of advice for these products; (c) responsibilities for after-sales services and complaints handling; (d) explanation of the fair dealing outcomes and why each outcome is important; (e) key issues, illustrations of good and poor practices, and self-assessment questions for each outcome.

The MAS Notice 120 on Disclosure and Advisory Process Requirements For Accident and Health Insurance Products sets out mandatory requirements and best practice standards on the disclosure of information and provision of advice for accident and health policies, and life policies with accident and health benefits, including relating to, among other things the marketing material used by the financial adviser, carrying out of know-your client procedures, needs analysis for its clients and the requirement for proper documentation and record keeping and minimum information to be included in its product summaries, proposal forms, acceptance letters, conditional letters of offer, premium notification letters, termination letters, claims settlement letters and other standardised disclosures. The MAS Guidelines FAA-G18 on Design of Advisory and Sales Forms set out how financial advisers can adopt a customer-centric approach that uses clear and concise language, presents information in a reader-friendly manner, and incorporates an efficient design.

The MAS Notice FAA-N03 on Information to Clients and Product Information Disclosure sets out the general principles that apply to all disclosures by a financial adviser to its client, including with respect to: (a) general information about the financial adviser and regulatory status of a representative; (b) remuneration of the financial adviser; (c) conflicts of interest (if any, arising from any connection to or association with any product provider); (d) key features, benefits and risks of designated investment products; (e) illustration of past and future performance of designated investment products; and (f) use of marketing materials. It sets out the general principles that the all product information disclosures and information given to clients should be clear, adequate and neither false nor misleading.

The MAS Notice FAA-N16 on Recommendations on Investment Products sets out the standards to be maintained by financial advisers and representatives when making recommendations on investment products, including assessing a customer's knowledge and experience in complex products. These requirements cover the following aspects: (a) know your client (obtaining information about the client's financial objectives, employment status, financial commitments and current investment portfolio); (b) customer knowledge assessment (transactions involving unlisted investment products, conducting customer account reviews); (c) needs analysis (to determine suitability of the of the products based on the client's profile); and (d) documentation and record keeping (information regarding the client's investment objectives, financial situation and particular needs).

The MAS Notice FAA-N11 on Dual Currency Investments sets out requirements relating to: (a) prohibition against the use of terms "Deposit" and "Structured Deposit" in connection with any dual currency investment; (b) disclosure of additional product information (including currency options, early termination provisions and foreign exchange control restrictions); (c) provision of risk warnings to clients (including the prescribed text);

and (d) observance of the provisions in the guidelines on structured deposits. The MAS Notice FAA-N15 on Cancellation Period of Unlisted Debentures sets out the standards, disclosure obligations and explanations to clients in relation to the sale and cancellation of an unlisted debenture.

The MAS Notice FAA-N02 on Appointment and Use of Introducers by Financial Advisers sets out the standards to be maintained with respect to the appointment and use of persons carrying out introducing activities, including: (a) disclosure by introducers (including regarding remuneration); (b) provision of script for use by introducers (including information required under the Financial Advisers Regulations (Reg 2), regarding certain factual information regarding the financial adviser and the investment products); and (c) prohibition on handling of client's money or property.

The MAS Notice FAA-N20 on Requirements for the Remuneration Framework for Representatives and Supervisors ("**Balanced Scorecard Framework**") and Independent Sales Audit Unit (and the Guidelines on Notice FAA-N20 being FAA-G14) sets out the requirements, specifically the design and operation of the Balanced Scorecard Framework, and the roles and responsibilities of the independent sales audit unit, that financial advisers must put in place in the remuneration structures for their representatives and supervisors, including requirements relating to record keeping, provision of balance scorecard performance record to representatives and supervisors and submission of reports to the MAS. Additionally, the MAS Notice FAA-N14 on Reporting of Misconduct of Representatives by Financial Advisers sets out the responsibilities and reporting requirements of financial advisers for misconduct committed by their representatives, including the : (a) scope of reportable misconduct; (b) relevant information to include in the report; (c) conduct of internal investigations and record keeping; and (d) disciplinary action taken.

The MAS Notice 117 on Training and Competency Requirement: Health Insurance sets out minimum examination requirements for health insurance, and continuing professional development requirements in respect of shield plans. The MAS Notice FAA-N13 on Minimum Entry and Examination Requirements for Representatives of Licensed Financial Advisers and Exempt Financial Advisers sets out the following requirements for appointed representatives: (a) minimum entry requirements; (b) application of the Capital Markets and Financial Advisory Services (CMFAS) examination requirements; (c) circumstances under which the CMFAS examination requirements do not apply; (d) obligations of licensed financial advisers and exempt financial advisers to maintain a register on the representatives' compliance with the CMFAS examination requirements; and (e) continuing professional development requirements. The MAS Notice FAA-N12 on Entry Requirements of a Provisional Representative sets out the minimum entry requirements, such as regulatory status, prior experience and qualifications, and the validity period of such appointments.

Risk Management and Fit and Proper Person

Broadly, the MAS has issued risk management guidelines applicable to financial advisers and to financial institutions generally.

In addition to the MAS Technology Risk Management Guidelines, the MAS Notice FAA-N18 on Technology Risk Management sets out requirements for a high level of reliability, availability and recoverability of critical IT systems and for financial advisers to implement IT controls to protect customer information from unauthorised access or disclosure, including relating to threshold for unscheduled downtime, recovery time objective, timeline for notification to the MAS and timeline for submission of root cause and impact analysis report to the MAS and implementation of IT controls to prevent unauthorised access to customer information.

The MAS Notice FAA-N21 on Cyber Hygiene sets out cyber security requirements on securing administrative accounts, applying security patching, establishing baseline security standards, deploying network security devices, implementing anti-malware measures and strengthening user authentication.

Under the MAS Guidelines on Fit and Proper Criteria, the following persons, among others, are required to be "fit and proper" persons: a substantial shareholder of a licensed financial adviser, a chief executive officer, director or equivalent person of a licensed financial adviser and an exempt financial institution and its representatives in relation to activities regulated by the MAS under the Insurance Act and the SFA. Broadly, the MAS will take into account, among other things, the following criteria in considering whether a person is fit and proper: (i) honesty, integrity and reputation; (ii) competence and capability; and (iii) financial soundness.

Anti-money Laundering

Licensed financial advisers must comply with anti-money laundering and countering the financing of terrorism requirements under the MAS Notice FAA-N06 on Prevention of Money Laundering and Countering the

Financing of Terrorism – Financial Advisers. The MAS has also issued the MAS Guidelines to Notice FAA-N06 on Prevention of Money Laundering and Countering the Financing of Terrorism – Financial Advisers, which apply to licensed financial advisers.

The Notice and Guideline set out requirements for control measures required to identify and know their customers (including beneficial owners), to conduct regular account reviews, and to monitor and report any suspicious transaction in order to detect and deter the flow of illicit funds through Singapore's financial system including in respect of risk assessment and risk mitigation, customer due diligence and internal policies, compliance, audit and training.

Suspicious Transactions Reporting

Licensed financial advisers are obliged under the MAS Notice FAA-N17 to lodge with the MAS a report in the specified form, manner and within the specified time, upon discovery of any suspicious activities and incidents of fraud where such activities or incidents are material to the safety, soundness or reputation of the licensee.

Control of take-over of a licensed financial adviser

Approval from the MAS is required for the following obtaining effective control of a licensed financial adviser. A person shall, subject to certain exceptions, be regarded as obtaining effective control of a licensed financial adviser if the person alone or acting together with any connected person would:

(a) acquire or hold, directly or indirectly, 20% or more of the issued share capital of the licensed financial adviser; or

(b) control, directly or indirectly, 20% or more of the voting power in the licensed financial adviser.

The MAS may serve a written notice of objection on any person that has obtained or is required to obtain the MAS' approval under Section 57A of the Financial Advisers Act in certain specified circumstances, including but not limited to, the MAS being satisfied that its conditions have not been complied with, the person has provided false or misleading information to the MAS in its application for approval or the person is no longer a fit and proper person.

Appointment of Chief Executive and Directors

Before appointing a person as its chief executive or director, a licensed financial adviser must apply for and obtain the approval of the MAS for such appointment and satisfy the MAS that such person is a fit and proper person to be so appointed.

Capital Markets Services Licensees

Licences held by Navigator Instrument Services Limited

Navigator Instrument Services Limited is a capital markets services licensee under the SFA. Navigator Instrument Services Limited holds a licence to carry on the business of dealing in capital markets products concerning collective investment schemes (within the meaning of the SFA) and providing custodial services.

A capital markets services licensee in Singapore must pay a prescribed annual fee to the MAS.

Exempt Status of Navigator Instrument Services Limited

Exempt financial adviser

As a capital markets services licensee under the SFA, Navigator Instrument Services Limited is exempt from the requirement to hold a financial adviser's licence under Section 23(1)(d) of the Financial Advisers Act. Navigator Instrument Services Limited has invoked the licensing exemption in respect of: (a) advising others (other than advising on corporate finance within the meaning of the SFA, either directly, through publications or writings, and whether in electronic, print or other form concerning collective investment schemes (within the meaning of the SFA) and securities; and (b) advising others by issuing or promulgating research analyses or research reports, concerning collective investment schemes and securities. As an exempt financial adviser, Navigator Instrument Services Limited is subject to certain conduct of business and other requirements applicable under the Financial Advisers Act and its related regulations, notices, guidelines, practice notes and circulars.

Supervisory Powers of the Monetary Authority of Singapore

Under the SFA, the MAS has, among other things, the power to impose conditions on a capital markets service licensee, and may add to, vary or revoke any existing conditions of its licence. In addition, the MAS may issue such directions as it may consider necessary for carrying into effect the objects of the SFA and may at any time vary, rescind or revoke any such directions. The MAS may also issue such directions to a capital markets services licensee as it may consider necessary or assume control of and manage such areas of the business of the capital markets services licensee as it may determine, or appoint one or more persons as statutory manager to do so, where, among other things, the capital markets services licensee is or is likely to become insolvent or the MAS is of the view that the capital markets services licensee has contravened any of the provisions of the SFA or that the MAS considers it in the public interest to do so.

The MAS is also empowered to revoke or suspend the licence of capital markets services licensees on certain grounds.

Capital Adequacy Requirements for Capital Markets Services Licensees

The MAS Notice SFA 04-N13 on Risk Based Capital Adequacy Requirements for Holders of Capital Markets Services Licences sets out the methodology for calculation of financial resources or adjusted net head office funds, whichever is applicable; and total risk requirements.

Regulation of Products - Sales of investment products and disclosures to customers

The MAS Notice SFA 04-N12 on Sale of Investment Products sets out requirements to conduct additional customer reviews or assessments for customers investing in specified investment products. The MAS Notice SFA 04-N16 on Execution of Customer's Orders sets out requirements for these financial institutions to have policies and procedures to place and execute customers' orders on the best available terms (also known as "Best Execution") to support fair outcomes for customers. The MAS Notice SFA 04-N15 on Risk Fact Sheet for Contracts for Differences sets out the requirements to provide a Risk Fact Sheet to and obtain acknowledgement from customers prior to the opening of a customer account to trade in contracts for differences.

The MAS Notice SFA 04-N09 on Minimum Entry and Examination Requirements for Representatives of Holders of Capital Markets Services licence and Exempt Financial Institutions under the SFA, which sets out the entry, examination and continuing education requirements for representatives, and the obligations of the capital markets licensees regarding their representatives. The MAS Notice SFA 04-N10 on Entry Requirements of a Provisional or Temporary Representative sets out how to qualify to be or appoint provisional and temporary representatives, which sets out minimum entry requirements, such as regulatory status, prior experience and qualifications, for individuals to be appointed as provisional or temporary representatives, as well as the validity period of such appointments for capital markets services licensees.

Risk Management and Fit and Proper Criteria

As noted above, the MAS has issued risk management guidelines applicable to financial institutions generally which apply to capital markets services licensees.

The MAS Notice CMG-N02 on Technology Risk Management sets out requirements for a high level of reliability, availability and recoverability of critical IT systems and for capital markets licensees to implement IT controls to protect customer information from unauthorised access or disclosure. Capital markets services licensees must have a framework and process in place to identify critical systems and to make all reasonable effort to maintain high availability for critical systems, to establish a recovery time objective of not more than four hours for each critical system, to notify the MAS of a system malfunction or IT security incident, which has a severe and widespread impact on the capital markets services licensee's operations or materially impacts its services to its customers, to submit a root cause and impact analysis report to the MAS and to implement IT controls to protect customer information from unauthorised access or disclosure. Capital markets services licensees must also comply with the MAS Technology Risk Management Guidelines.

The MAS Notice CMG-N03 on Cyber Hygiene for capital markets entities sets out cyber security requirements on securing administrative accounts, applying security patching, establishing baseline security standards, deploying network security devices, implementing anti-malware measures and strengthening user authentication.

Under the MAS Guidelines on Fit and Proper Criteria, the following persons, among others, are required to be "fit and proper" persons: a substantial shareholder of a holder of a capital markets services licence, a holder of a capital markets services licence, an appointed, provisional or temporary representative (as defined under the SFA) of a holder of a capital markets services licence, a chief executive officer, director or equivalent person of a holder of a capital markets services licence and an exempt financial institution and its representatives in relation to activities regulated by the MAS under the Financial Advisers Act and the Insurance Act. Broadly, the MAS will take into account, among other things, the following criteria in considering whether a person is fit and proper: (i) honesty, integrity and reputation; (ii) competence and capability; and (iii) financial soundness.

Anti-Money Laundering

Capital markets services licensees must comply with anti-money laundering and countering the financing of terrorism (AML/CFT) requirements under the MAS Notice SFA 04-N02 to Capital Markets Intermediaries on Prevention of Money Laundering and Countering the Financing of Terrorism and relevant guidelines. The AML/CFT requirements include directions on risk assessment and risk mitigation, customer due diligence, third party reliance, correspondent accounts, record keeping, suspicious transaction reporting, internal policies, compliance, audit and training.

Suspicious Transactions Reporting

The MAS Notice CMG-N01 on Reporting of Suspicious Activities and Incidents of Fraud requires capital markets services licensees to lodge with the MAS a report in the specified form, manner and within the specified time, upon discovery of any suspicious activities and incidents of fraud where such activities or incidents are material to the safety, soundness or reputation of the capital markets services licensee.

Audit / Regulatory Returns Requirements

The SFA provides that a capital markets services licensee must submit to the MAS such reports or returns relating to the licensee's business in such form, manner and frequency as the MAS may specify by notice in writing.

Further, the MAS Notice SFA 04-N04 on Lending of Singapore Dollar to Non-Resident Financial Institutions for Holders of Capital Markets Services Licence governs the lending of Singapore dollar by capital markets services licensees to non-residential financial institutions. This notice requires capital markets services licensees to submit monthly returns to MAS detailing the aggregate of such lending.

Control of take-over of a capital markets services licensee

Approval from the MAS is required for the following obtaining effective control of a capital markets services licensee. A person shall, subject to certain exceptions, be regarded as obtaining effective control of a capital markets services licensee if the person alone or acting together with any connected person would:

(a) acquire or hold, directly or indirectly, 20% or more of the issued share capital of the capital markets services licensee; or

(b) control, directly or indirectly, 20% or more of the voting power in the capital markets services licensee.

The MAS may serve a written notice of objection on any person that has obtained or is required to obtain the MAS' approval under Section 97A of the SFA in certain specified circumstances, including but not limited to, the MAS being satisfied that its conditions have not been complied with, the person has provided false or misleading information to the MAS in its application for approval or the person is no longer a fit and proper person.

Appointment of Chief Executive Officer and Directors

Before appointing a person as its chief executive officer or director a capital markets services licensee must apply for and obtain the approval of the MAS for such appointment(s) under section 96 of the SFA and satisfy the MAS that such persons are a fit and proper to be appointed.

Payment Service Providers

Licences held by Singlife Singapore

Singlife Singapore is licensed by the MAS as a major payment institution under the Payment Services Act specifically for the payment service of cross border payment transfer. Singlife Singapore has also been granted an exemption from holding a licence under the Payment Services Act for the specific payment services of providing account issuance service, providing domestic money transfer service and providing inward cross-border money transfer service until 28 January 2021. Singlife Singapore has applied to add these payment services to its licence.

The MAS regulates and supervises payment service providers in Singapore. The payment services regulatory framework consists mainly of the Payment Services Act and its related regulations, as well as the relevant notices, guidelines, circulars and practice notes issued by the MAS.

A licensed payment service provider in Singapore must pay a prescribed annual fee to the MAS.

Supervisory Powers of the Monetary Authority of Singapore

Under the Payment Services Act, the MAS has, among other things, the power to impose conditions on a licensed payment service provider and may add to, vary or revoke any existing conditions of its licence. In addition, the MAS may issue such directions as it may consider necessary for carrying into effect the objects of the Payment Services Act and may at any such time vary, rescind or revoke any such directions. The MAS may also issue such directions to a payment service provider as it may consider necessary or assume control of and manage such areas of the business of the payment service provider as it may determine, or appoint one or more persons as statutory manager to do so, where, among other things, the payment service provider is or is likely to become insolvent or the MAS is of the view that the payment service provider has contravened any of the provisions of the Payment Services Act or that the MAS considers it in the public interest to do so.

The MAS is also empowered to cancel the licence of a payment service provider on certain grounds.

Security and Financial Requirements

A licensed payment service provider that is a major payment institution is required to maintain with the MAS security of a prescribed amount (or its equivalent in a foreign currency), for the due performance of its obligations to its customers. The current prescribed amount is S$100,000 (if the total value of all payment transactions accepted, processed or executed by the major payment institution in one month over the current calendar year does not exceed S$6 million) or S$200,000 in any other case.

A licensed payment service provider that is a major payment institution must also satisfy the prescribed financial requirements as set out in the Payment Services Regulations 2019. Currently, the prescribed financial requirements for a major payment institution incorporated in Singapore is a base capital of not less than S$250,000 while its licence is in force.

Notice on Conduct

The MAS Notice PSN07 sets out certain requirements in relation to the conduct requirements applicable to licensed payment service providers including (but not limited to) the obligations to keep records of transactions, issuance of receipts, transmission of money, display of exchange rate and fees, exchange rates to be applied where currency in which money is safeguarded is different from the currency received by the licensed payment service provider.

Risk Management and Fit and Proper Person

Broadly, the MAS has issued risk management guidelines applicable to payment service providers and to financial institutions generally.

The MAS Technology Risk Management Guidelines set out risk management principles and best practice standards to guide financial institutions (including major payment institutions) in respect of (a) establishing a sound and robust technology risk management framework, (b) strengthening system security, reliability, resiliency, and recoverability, and (c) deploying strong authentication to protect customer data, transactions and systems. Senior officers who have direct knowledge of a financial institution's information systems and operations should complete a prescribed compliance checklist each year. The MAS has also issued circulars on particular aspects of technology risk management.

Under the MAS Guidelines on Fit and Proper Criteria, the following persons, among others, are required to be "fit and proper" persons: a director of a licensee under the Payment Services Act, a chief executive officer or deputy chief executive officer of a licensee, the chief financial officer of a licensee, the Head of Treasury of a licensee, (and any other officer having responsibilities or functions similar to the abovementioned persons) an employee of a licensee, a partner of the licensee, a person having control of the licensee and an exempt payment service provider in relation to activities regulated by the MAS. Broadly, the MAS will take into account, among other things, the following criteria in considering whether a person is fit and proper: (i) honesty, integrity and reputation; (ii) competence and capability; and (iii) financial soundness.

Anti-money Laundering

Licensed payment service providers (for the specified payment services of account issuance service, domestic money transfer service, cross-border money transfer service and/or money-changing service) must comply with anti-money laundering and countering the financing of terrorism requirements under the MAS Notice PSN01 on Prevention of Money Laundering and Countering the Financing of Terrorism – Holders of Payment Services Licence (Specific Payment Services). The MAS has also issued the MAS Guidelines to Notice PSN01 on Prevention of Money Laundering and Countering the Financing of Terrorism – Specified Payment Services, which apply to licensed payment service providers.

The Notice and Guideline reiterate Singapore's commitment to safeguard its financial system from being used as a haven to harbour illegitimate funds or as a conduit to disguise the flow of such funds, and further elaborate on the role of financial institutions in preserving the integrity of the financial system.

Suspicious Transactions Reporting

Licensed payment service providers are obliged under the MAS Notice PSN03 to lodge with the MAS a report in the specified form, manner and within the specified time, upon discovery of any suspicious activities and incidents of fraud where such activities or incidents are material to the safety, soundness or reputation of the licensee.

Audit/ Regulatory Returns Requirements

The Payment Services Act provides that a licensed payment service provider must submit to the MAS such reports or returns relating to the licensee's business in such form, manner and frequency as the MAS may specify by notice in writing.

The MAS Notice PSN04 sets forth the various regulatory returns that need to be submitted and prescribes the form in which the relevant returns are to be made.

A licensed payment service provider is required to file with MAS, all applicable forms (including all applicable annexes to such forms) and documents as specified in MAS Notice PSN04, in the form and manner specified in the Notice.

A licensed insurer is required to file with MAS, all applicable forms (including all applicable annexes to such forms) and documents as specified in the relevant appendix of MAS Notice 129, in the form and manner specified in such appendix.

In addition, a licensed service provider must on an annual basis and at its own expense, appoint and auditor. A report of an audit on the licensee needs to be submitted to the MAS in the prescribed Form not later than 6 months after the end of the financial year in respect of which the audit is conducted.

Control of shareholding in a licensed payment service provider

A person must not become a 20% controller of a licensed payment service provider without first applying for and obtaining the approval of the MAS under section 28 of the Payment Services Act.

The MAS may serve a written notice of objection on any person that has obtained or is required to obtain the MAS' approval under Section 28 of the Payment Services Act in certain specified circumstances, including but not limited to, the MAS being satisfied that its conditions have not been complied with, it is no longer in the public interest to allow the person to continue to be a 20% controller, the person has provided false or misleading information to the MAS in its application for approval or the person is no longer a fit and proper person.

Appointment of Chief Executive and Directors

Before appointing a person as its chief executive or director, a licensed payment service provider incorporated in Singapore must apply for and obtain the approval of the MAS for such appointment and satisfy the MAS that such person is a fit and proper person to be so appointed.

Financial Holding Companies

It is expected that the Issuer will be designated as a financial holding company by the MAS following the completion of the Acquisition and become subject to supervision by the MAS. As with all financial institutions in Singapore, the MAS may impose such further conditions as it may determine on any entity designated as a financial holding company, including with regard to the approach to assessment of solvency and capital adequacy of the consolidated group. Given the Issuer's ownership of Aviva Singapore, it is expected that the MAS will apply analogous / similar requirements relating to a Tier 1 insurer and prescribe similar capital adequacy requirements and corporate governance requirements. The Issuer is expected to be required to satisfy the MAS that any prospective chief executive, deputy chief executive, director or chairman of its board of directors is a fit and proper person to be so appointed and obtain the approval of the MAS for such appointment. See "*Insurance Companies*" above, particularly the sub-paragraphs entitled "*—Paid-up Capital Requirement, Fund Solvency Requirement and Capital Adequacy Requirement*", "*—Appointment of Chief Executive, Deputy Chief Executive and Directors*" and "*—Corporate Governance*".

Resolution Powers of the MAS with Respect to Financial Institutions

Under the MAS Act the Insurance Act, the SFA and the Payment Services Act, the MAS has resolution powers in respect of a financial institution in Singapore, including all pertinent financial institutions (which includes a designated financial holding company, licensed insurer, financial adviser, capital markets services licensee and payment service provider). Broadly speaking, the MAS has powers to (amongst other things):

(a) impose moratoriums;

(b) apply for court orders against winding-up or judicial management of the financial institution, against commencement or continuance of proceedings by or against the financial institution in respect of any business of the financial institution against commencement or continuance of execution, distress or other legal processes against any property of the financial institution, or against enforcement of security;

(c) apply to court for the winding-up of the financial institution;

(d) order compulsory transfers of business or transfers of shares;

(e) order compulsory restructurings of share capital;

(f) temporarily stay termination rights of counterparties;

(g) impose requirements relating to recovery and resolution planning; and

(h) give directions to significant associated entities of the financial institution.

In addition, the MAS has powers under the MAS Act to assume control of designated financial holding companies such as the Issuer, and, separately, under the Insurance Act to assume control of a financial institution. Under Singapore's resolution regime for financial institutions, there are also provisions for bail-in, cross-border recognition of resolution actions, creditor safeguards in the form of a creditor compensation framework and resolution funding. The entities subject to the statutory bail-in powers of the MAS are currently limited to Singapore-incorporated banks and Singapore incorporated bank holding companies. There is currently no statutory bail-in regime for Singapore insurers, financial adviser, capital markets services licensees or payment service providers.

The MAS Act also includes the following stays in connection with resolution proceedings:

(a) section 83 of the MAS Act provides that in relation to a contract entered into by:

(i) a pertinent financial institution (which includes a licensed insurer, financial adviser, capital markets services licensee and payment service provider) that is subject to a resolution measure; or

(ii) an entity that is part of the pertinent financial institution's group, where the pertinent financial institution is the subject of a resolution measure ("resolution measure" can also include a determination by the MAS that a foreign resolution action be recognised in whole or in part) and the obligations of the entity under the contract are guaranteed or otherwise supported by the pertinent financial institution,

and where all the substantive obligations of the contract continue to be performed by the parties to the contract, the resolution measure and any event directly linked to it will be disregarded in determining the applicability of any termination rights, and any exercise of a termination right on the basis of the resolution measure or linked event will have no effect.

This essentially has the effect of preventing parties from terminating such a contract on the basis of the occurrence of a resolution measure or events which are directly linked to resolution; and

(b) section 84 of the MAS Act gives the MAS a right to temporarily suspend termination rights for contracts where one of the parties is:

(i) a pertinent financial institution that is the subject or proposed subject of a Singapore resolution measure;

(ii) a pertinent financial institution which is the subject of a foreign resolution or for which the foreign resolution authority has informed the MAS that there are grounds for carrying out such resolution; or

(iii) an entity that is part of the same group of companies as that of a pertinent financial institution where: (A) the pertinent financial institution is the subject or proposed subject of a resolution measure; (B) the contract has a termination right that is exercisable if the pertinent financial institution becomes insolvent or is in a certain financial condition; and the obligations of the entity under the contract are guaranteed or otherwise supported by the pertinent financial institution.

The suspension does not affect termination rights under the contract which become exercisable for a breach of a basic substantive obligation only. "**Basic substantive obligation**" means, in relation to a contract, an obligation provided by the contract for payment, delivery or the provision of collateral.

If the contract is not a reinsurance contract, the suspension must expire no later than the same time on the second business day after it takes effect. If the contract is a reinsurance contract, the suspension must expire no later than the time and date to be prescribed in regulations.

Certain persons are excluded from section 84 under regulation 27 of the Monetary Authority of Singapore (Resolution of Financial Institutions) Regulations 2018. The stay under section 84 does not affect a termination right under a contract between a pertinent financial institution on one hand and a central bank of a country or territory outside Singapore, an operator or a settlement institution of a designated system under the Payment and Settlement Systems (Finality and Netting) Act (Chapter 231) of Singapore, and an approved or a recognised clearing house or a depository under the SFA.

Under sections 42 and 43 of the MAS Act, MAS may issue a notice to pertinent financial institutions (which include licensed insurers, financial advisers, capital markets services licensees and payment service providers) to prepare recovery and resolution plans and issue a direction to a pertinent financial institution requiring it to comply with the requirements of such notice and the implementation of such plans.

Privacy Obligations

The Personal Data Protection Act 2012 (No. 26 of 2012) of Singapore ("**PDPA**") is the main Singapore legislation governing the protection of personal data (data, whether true or not, about an individual who can be identified from that data or other accessible information). To the extent the Group collects, uses and/or discloses personal data, it is subject to the requirements of the PDPA.

In this regard, the Life Insurance Association of Singapore has issued codes of practice relating to PDPA compliance of life insurers, and of representatives of direct life insurers.

The PDPA generally requires organisations, including Group, to give notice and obtain consents prior to collection, use or disclosure of personal data. Organisations are required to ensure they have obtained consents from customers for all purposes for which they intend to collect, use and/or disclose such customers' personal data – perhaps regular reassessment of customers' profiles and portfolios after the purchase of life insurance and related products and services, administration of the relevant policies, processing of claims under such policies and compliance with relevant regulations. The PDPA also imposes various obligations upon organisations that relate to, among other things, the access to, the correction of, the protection of, the retention of and the transfer of, personal data. Finally, the PDPA also requires organisations to check national "**Do-Not-Call**" registries prior to sending marketing messages addressed to Singapore telephone numbers through voice calls, fax or text messages.

The PDPA specifies various offences that apply for failure to comply with PDPA requirements, which could apply to both organisations and their officers, depending on the circumstances. The PDPA also created a regulatory agency, the Personal Data Protection Commission, which has the power to give directions to organisations for compliance with the PDPA, including the power to require an organisation to pay a penalty of up to S$1 million for breach of PDPA requirements. Apart from this, an individual has a right of private action against an organisation for breach of the data protection provisions of the PDPA if the individual suffers loss or damage directly as a result of a contravention of such provisions by an organisation. The relief which a court may grant to a successful claimant includes damages, injunctions and relief by way of declaration.

Capital Management and Capital Adequacy

The Group's capital policy is to ensure capital efficiency and the ability to self-generate sufficient level of surpluses within each fund to support existing and on-going development. The Group's capital management framework is to ensure the use of capital and generation of surplus through steering of the bonus distribution strategy, investment strategy, product pricing and development and risk management. Overall, it is pertinent to ensure that products are priced at a profitable basis to self-generate surpluses and bolster capital. To ensure this, minimum pricing standards have been set.

Each of Aviva Singapore and Singlife Singapore is required to comply with the regulatory capital requirements prescribed in the Insurance (Valuation and Capital) Regulations 2004 (as amended by the Insurance (Valuation and Capital) (Amendment) Regulations 2020) under the Insurance Act and the MAS Notice 133 – "Notice on Valuation and Capital Framework for Insurers" ("**MAS Notice 133**"). The Insurance (Valuation and Capital) (Amendment) Regulations 2020 and the MAS Notice 133 specify risk-based fund solvency requirements and capital adequacy requirements for a licensed insurer under a Risk-based Capital Framework regulation set by MAS ("**RBC 2**"), which was effective on 31 March 2020. Under RBC 2, amongst other things, insurance companies are required to satisfy a minimum capital adequacy ratio of 100.0%. Please refer to *"Supervision and Regulation—Paid-up Capital Requirement, Fund Solvency Requirement and Capital Adequacy Requirement"* for further details.

As at 30 September 2020, the RBC 2 capital adequacy ratio for Singlife Singapore was 210.2%, represented by available financial resources of approximately S$120.65 million and total risk requirement of S$57.40 million. As at 30 June 2020, the RBC 2 capital adequacy ratio for Aviva Singapore was 202.07%, represented by available financial resources of approximately S$3,042.56 million and total risk requirement of S$1,505.68 million. Both Aviva Singapore and Singlife Singapore thus have healthy capital position and sufficient financial resources well above the capital requirements under RBC 2.

It is expected that the Issuer will be designated as a financial holding company by the MAS following the completion of the Acquisition and become subject to supervision by the MAS. Following such designation, the MAS is expected to subject the Issuer to the application of MAS Notice 133 given the Issuer's ownership of Aviva Singapore (a Tier 1 insurer). The Group has a healthy capital position and has sufficient financial resources well above the capital requirements under RBC 2.

Further impact on the financial results of the Group may occur as its insurance subsidiaries continue to take asset-liability management actions permissible under the RBC 2 framework. This impact remains uncertain depending on the movements in interest rates and credit spreads.

Aviva plc worldwide group

From the Acquisition Completion Date, Aviva plc will indirectly hold a stake of more than 20% in the Issuer and thus indirectly in Aviva Singapore and Singlife. Aviva plc's indirect interest in each of Aviva Singapore and Singlife will be treated as a "participating interest" for the purpose of Aviva plc's worldwide group in respect of which the Prudential Regulation Authority of the United Kingdom is the lead supervisor. We do not expect that the Prudential Regulation Authority of the United Kingdom will seek to impose any direct supervision over the Issuer, Aviva Singapore or Singlife (or after the Merger, the resulting entity).

TAXATION

Singapore Taxation

*The statements below are general in nature and are based on certain aspects of current tax laws in Singapore and administrative guidelines and circulars issued by Inland Revenue Authority of Singapore (the "**IRAS**") and the MAS in force as at the date of this Offering Circular and are subject to any changes in such laws, administrative guidelines or circulars, or the interpretation of those laws, guidelines or circulars, occurring after such date, which changes could be made on a retroactive basis. These laws, guidelines and circulars are also subject to various interpretations and no assurance can be given that the relevant tax authorities or the courts will agree with the explanations or conclusions set out below. Neither these statements nor any other statements in this Offering Circular are intended or are to be regarded as advice on the tax position of any Noteholder or of any person acquiring, selling or otherwise dealing with the Notes or on any tax implications arising from the acquisition, sale or other dealings in respect of the Notes. The statements made herein do not purport to be a comprehensive or exhaustive description of all the tax considerations that may be relevant to a decision to subscribe for, purchase, own or dispose of the Notes and do not purport to deal with the tax consequences applicable to all categories of investors, some of which (such as dealers in securities or financial institutions in Singapore which have been granted the relevant financial sector incentive(s)) may be subject to special rules or tax rates. The statements should not be regarded as advice on the tax position of any person and should be treated with appropriate caution. The statements also do not consider any specific facts or circumstances that may apply to any particular purchaser. Noteholders and prospective holders of the Notes are advised to consult their own tax advisors as to the Singapore or other tax consequences of the acquisition, ownership of or disposal of the Notes, including, in particular, the effect of any foreign, state or local tax laws to which they are subject. It is emphasised that none of the Issuer, Aviva Singapore, Aviva Asia, Singlife Singapore, the Joint Lead Managers and Bookrunners and any other persons involved in the issue of the Notes accepts responsibility for any tax effects or liabilities resulting from the subscription for, purchase, holding or disposal of the Notes.*

Interest and Other Payments

Subject to the following paragraphs, under Section 12(6) of the ITA, the following payments are deemed to be derived from Singapore:

(a) any interest, commission, fee or any other payment in connection with any loan or indebtedness or with any arrangement, management, guarantee, or service relating to any loan or indebtedness which is (i) borne, directly or indirectly, by a person resident in Singapore or a permanent establishment in Singapore (except in respect of any business carried on outside Singapore through a permanent establishment outside Singapore or any immovable property situated outside Singapore) or (ii) deductible against any income accruing in or derived from Singapore; or

(b) any income derived from loans where the funds provided by such loans are brought into or used in Singapore.

Such payments, where made to a person not known to the paying party to be a resident in Singapore for tax purposes, are generally subject to withholding tax in Singapore. The rate at which tax is to be withheld for such payments (other than those subject to the 15 per cent. final withholding tax described below) to non-resident persons (other than non-resident individuals) is currently 17 per cent. The applicable rate for non-resident individuals is currently 22 per cent. However, if the payment is derived by a person not resident in Singapore otherwise than from any trade, business, profession or vocation carried on or exercised by such person in Singapore and is not effectively connected with any permanent establishment in Singapore of that person, the payment is subject to a final withholding tax of 15 per cent. The rate of 15 per cent. may be reduced by applicable tax treaties.

However, certain Singapore-sourced investment income derived by individuals from financial instruments is exempt from tax, including:

(a) interest from debt securities derived on or after 1 January 2004;

(b) discount income (not including discount income arising from secondary trading) from debt securities derived on or after 17 February 2006; and

(c) prepayment fee, redemption premium or break cost from debt securities derived on or after 15 February 2007, except where such income is derived through a partnership in Singapore or is derived from the carrying on of a trade, business or profession.

Qualifying Debt Securities Scheme

Each of Standard Chartered Bank (Singapore) Limited and DBS Bank Ltd. is a financial sector incentive (standard tier) company for the purposes of the ITA. As the Notes are issued on or before 31 December 2023 and more than half of the lead managers are either a financial sector incentive (capital market) company, a financial sector incentive (standard tier) company and/or a financial sector incentive (bond market) company, the Notes issued as debt securities would be qualifying debt securities for the purposes of the ITA, to which the following treatments shall apply:

(a) subject to certain prescribed conditions having been fulfilled (including the furnishing of a return on debt securities to the MAS for the Notes within such period as the relevant authorities may specify and such other particulars in connection with the Notes as the MAS may require, and the inclusion by the Issuer in all offering documents relating to the Notes of a statement to the effect that where interest, discount income, prepayment fee, redemption premium or break cost from the Notes is derived by a person who is not resident in Singapore and who carries on any operation in Singapore through a permanent establishment in Singapore, the tax exemption for qualifying debt securities shall not apply if the non-resident person acquires the Notes using funds from that person's operations through the Singapore permanent establishment), interest, discount income (not including discount income arising from secondary trading), prepayment fee, redemption premium and break cost (collectively, the "**Qualifying Income**") from the Notes derived by a holder who is not resident in Singapore and who (aa) does not have any permanent establishment in Singapore or (bb) carries on any operation in Singapore through a permanent establishment in Singapore but the funds used by that person to acquire the Notes are not obtained from such person's operation through a permanent establishment in Singapore, are exempt from Singapore tax;

(b) subject to certain conditions having been fulfilled (including the furnishing of a return on debt securities to the MAS in respect of the Notes within such period as the MAS may specify and such other particulars in connection with the Notes as the MAS may require), Qualifying Income from the Notes derived by any company or body of persons (as defined in the ITA) in Singapore is subject to income tax at a concessionary rate of 10 per cent. (except for holders of the relevant financial sector incentive(s) who may be taxed at different rates); and

(c) subject to:

    (i) the Issuer including in all offering documents relating to the Notes a statement to the effect that any person whose interest, discount income, prepayment fee, redemption premium or break cost derived from the Notes is not exempt from tax shall include such income in a return of income made under the ITA; and

    (ii) the furnishing to the MAS of a return on debt securities for the Notes within such period as the MAS may specify and such other particulars in connection with the Notes as the MAS may require,

    payments of Qualifying Income derived from the Notes are not subject to withholding of tax by the Issuer.

Where interest, discount income, prepayment fee, redemption premium or break cost is derived from any of the Notes by any person who (i) is not resident in Singapore and (ii) carries on any operations in Singapore through a permanent establishment in Singapore, the tax exemption available for qualifying debt securities (subject to certain conditions) under the ITA shall not apply if such person acquires such Notes using the funds and profits of such person's operations through a permanent establishment in Singapore. Any person whose interest, discount income, prepayment fee, redemption premium or break cost derived from the Notes is not exempt from tax (including for the reasons described above) shall include such income in a return of income made under the ITA.

However, notwithstanding the foregoing:

(a) if during the primary launch of the Notes, the Notes are issued to fewer than four persons and 50 per cent. or more of the issue of such Notes is beneficially held or funded, directly or indirectly, by related parties of the Issuer, such Notes would not qualify as "qualifying debt securities"; and

(b) even though the Notes are "qualifying debt securities", if at any time during the tenure of such Notes, 50 per cent. or more of the issue of such Notes is held beneficially or funded, directly or indirectly, by any related party(ies) of the Issuer, Qualifying Income derived from such Notes held by:

(i) any related party of the Issuer; or

(ii) any other person where the funds used by such person to acquire such Notes are obtained, directly or indirectly, from any related party of the Issuer,

shall not be eligible for the tax exemption or concessionary rate of tax as described above.

The term "**related party**", in relation to a person, means any other person who, directly or indirectly, controls that person, or is controlled, directly or indirectly, by that person, or where he and that other person, directly or indirectly, are under the control of a common person.

For the purposes of the ITA and this Singapore tax disclosure:

(a) **break cost** means any fee payable by the issuer of the securities on the early redemption of the securities, the amount of which is determined by any loss or liability incurred by the holder of the securities in connection with such redemption;

(b) **prepayment fee** means any fee payable by the issuer of the securities on the early redemption of the securities, the amount of which is determined by the terms of the issuance of the securities; and

(c) **redemption premium** means any premium payable by the issuer of the securities on the redemption of the securities upon their maturity.

Gains on disposal of Notes

Any gains considered to be in the nature of capital made from the sale of the Notes will not be taxable in Singapore. However, any gains derived by any person from the sale of the Notes which are gains from any trade, business, profession or vocation carried on by that person, if accruing in or derived from Singapore, may be taxable as such gains are considered revenue in nature.

Holders of the Notes who apply or are required to apply Singapore Financial Reporting Standard 39 ("**FRS 39**"), Financial Reporting Standard 109 - Financial Instruments ("**FRS 109**") or Singapore Financial Reporting Standard (International) 9 (Financial Instruments) ("**SFRS(I) 9**") (as the case may be) may for Singapore income tax purposes be required to recognise gains or losses (not being gains or losses in the nature of capital) on the Notes, irrespective of disposal, in accordance with FRS 39, FRS 109 or SFRS(I) 9 (as the case may be). Please see the section below on "*—Adoption of FRS 39, FRS 109 or SFRS(I) 9 Treatment for Singapore Income Tax Purposes*".

Adoption of FRS 39, FRS 109 or SFRS(I) 9 Treatment for Singapore income tax purposes

Subject to certain "opt-out" provisions, Section 34A of the ITA requires taxpayers who adopt or are required to adopt FRS 39 for financial reporting purposes to calculate their profit, loss or expense for Singapore income tax purposes in respect of financial instruments in accordance with FRS 39, subject to certain exceptions provided in that section. The IRAS has also issued a circular entitled "Income Tax Implications Arising from the Adoption of FRS 39 – Financial Instruments: Recognition and Measurement" to provide guidance on the Singapore income tax treatment of financial instruments.

FRS 109 or SFRS(I) 9 (as the case may be) is mandatorily effective for annual periods beginning on or after 1 January 2018, replacing FRS 39. Section 34AA of the ITA requires taxpayers who adopt or who are required to adopt FRS 109 or SFRS(I) 9 for financial reporting purposes to calculate their profit, loss or expense for Singapore income tax purposes in respect of financial instruments in accordance with FRS 109 or SFRS(I) 9 (as the case may be), subject to certain exceptions provided in that section. The IRAS has also issued a circular entitled "Income Tax: Income Tax Treatment Arising from Adoption of FRS 109 – Financial Instruments".

Holders of the Notes who may be subject to the tax treatment under the FRS 39 tax regime, FRS 109 tax regime or the SFRS(I) 9 tax regime should consult their own accounting and tax advisers regarding the Singapore income tax consequences of their acquisition, holding or disposal of the Notes.

Estate Duty

Singapore estate duty has been abolished with respect to all deaths occurring on or after 15 February 2008.

Additional Withholding Tax on Payments Made to Foreign Accounts

Pursuant to Sections 1471 through 1474 of the U.S. Internal Revenue Code of 1986, as amended (commonly referred to as "**FATCA**"), and subject to the proposed regulations discussed below, a non-U.S. financial institution ("**FFI**") may be required to withhold tax on all, or a portion of, payments made on the Notes. The Issuer may be treated as a FFI for this purpose. However, if the Notes are treated as debt for U.S. federal income tax purposes, payments on the Notes may be grandfathered from such withholding unless materially modified on or after the date that is six months after final U.S. Treasury Regulations defining the term "foreign passthru payment" are filed with the United States Federal Register. Under proposed regulations, any withholding on "foreign passthru payments" on Notes that are not otherwise grandfathered would apply to such payments made on or after the date that is two years after the date of publication in the United States Federal Register of applicable final regulations defining "foreign passthru payments". No such final regulations defining "foreign passthru payments" have been issued yet. The rules governing FATCA are subject to change, and the future application of FATCA to the Notes is uncertain. However, such withholding by a FFI may be required, among others, where (i) such FFI agrees to provide certain information on its account holders to the IRS (making such FFI a "participating FFI") and (ii)(a) the payee itself is an FFI but is not a participating FFI or does not provide information sufficient for the relevant participating FFI to determine whether the payee is subject to withholding under FATCA or (b) the payee is not a participating FFI and is not otherwise exempt from FATCA withholding. Singapore has an intergovernmental agreement with the United States to implement FATCA, which may alter the rules described herein, including the treatment of foreign passthru payments.

SUBSCRIPTION AND SALE

The Joint Lead Managers and Bookrunners have, pursuant to and subject to the terms and conditions set forth in the Subscription Agreement (the "**Subscription Agreement**") to be dated as of the date of this Offering Circular, agreed to subscribe or procure subscribers for S$550,000,000 principal amount of the Notes, subject to the provisions of the Subscription Agreement.

The Issuer will pay the Joint Lead Managers and Bookrunners a fee and will reimburse the Joint Lead Managers and Bookrunners in respect of certain of their expenses. The Issuer has also agreed to indemnify the Joint Lead Managers and Bookrunners against certain liabilities including liabilities under the Securities Act, and will contribute to payments that the Joint Lead Managers and Bookrunners may be required to make in respect thereof. The Subscription Agreement may be terminated in certain circumstances prior to the payment of the issue price to the Issuer.

Investors who purchase Notes from the Joint Lead Managers and Bookrunners may be required to pay stamp taxes and other charges in accordance with the laws and practices of the country of purchase in addition to the offering price set forth on the cover page of this Offering Circular.

The Joint Lead Managers and Bookrunners and their affiliates are full service financial institutions engaged in various activities, which may include trading, commercial and investment banking, financial advisory, investment management, investment research, principal investment, hedging, market making, brokerage and other financial and non-financial activities and services. The Joint Lead Managers and Bookrunners and their affiliates have, from time to time, engaged in, and may in the future engage in, investment banking, financing, private banking, commercial banking or financial consulting activities and other commercial dealings in the ordinary course of business with the Issuer and its respective affiliates. The Joint Lead Managers and Bookrunners have received and expects to continue to receive customary fees and commissions for these activities and dealings. In addition, in the ordinary course of business, the Joint Lead Managers and Bookrunners and their affiliates may trade the Issuer's securities, loans or other financial instruments or the securities, loans or other financial instruments of the Issuer's affiliates or derivatives relating to the foregoing for its and/or its affiliates' own account and/or for the accounts of customers, and may at any time hold a long or short position in such securities, loans or other financial instruments. Such investment and trading activities may involve or relate to securities, loans and/or instruments of the Issuer, and/or persons and entities with relationships with the Issuer and may also include swaps and other financial instruments entered into for hedging or currency conversion purposes in connection with the Issuer's obligations relating to the Notes. The Issuer's obligations under these transactions may be secured by cash or other collateral, if and to the extent permitted under the Notes and the Issuer's other obligations. The Joint Lead Managers and Bookrunners and their affiliates may also communicate independent investment recommendations, market colour or trading ideas and/or publish or express independent research views in respect of such assets, securities or instruments and may at any time hold, or recommend to clients that they should acquire, long and/or short positions in such assets, securities and instruments.

See "*Clearing and Settlement*" with respect to the settlement of any Notes issued.

Selling Restrictions

United States

The Notes have not been and will not be registered under the Securities Act and may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Accordingly, the Notes are being offered and sold only outside the United States in offshore transactions in reliance on Regulation S, and in compliance with Regulation S. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

Prohibition of sales to EEA and UK Retail Investors

The Notes have not been and will not be offered, sold or otherwise made available to any retail investor in the European Economic Area or in the United Kingdom. For the purposes of this provision:

(a) the expression retail investor means a person who is one (or more) of the following:

(i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, **MiFID II**); or

(ii) a customer within the meaning of Directive (EU) 2016/97 (as amended, the **Insurance Distribution Directive**), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or

(iii) not a qualified investor as defined in Regulation (EU) 2017/1129 (as amended, the **Prospectus Regulation**); and

(b) the expression an offer includes the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes.

United Kingdom

Each of the Joint Lead Managers and Bookrunners has represented and agreed that:

(a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Markets Act 2000 (FSMA)) received by it in connection with the issue or sale of any Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer; and

(b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Notes in, from or otherwise involving the United Kingdom.

Hong Kong

Each of the Joint Lead Managers and Bookrunners has represented and agreed that:

(a) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Notes other than (A) to "professional investors" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong (the SFO) and any rules made under the SFO or (B) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies (Winding Up and Miscellaneous Provision) Ordinance (Cap. 32) of Hong Kong (the C(WUMP)O) or which do not constitute an offer to the public within the meaning of the C(WUMP)O; and

(b) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Notes, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the SFO and any rules made under the SFO.

Japan

The Notes have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended; the **FIEA**) and the Lead Manager represents and agrees that it will not offer or sell any Notes, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (as defined under Item 5, Paragraph 1, Article 6 of the Foreign Exchange and Foreign Trade Act (Act No. 228 of 1949, as amended)), or to others for re-offering or resale, directly or indirectly, in Japan or to, or for the benefit of, a resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the FIEA and any other applicable laws, regulations and ministerial guidelines of Japan.

Singapore

Each of the Joint Lead Managers and Bookrunners has acknowledged that the Preliminary Offering Circular and the Offering Circular have not been registered as a prospectus with the MAS. Accordingly, and each of the Joint Lead Managers and Bookrunners has represented, warranted and agreed that it has not offered or sold any Notes or caused the Notes to be made the subject of an invitation for subscription or purchase and will not offer or sell any Notes or cause the Notes to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, the Preliminary Offering Circular or the Offering Circular or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Notes, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor (as defined in Section 4A of the Securities and Futures Act (Chapter 289) of Singapore, as modified or amended from time to time (the **SFA**)) pursuant to Section 274 of the SFA, (ii) to a relevant person (as defined in Section 275(2) the SFA) pursuant to Section 275(1) of the SFA or any person pursuant to Section 275(1A) of the SFA and in accordance with the conditions specified in Section 275 of the SFA, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Notes are subscribed or purchased under Section 275 of the SFA, by a relevant person which is:

(a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or

(b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities or securities-based derivatives contracts (each term as defined in Section 2(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Securities pursuant to an offer made under Section 275 of the SFA except:

(1) to an institutional investor or to a relevant person, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;

(2) where no consideration is or will be given for the transfer;

(3) where the transfer is by operation of law;

(4) as specified in Section 276(7) of the SFA; or

(5) as specified in Regulation 37A of the Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018.

CLEARING AND SETTLEMENT

The following is a summary of the rules and procedures of CDP, currently in effect, as they relate to clearing and settlement of transactions involving the Notes. The rules and procedures of these systems are subject to change at any time. None of the Issuer, Aviva Singapore, Aviva Asia, Singlife Singapore, the Joint Lead Managers and Bookrunners nor any party to the Agency Agreement will have any responsibility or liability for any aspect of the records relating to, or payments made on account of, beneficial ownership interests in the Notes held through the facilities the CDP or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

Registered Notes

The Issuer may make applications to CDP for acceptance in their respective book-entry systems in respect of the Notes to be represented by a Global Note. Each Global Note will have an ISIN and a Common Code. Investors in Notes may hold their interests in a Global Note only through CDP.

Individual Certificates

Registration of title to the Notes in a name other than a depositary or its nominee for CDP will be permitted only in the circumstances set forth in "*Summary of Provisions Relating to the Notes while in Global Form*". In such circumstances, the Issuer will cause sufficient individual definitive Notes to be executed and delivered to the Registrar for completion, authentication and despatch to the relevant Noteholder(s). A person having an interest in a Global Note must provide the Registrar with a written order containing instructions, and such other information as the Issuer and the Registrar may require, to complete, execute and deliver such individual definitive Notes.

Clearance and Settlement

The information set out below is subject to any change in, or reinterpretation of, the rules, regulations and procedures of CDP. The information in this section concerning CDP has been obtained from sources that the Issuer believes to be reliable, but neither the Issuer, the Joint Lead Managers and Bookrunners nor the Trustee takes any responsibility for the accuracy thereof. Investors wishing to use the facilities of CDP are advised to confirm the continued applicability of the rules, regulations and procedures of CDP. Neither the Issuer nor any other party to the Agency Agreement nor the Joint Lead Managers and Bookrunners will have any responsibility or liability for any aspect of the records relating to, or payments made on account of, beneficial ownership interests in the Notes held through the facilities of CDP or for maintaining, supervising or reviewing any records relating to, or payments made on account of, such beneficial ownership interests.

Clearance and Settlement under the Depository System

In respect of Notes which are accepted for clearance by CDP in Singapore, clearance will be effected through an electronic book-entry clearance and settlement system for the trading of debt securities ("**Depository System**") maintained by CDP. Notes that are to be listed on the SGX-ST may be cleared through CDP.

CDP, a wholly-owned subsidiary of Singapore Exchange Limited, is incorporated under the laws of Singapore and acts as a depository and clearing organisation. CDP holds securities for its accountholders and facilitates the clearance and settlement of securities transactions between accountholders through electronic book-entry changes in the securities accounts maintained by such accountholders with CDP.

In respect of Notes which are accepted for clearance by CDP, the entire issue of the Notes is to be held by CDP in the form of a Global Note for persons holding the Notes in securities accounts with CDP ("**Depositors**"). Delivery and transfer of the Notes between Depositors is by electronic book-entries in the records of CDP only, as reflected in the securities accounts of Depositors.

Settlement of over-the-counter trades in the Notes through the Depository System may be effected through securities sub-accounts held with corporate depositors ("**Depository Agents**"). Depositors holding the Notes in direct securities accounts with CDP, and who wish to trade the Notes through the Depository System, must transfer the Securities to a securities sub-account with a Depository Agent for trade settlement.

CDP is not involved in money settlement between the Depository Agents (or any other persons) as CDP is not a counterparty in the settlement of trades of debt securities. However, CDP will make payment of interest and repayment of principal on behalf of issuers of debt securities.

Although CDP has established procedures to facilitate transfer of interests in the Notes in global form among Depositors, it is under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued at any time. None of the Issuer, the CDP Paying Agent or any other agent will have the responsibility for the performance by CDP of its obligations under the rules and procedures governing its operations.

GENERAL INFORMATION

1. Application has been made for the listing and quotation of the Notes on the SGX-ST. The SGX-ST assumes no responsibility for the correctness of any of the statements made, opinions expressed or reports contained in this Offering Circular. Admission to the Official List of, and listing and quotation of the Notes on, the SGX-ST are not to be taken as an indication of the merits of the Issuer, Aviva Singapore, Aviva Asia, Singlife Singapore and their respective subsidiaries or any other associate company of Issuer, Aviva Singapore, Aviva Asia and Singlife Singapore. For so long as the Notes are listed on the SGX-ST and the rules of the SGX-ST so require, the Notes, if traded on the SGX-ST, will be traded in a minimum board lot size of S$200,000 (or its equivalent in foreign currencies). For so long as the Notes are listed on the SGX-ST and the rules of the SGX-ST so require, in the event that a Global Note is exchanged for definitive Notes, the Company has appointed The Bank of New York Mellon, Singapore Branch as the paying agent in Singapore, where the definitive Notes may be presented or surrendered for payment or redemption. In addition, in the event that a Global Note is exchanged for definitive notes, an announcement of such exchange will be made by or on behalf of the Company through the SGX-ST and such announcement will include all material information with respect to the delivery of the definitive Notes, including details of the paying agent in Singapore.

2. There has been no material adverse change in the financial position of the Issuer, Aviva Singapore, Aviva Asia and Singlife Singapore since 30 June 2020.

3. Each of the Issuer, Aviva Singapore, Aviva Asia and Singlife Singapore are not, and have not been, involved in any litigation or arbitration proceedings (including any such proceedings which are pending or threatened of which the each of the Issuer, Aviva Singapore, Aviva Asia and Singlife Singapore are aware) that may have, or have had during the 12 months preceding the date of this Offering Circular, a material adverse effect on the financial position of each of the Issuer, Aviva Singapore, Aviva Asia and Singlife Singapore and as of the date of this Offering Circular.

4. Only Notes evidenced by a Global Note have been accepted for clearance through CDP.

5. The Legal Entity Identifier (LEI) of the Issuer is 2549005ZUGHJ62CO4U86.

6. From the date of this Offering Circular and for so long as any Notes are outstanding, the following documents may be inspected free of charge during normal business hours on any weekday (except public holidays) at the corporate trust office of the Trustee (being at the date of this Offering Circular at One Temasek Avenue #02-01 Millenia Tower, Singapore 039192) and at the specified office of the CDP Paying Agent (being, at the date of this Offering Circular, at One Temasek Avenue #02-01 Millenia Tower, Singapore 039192):

   (i) the Trust Deed in respect of the Notes;

   (ii) the Agency Agreement in respect of the Notes;

   (iii) copies of the independent auditor's reports and/or the Group's published financial statements, if any, including the independent auditors reports set out in "*Index to Financial Statements*"; and

   (iv) a copy of this Offering Circular or any further Offering Circular and any supplementary Offering Circular.

7. The Issuer is a private company limited by shares incorporated on 17 July 2020 under the laws of the Republic of Singapore. The issued share capital of the Issuer is US$1 divided into 1 ordinary share of US$1 each. Its registered address is 83 Clemenceau Avenue #11-01 UE Square Singapore 239920. The directors of the Issuer are Raymond John Ferguson, Walter Mark de Oude, Chetan Singh, David Gelber, Dominic Picone and Nishit Piyush Majmudar. The directors can be contacted at the registered address of the Issuer. See "*Risk Factors—Board of Directors of the Issuer, Aviva Singapore and Singlife Singapore remains subject to prior approval of the MAS*" and "*Board of Directors*".

   The Issuer has obtained all necessary consents, approvals and authorisations in Singapore in connection with the Notes offering. The issuance of the Notes was approved by the Board of Directors of the Issuer on 13 November 2020.

8. Each of the Issuer, Aviva Singapore, Aviva Asia and Singlife Singapore accepts responsibility for the information contained in this Offering Circular. Each of the Issuer, Aviva Singapore, Aviva Asia and Singlife Singapore declares that, having taken all reasonable care to ensure that such is the case, the information contained in this Offering Circular is, to the best of its knowledge, in accordance with the facts and contains no omission likely to affect its import, as of the date hereof.

GLOSSARY

The following terms used in this Offering Circular have the meanings ascribed to them below (unless the context requires otherwise).

Definitions	
ABS	The Association of Banks in Singapore
Acquisition	The Aviva Acquisition and the Singlife Acquisition
Acquisition Agreements	The Aviva Acquisition Agreement and the Singlife Acquisition Agreement
Acquisition Completion Date	The date on which the Issuer will complete its acquisition of Aviva and Singlife Singapore under the Aviva Acquisition Agreement and the Singlife Acquisition Agreement, respectively
Acquisition Failure Event	The Acquisition Completion Date failing to occur by 24 February 2021
Acquisition Failure Event Redemption Amount	The amount payable by the Issuer to redeem the Notes following the occurrence of an Acquisition Failure Event
Acquisition Failure Event Redemption Date	15 business day after the occurrence of an Acquisition Failure Event
Additional Tier 1 Perpetual Securities	The subordinated unsecured perpetual capital securities in an aggregate principal amount of S$260 million to be issued by the Issuer to Aviva UK
APE	Annual premium equivalent
API	Application programming interface
Aviva	Aviva Singapore and Aviva Asia
Aviva Acquisition	The acquisition by the Issuer of all of the outstanding issued shares of Aviva Singapore and Aviva Asia pursuant to the Aviva Acquisition Agreement
Aviva Acquisition Agreement	The share purchase agreement dated 11 September 2020 entered into between the Issuer and Aviva UK
Aviva Acquisition Cash Purchase Price	The cash consideration payable by the Issuer in connection with the Aviva Acquisition pursuant to the Aviva Acquisition Agreement, being S$1,652.09 million
Aviva Asia	Aviva Asia Pte. Ltd.
Aviva Asia Acquisition Cash Purchase Price	The cash consideration payable by the Issuer for the issued and outstanding shares of Aviva Asia in connection with the Aviva Acquisition pursuant to the Aviva Acquisition Agreement, being S$8 million
Aviva Asia Financial Statements	The Aviva Asia Standalone Annual Financial Statements and the Aviva Asia Reviewed Financial Statements
Aviva Asia Reviewed Financial Statements	The unaudited interim condensed financial statements of Aviva Asia for the six months ended 30 June 2020
Aviva Asia Standalone Annual Financial Statements	The audited standalone financial statements of Aviva Asia for the fiscal years ended 31 December 2017, 2018 and 2019
Aviva Singapore	Aviva Ltd.
Aviva Singapore Acquisition Cash Purchase Price	The cash consideration payable by the Issuer for the issued and outstanding shares of Aviva Singapore in connection with the Aviva Acquisition pursuant to the Aviva Acquisition Agreement, being S$1,644.09 million
Aviva Singapore Financial Statements	The Aviva Singapore Standalone Annual Financial Statements and the Aviva Singapore Reviewed Financial Statements
Aviva Singapore Reviewed Financial Statements	The unaudited interim condensed financial statements of Aviva Singapore for the six months ended 30 June 2020

Aviva Singapore Standalone Annual Financial Statements	The audited standalone financial statements of Aviva Singapore for the fiscal years ended 31 December 2017, 2018 and 2019
Aviva UK	Aviva Group Holdings Limited
BAC	The Board Audit Committee of Aviva
Balanced Scorecard Framework	The MAS Notice FAA-N20 on Requirements for the Remuneration Framework for Representatives and Supervisors
Board	The board of directors of the Issuer
BRC	The Board Risk Committee of Aviva
Brexit	The exit of the United Kingdom from the European Union
CET1	Common Equity Tier 1, which is the ratio of CET1 Capital over the sum of total risk requirements (excluding the risk requirements of participating funds)
Change of Qualification Event	Certain changes or amendments which result in the Notes not fully qualifying as Tier 2 Capital Securities, as further described in "Summary of the Offering—Redemption for Change of Qualification Event"
CPF	The Central Provident Fund of Singapore
CPFIS	The CPF Investment Scheme
DIPOPS Act	The Deposit Insurance and Policy Owners' Protection Schemes Act (Chapter 77B) of Singapore
DPIs	Direct Purchase Insurance Products
E&Y	Ernst & Young LLP
Equity Contribution	The TPG Equity Contribution and the Sumitomo Life Equity Contribution
ERM	The MAS Notice 126 on Enterprise Risk Management
FATCA	The U.S. Internal Revenue Code of 1986, as amended
FFI	A non-U.S. financial institution
Financial Advisers Act	The Financial Advisers Act (Chapter 110) of Singapore
FRS 109	Financial Reporting Standard 109 - Financial Instruments
FRS 39	Singapore Financial Reporting Standard 39
GCG	The Guidelines on Corporate Governance issued by the MAS for all major insurers
GWP	Gross written premiums, defined as gross premiums received or receivable, including portfolio premiums, after deduction of discounts and return premiums, which have been entered in the books of the insurer during the period.
HNWI	High net worth individuals
HRD	Human Resources Department
IC	The Investment Committee of Singlife Singapore
IC/ALCO	The Investment Committee/Asset Liability Committee of Aviva
ICGR	The Insurance (Corporate Governance) Regulations 2013
Income Tax Act	Income Tax Act, Chapter 134 of Singapore
Insurance Act	The Insurance Act (Chapter 142) of Singapore
IRAS	The inland revenue authority of Singapore
Issuer	Aviva Singlife Holdings Pte. Ltd.
IT	Information technology
KPMG	KPMG LLP
MAS	The Monetary Authority of Singapore
MAS Act	The Monetary Authority of Singapore Act (Chapter 186) of Singapore

MAS Notice 133	The Insurance (Valuation and Capital) (Amendment) Regulations 2020 and the MAS Notice 133 – "Notice on Valuation and Capital Framework for Insurers" issued by MAS
Maturity Date	24 February 2031
MCR	Minimum capital requirements
Merger	The merger or other combination of Aviva Singapore and Singlife Singapore
MHA	The Ministry of Home Affairs of Singapore
MINDEF	The Ministry of Defence of Singapore
Notes	The S$550,000,000 Fixed Reset Subordinated Notes due 2031 offered by the Issuer hereby
Offering	The offering of the Notes pursuant to this Offering Circular
ORRC	The Operational Risk and Reputation Committee of Aviva
Payment Services Act	The Payment Services Act (No. 2 of 2019) of Singapore
PCR	Prescribed capital requirements
PDPA	The Personal Data Protection Act 2012 (No. 26 of 2012) of Singapore
PPF Funds	The PPF Life Fund and the PPF General Fund
PPF General Fund	The Policy Owners' Protection General Fund
PPF Life Fund	The Policy Owners' Protection Life Fund
PPF Scheme	Policy Owners' Protection Scheme
Prospectus Regulation	Regulation (EU) 2017/1129 and any relevant implementing measure in any member state of the European Union
PwC	PricewaterhouseCoopers LLP
RBC 2	The Risk-based Capital Framework regulation set by MAS
RC	The Risk Committee of Singlife Singapore
ROCE	Return on capital employed, defined as net statutory profit as a percentage of average equity
SAA	Strategic asset allocation
SC-STS	The Steering Committee for SOR Transition to SORA
SDIC	Singapore Deposit Insurance Corporation Limited
Securities Act	The U.S. Securities Act of 1933, as amended
Senior Facilities	The Senior Term Facility and the Senior Revolving Facility
Senior Facilities Agreement	The senior secured credit facilities agreement dated 11 November 2020 entered into by the Issuer, pursuant to which Standard Chartered Bank (Singapore) Limited and other lenders thereunder agreed to make available to the Issuer the Senior Facilities
Senior Revolving Facility	The senior secured revolving credit facility in an aggregate principal amount of S$100 million made available to the Issuer pursuant to the Senior Facilities Agreement
Senior Term Facility	The senior secured term loan facility in an aggregate principal amount of S$350 million made available to the Issuer pursuant to the Senior Facilities Agreement
SFA	The Securities and Futures Act (Chapter 289) of Singapore
SFEMC	The Singapore Foreign Exchange Market Committee
SFRS	Singapore Financial Reporting Standards
SFRS (I)	Singapore Financial Reporting Standards (International)
SFRS(I) 9	Singapore Financial Reporting Standard (International) 9 (Financial Instruments)

SGX-ST	Singapore Exchange Securities Trading Limited
Share Subscription Deed	The subscription and amendment deed dated 11 September 2020 entered into between the Issuer, Aviva UK, Aviva Singapore, Aviva Asia, the Singlife Sellers, Singlife Singapore, TPG and IPGL (Holdings) Limited
Shareholders' Agreement	The shareholders' agreement in respect of the Issuer, Aviva Singapore and Singlife Singapore
Singlife	Singlife Singapore and its subsidiary, Singlife Philippines
Singlife Acquisition	The acquisition by the Issuer of all of the outstanding issued shares of Singlife Singapore pursuant to the Singlife Acquisition Agreement
Singlife Consideration Shares	The ordinary shares in the issuer to be issued by the Issuer to the Singlife Sellers as consideration for the Singlife Acquisition pursuant to the Singlife Acquisition Agreement
Singlife Consolidated Annual Financial Statement	The audited consolidated financial statements of Singlife Singapore for the fiscal year ended 31 December 2019
Singlife Financial Statements	The Singlife Standalone Annual Financial Statements, the Singlife Consolidated Annual Financial Statement and the Singlife Reviewed Financial Statements
Singlife Philippines	Singlife (Philippines) Inc
Singlife Reviewed Financial Statements	The unaudited interim condensed consolidated financial statements of Singlife Singapore for the six months ended 30 June 2020
Singlife Sellers	The shareholders of Singlife Singapore which agreed to sell all of the outstanding issued shares of Singlife Singapore to the Issuer pursuant to the Singlife Acquisition Agreement
Singlife Singapore	Singapore Life Pte. Ltd.
Singlife Standalone Annual Financial Statements	The audited standalone financial statements of Singlife Singapore for the fiscal years ended 31 December 2017 and 2018
SORA	The Singapore Overnight Rate Average
Subscription Agreement	The subscription agreement dated the date of this Offering Circular entered into between the Issuer and the Lead Manager
Sumitomo Life	Sumitomo Life Insurance Company
Sumitomo Life Equity Contribution	The subscription by Sumitomo Life for 69,936,879 ordinary shares in the Issuer (subject to amendment to reflect certain Singlife share options and transaction costs) for a cash consideration of S$320.98 million plus the amount of costs to be borne by Sumitomo Life in connection with the Acquisition under the Share Subscription Deed
TAFEP	Tripartite Alliance for Fair and Progressive Employment Practices
Targets	Aviva Singapore, Aviva Asia and Singlife Singapore
Terms and Conditions	The terms and conditions of the Notes, as summarised in the section titled "*Terms and Conditions of the Notes*"
TPG	Abbey Life Holdings Ltd.
TPG Equity Contribution	The subscription by TPG for 162,907,202 ordinary shares in the Issuer (subject to amendment to reflect certain Singlife share options and transaction costs) for a cash consideration of S$497.67 million and the contribution by TPG to the Issuer of certain receivables arising as a result of the issuance of the Vendor Financing Loan Notes

Unaudited Pro Forma Financial Information	The Unaudited Pro Forma Consolidated Statement of Financial Position and the Unaudited Pro Forma Consolidated Statement of Comprehensive Income
Unaudited Pro Forma Consolidated Statement of Comprehensive Income	The unaudited pro forma consolidated statement of comprehensive income of the Issuer for the year ended 31 December 2019 and the six months ended 30 June 2020
Unaudited Pro Forma Consolidated Statement of Financial Position	The unaudited pro forma consolidated statement of financial position of the Issuer as at 31 December 2019 and 30 June 2020
URE	Underwriting rule engine
VaR	Value-at-Risk
Vendor Financing Loan Notes	The loan notes in an aggregate principal amount of S$250 million to be issued by TPG to Aviva UK as consideration for the Aviva Acquisition
Vendors	Aviva UK and the Singlife Sellers

INDEX TO FINANCIAL STATEMENTS

Aviva Singlife Holdings Pte Ltd

Pro Forma Financial Information
Period ended 30 June 2020 and
Year ended 31 December 2019

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Private and confidential

Our ref Compilation report

Contact Steven Goh

The Directors

Aviva Singlife Holdings Pte. Ltd.
83 Clemenceau Avenue
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Singapore 239920

11 November 2020

Dear Directors

Accountant's compilation report

We have compiled the accompanying pro forma financial information of Aviva Singlife Holdings Pte. Ltd. (the "Company" / or the "Issuer") based on the information provided by the management. The pro forma financial information of the Issuer, Singapore Life Pte. Ltd. and its subsidiary, Aviva Ltd and Aviva Asia Pte. Ltd. (together the "Pro Forma Group") consists of the:

(a) pro forma consolidated statements of financial position as at 31 December 2019 and 30 June 2020;

(b) pro forma consolidated statements of comprehensive income for the year ended 31 December 2019 and the six months ended 30 June 2020; and

(c) related notes to the pro forma financial information as set out in the Offering Circular to be issued in connection with the proposed offering of Fixed Reset Subordinated Notes by the Issuer (the "Offering),

collectively referred to as the "Pro Forma Financial Information" of the Group, has been prepared and are based on certain assumptions, after making certain adjustments.

The Pro Forma Financial Information has been compiled to illustrate the impact of the following transactions and relevant adjustments in connection with the Pro Forma Group's financial position as at 31 December 2019 and 30 June 2020 and its financial performance for the year ended 31 December 2019 and the six months ended 30 June 2020. The transactions and relevant adjustments include those which are for the following purpose:

(i) align the presentation of the pro forma statements of financial position and the pro forma statements of comprehensive income across the individual entities within the Pro Forma Group;

(ii) reflect the acquisition of Singapore Life Pte. Ltd. and its subsidiary, Aviva Ltd and Aviva Asia Pte. Ltd by the Issuer (the "Acquisition"), as if the Acquisition had taken place on 1 January 2019;

(iii) reflect the financing of the Acquisition, as if the financing instruments set out in Note 2.1 of the Pro Forma Financial Information were issued or transacted on 1 January 2019; and

(iv) reflect consolidation adjustments to eliminate intercompany transactions between entities within the Pro Forma Group, as well as to reflect the accounting impact of the Acquisition at the consolidated Pro Forma Group level.

As part of this process, information about the Pro Forma Group's financial position and financial performance have been extracted from the audited financial statements of Singapore Life Pte Ltd and its subsidiary, Aviva Ltd and Aviva Asia Pte Ltd for the year ended 31 December 2019, and other information provided by management.

The acquisition accounting and purchase price allocation exercise are not performed until the actual completion of the Acquisition, and therefore certain adjustments have been made to the Pro Forma Financial Information based on management's judgement, assumptions and estimates. The significant judgement, assumptions and estimates are disclosed in notes 2 and 3 of the Pro Forma Financial Information.

We performed this compilation engagement in accordance with Singapore Standard on Related Services 4410 (Revised) *Compilation Engagements*.

We have applied our expertise in accounting and financial reporting to assist management in the preparation and presentation of these financial information on the basis of accounting described in notes 2 and 3 to the Pro Forma Financial Information. We have complied with relevant ethical requirements, including principles of integrity, objectivity, professional competence and due care. These financial information and the accuracy and completeness of the information used to compile them are management's responsibility.

Since a compilation engagement is not an assurance engagement, we are not required to verify the accuracy or completeness of the information provided to us by management to compile these pro forma financial information. Accordingly, we do not express an audit opinion or a review conclusion on whether these pro forma financial information are prepared in accordance with the basis of accounting described in notes 2 and 3 to the Pro Forma Financial Information.

This letter has been prepared for inclusion in the Offering Circular of the Company to be issued in connection with the Offering.

KPMG LLP
Public Accountants and
Chartered Accountants
Singapore

Unaudited Pro Forma Consolidated Statements of Comprehensive Income for the Group
For the six months ended 30 June 2020 and year ended 31 December 2019

	Note	For the six months ended 30 June 2020 $'000	For the year ended 31 December 2019 $'000
Income			
Gross premiums written		1,465,350	2,505,609
Outward reinsurance premiums		(212,959)	(329,523)
Net premiums written		1,252,391	2,176,086
Gross change in unearned premiums and unexpired insurance risks		(34,262)	(36,292)
Reinsurer's share of change in unearned premiums and unexpired insurance risks		19,443	(1,080)
Net premiums earned		1,237,572	2,138,714
Net investment income	4	93,656	189,550
Share of profit of an associate		436	5,215
Net fair value gain on investments		240,877	711,578
Net fair value (loss)/gain on derivatives		(149,126)	49,001
Impairment loss on available for sale financial assets		–	–
Reinsurance commission and profit commission		25,367	64,603
Other income		19,175	29,732
Total income		**1,467,957**	**3,188,393**
Expenses			
Gross insurance contract benefits and claims paid		(706,805)	(1,704,007)
Reinsurers' share of insurance contract benefits and claims paid		62,419	108,303
Gross change in insurance contract liabilities		(1,140,569)	(1,028,500)
Reinsurers' share of change in insurance contract liabilities		621,957	193,698
Fee and commission expense		(164,475)	(336,629)
Staff costs		(65,450)	(140,758)
Depreciation and amortisation		(10,395)	(20,042)
Amortisation of value in-force business (“VIF”)		(77,861)	(169,290)
Financing costs		(25,053)	(50,678)
Other expenses		(60,090)	(121,072)
Total expenses		**(1,566,322)**	**(3,268,975)**
Profit before tax		**(98,365)**	**(80,582)**
Tax attributable to policyholders' returns		(27,927)	(99,956)
Profit before tax attributable to shareholders		**(126,292)**	**(180,538)**
Tax attributable to shareholder's profits		(7,746)	(15,688)
Net profit for the financial year		**(134,038)**	**(196,226)**
Attributable to:			
Shareholders		(134,032)	(195,669)
Non-controlling interests		(6)	(557)
Net profit for the financial year		**(134,038)**	**(196,226)**

The accompanying notes form an integral part of these financial information

Unaudited Pro forma Consolidated Statements of Comprehensive Income for the Group
For the six months ended 30 June 2020 and year ended 31 December 2019 (continued)

	Note	For the six months ended 30 June 2020 $'000	For the year ended 31 December 2019 $'000
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Net gain on fair value changes of available-for-sale financial assets		6,361	28,161
Exchange differences on translation of foreign operations		7,558	(693)
Transfer of realised loss to profit and loss		2,144	(25)
Total comprehensive income for the financial year		**(117,975)**	**(168,783)**
Attributable to:			
Shareholders		(118,188)	(168,247)
Non-controlling interests		213	(536)
Total comprehensive income for the financial year		**(117,975)**	**(168,783)**

The accompanying notes form an integral part of these financial information

Unaudited Pro forma Consolidated Statements of Financial Position for the Group
As at 30 June 2020 and 31 December 2019

	Note	30 June 2020 $'000	31 December 2019 $'000
Assets			
Investment in subsidiaries		42,744	29,744
Investment in associate		72,274	71,838
Property, plant and equipment		31,388	35,187
Intangible assets		1,007,706	1,088,391
Goodwill		1,364,293	1,364,293
Policy loans		59,032	60,346
Deferred acquisition costs		19,069	17,522
Reinsurer's share of insurance contract liabilities		1,211,110	569,534
Derivative financial assets		81,343	70,425
Investments at fair value through profit or loss	5	9,632,354	9,064,866
Available-for-sale financial assets	6	267,106	268,702
Insurance receivables	7	197,152	140,482
Other receivables		121,571	98,697
Prepayments		32,947	48,092
Cash and cash equivalents		310,697	267,764
Total Assets		14,450,786	13,195,883
Liabilities			
Insurance payables	8	477,491	432,019
Other payables		491,007	457,281
Derivative financial liabilities		103,228	11,076
Loans and borrowings		867,756	873,674
Insurance contract liabilities	9	9,897,781	8,714,450
Current tax payable		43,916	35,722
Lease liabilities		11,204	16,588
Deferred tax liabilities		396,019	367,056
Total Liabilities		12,288,402	10,907,866
Net assets		2,162,384	2,288,017
Equity			
Share capital		2,471,982	2,470,185
Accumulated losses		(367,238)	(221,506)
Non-controlling interests		11,750	11,537
Fair value reserve		36,641	28,136
Translation reserve		6,865	(693)
Share based compensation reserve		2,384	359
Total equity		**2,162,384**	**2,288,017**

The accompanying notes form an integral part of these financial information

Notes to the Unaudited Pro Forma Financial Information

These notes form an integral part to the financial information.

1 Introduction

The unaudited pro forma financial information of the Aviva Singlife Holdings Pte. Ltd., Singapore Life Pte. Ltd., Aviva Ltd and Aviva Asia Pte Ltd (together the "Group") has been prepared for inclusion in the Offering Circular to be submitted to the Singapore Exchange Securities Trading Limited ("SGX") in accordance with its listing rules of the SGX in connection with the proposed issuance of Fixed Reset Subordinated Notes by Aviva Singlife Holdings Pte. Ltd. (the "Company" / or the "Issuer").

The unaudited pro forma consolidated statements of comprehensive income for the six months ended 30 June 2020 and the year ended 31 December 2019; and the unaudited pro forma consolidated statements of financial position as at 30 June 2020 and 31 December 2019 (together, the "Unaudited Pro Forma Financial Information") of the Group have been prepared for illustrative purposes only, on the basis of the notes set out below.

2 Basis of preparation

2.1 Transactions and adjustments

2.1.1 Acquisition of Singapore Life Pte. Ltd. and its subsidiary, Aviva Ltd and Aviva Asia Pte. Ltd by the Company (the "Acquisition")

The Company has been in existence on 1 January 2019 and acquired Singapore Life Pte. Ltd. and its subsidiary ("Singapore Life Group"), Aviva Ltd and Aviva Asia Pte Ltd (Aviva Asia), collectively termed as Acquired Entities, for total consideration of $3.17 billion, which has been financed by the following:

(i) injection from certain shareholders of the Company of $818.6 million;

(ii) contribution from a certain shareholder of the Company through their issuance of vendor financing loan notes of $250 million;

(iii) share swaps at the fair value of the Acquired entities by the shareholders of Singapore Life Group, Aviva Ltd and Aviva Asia of $1.0 billion to the shares of the Company;

(iv) issuance of perpetual securities by the Company to a certain shareholder of the Company of $260 million;

(v) senior bank loan borrowing by the Company of $350 million; and

(vi) issuance of Fixed Reset Subordinated Notes by the Company of $550 million.

The Acquisition has assumed that:

(i) the acquisition related transaction and financing costs are settled in cash;

(ii) Aviva Ltd's 10% holdings in Aviva Vietnam Life Insurance Company is excluded;

(iii) Singapore Life Group has completed its acceleration of share based compensation scheme; and

(iv) dividends amounting to $80 million paid in year 2019 and $80 million estimated for year 2020 by Aviva Ltd to Aviva UK plc are paid prior to the 1 January 2019 acquisition date.

In addition, the acquisition accounting and purchase price allocation exercise have not been performed, and therefore certain adjustments have been made based on management's judgement, assumptions and estimates. For illustrative purposes only, an estimate of $1.2 billion of the acquired value of in-force business ("VIF") of Aviva Ltd has been identified and classified as intangible assets as at 1 January 2019. The amount of VIF is amortised over the estimated emergence of profits arising this acquired business. For the sole purpose of this unaudited pro forma financial information, other than the VIF, no other assets have been identified arising on the Acquisition. Accordingly, the excess of the purchase consideration less the net book value of the acquired entities as at 1 January 2019 and the VIF of Aviva Ltd as at 1 January 2019, of $1.2 billion, is attributable to goodwill under this illustration. On actual completion of the Acquisition, the purchase price allocation exercise would be performed to identify all assets and liabilities acquired, and to attribute the fair value to the identified assets and liabilities, including the VIF. Therefore, the estimated amounts of the VIF and goodwill for the unaudited pro forma financial information do not represent the Group's actual balances.

The above transactions are collectively referred to as the Transactions.

2.1.2 Alignment of presentation and other adjustments

The presentation and classification of assets, liabilities, income and expenses are aligned across the acquired entities. The other adjustments include:

(i) consolidation of the acquired entities, as if the Acquisition had taken place on 1 January 2019; and

(ii) adjustments in relation to the Transactions in the year 2019 and six months in 2020, as if the Acquisition had taken place on 1 January 2019.

The above alignment of presentation and classification, and other adjustments are collectively referred to as the Adjustments.

2.2 Basis of criteria of the unaudited pro forma financial information

The unaudited pro forma financial information set out in this report, expressed in Singapore dollars, has been prepared for illustrative purposes only and is based on certain assumptions, after making certain adjustments, to show that:

(i) the unaudited pro forma consolidated statements of comprehensive income of the Group for the six months ended 30 June 2020 and the year ended 31 December 2019 would have been if the Transactions had occurred on 1 January; and

(ii) the unaudited pro forma consolidated statements of financial position of the Group as at 30 June 2020 and 31 December 2019 would have been if the Transactions had occurred on 1 January 2019.

All amounts have been rounded to the nearest thousand, unless otherwise indicated.

Objective of unaudited pro forma financial information

The objective of the unaudited pro forma financial information is to illustrate the effect on the financial performance and financial position of the Group as if the Transactions had occurred on 1 January 2019 and the Adjustments had taken place at the respective periods. However, the unaudited pro forma financial information of the Group is not necessarily indicative of the financial position and financial performance of the Group that would have been attained had the Transactions actually occurred on 1 January 2019 and the Adjustments actually took place in the year 2019 and half year 2020. The unaudited pro forma financial information have been prepared for illustrative purposes only and, because of its nature, addresses a hypothetical situation and does not, therefore represent the Issuer's or the Group's actual financial performance or financial position.

In preparing the unaudited pro forma financial information, information about the financial position and financial performance, as applicable, has been extracted from the following:

(i) The audited standalone financial statements of Aviva Ltd for the year ended 31 December 2019 and the unaudited reviewed standalone financial statements for the six months ended 30 June 2020 prepared in accordance with Singapore Financial Reporting Standards ("SFRS"). The 31 December 2019 standalone financial statements were audited by PricewaterhouseCoopers LLP, in accordance with Singapore Standards on Auditing ("SSAs") as stated in their independent auditor's reports included within the "Index to Financial Statements – Aviva Singapore Independent auditor's audit report for the fiscal year ended 31 December 2019" of this Offering Circular and the 30 June 2020 standalone financial statements were reviewed by PricewaterhouseCoopers LLC, in accordance with Singapore Standard on Review Engagements 2410 ("SSRE 2410"), "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" as stated in their independent auditor's reports included within the "Index to Financial Statements – Aviva Singapore Independent auditor's review report for the six months ended 30 June 2020" of this Offering Circular;

(ii) The audited standalone financial statements of Aviva Asia Pte Ltd for the year ended 31 December 2019 and the unaudited reviewed standalone financial statements for the six months ended 30 June 2020 prepared in accordance with SFRS. The 31 December 2019 standalone financial statements were audited by PricewaterhouseCoopers LLP, in accordance with SSAs as stated in their independent auditor's reports included within the "Index to Financial Statements – Aviva Asia Independent auditor's audit report for the fiscal year ended 31 December 2019" of this Offering Circular and the 30 June 2020 standalone financial statements were reviewed by PricewaterhouseCoopers LLC, in accordance with SSRE 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" as stated in their independent auditor's reports included within the "Index to Financial Statements – Aviva Asia Independent auditor's review report for the six months ended 30 June 2020" of this Offering Circular;

(iii) The audited consolidated financial statements of Singapore Life Pte. Ltd. and its subsidiary for the year ended 31 December 2019 and unaudited reviewed consolidated financial statements for the six months ended 30 June 2020 prepared in accordance with SFRS. The 31 December 2019 consolidated financial statements were audited by Ernst & Young LLP, in accordance with SSAs as stated in their independent auditor's reports included within the "Index to Financial Statements – Singlife Independent auditor's audit report for the fiscal year ended 31 December 2019" of this Offering Circular and the 30 June 2020 consolidated financial statements were reviewed by Ernst & Young LLP, in accordance with SSRE 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" as stated in their independent auditor's reports included within the "Index to Financial Statements – Singlife Independent auditor's review report for the six months ended 30 June 2020" of this Offering Circular; and

(iv) Other key information provided by the management of the Group.

3 Pro forma adjustments

Statement of adjustments for the unaudited pro forma consolidated statements of comprehensive income of the Group

The unaudited pro forma consolidated statements of comprehensive income of the Group for the six months ended 30 June 2020 and the year ended 31 December 2019 has been prepared for inclusion in the Offering Circular and is presented below. Details of the pro forma adjustments and assumptions made are set out in the Basis of Preparation in note 2 as well as in the notes to the statement of adjustments for the unaudited pro forma consolidated statements of comprehensive income of the Group.

Statement of adjustments for the unaudited pro forma consolidated statements of comprehensive income for the Group

For the six months ended 30 June 2020

	For the six months ended 30 June 2020			Pro forma adjustments				Total
	Aviva Ltd	Aviva Asia	Singapore Life Group[5]	Adjustments to align presentation[1]	Financing adjustments[2]	Acquisition adjustments[3]	Consolidation adjustments[4]	For the six months ended 30 June 2020
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Income								
Gross premiums written	1,252,959	–	212,391	–	–	–	–	1,465,350
Outward reinsurance premiums	(210,651)	–	(2,308)	–	–	–	–	(212,959)
Net premiums written	1,042,308	–	210,083	-	–	–	–	1,252,391
Gross change in unearned premiums and unexpired insurance risks	(34,262)	–	–	–	–	–	–	(34,262)
Reinsurer's share of change in unearned premiums and unexpired insurance risks	19,443	–	–	–	–	–	–	19,443
Net premiums earned	1,027,489	–	210,083	–	–	–	–	1,237,572
Net investment income	76,337	–	7,225	10,094[a]	–	–	–	93,656
Share of profit of an associate	436	–	–	–	–	–	–	436
Net fair value (loss)/gain on investments	235,057	–	5,820	–	–	–	–	240,877
Net fair value (loss)/gain on derivatives	(148,814)	–	(312)	–	–	–	–	(149,126)
Impairment loss on available for sale financial assets	–	–	–	–	–	–	–	–
Reinsurance commission and profit commission	25,367	–	–	–	–	–	–	25,367
Other income	9,995	21,115	1,505	–	–	–	(13,440)[a]	19,175
Total income	**1,225,867**	**21,115**	**224,321**	**10,094**	**–**	**–**	**(13,440)**	**1,467,957**

Statement of adjustments for the unaudited pro forma consolidated statements of comprehensive income for the Group

For the six months ended 30 June 2020 (continued)

	For the six months ended 30 June 2020			Pro forma adjustments				Total
	Aviva Ltd	Aviva Asia	Singapore Life Group(5)	Adjustments to align presentation(1)	Financing adjustments(2)	Acquisition adjustments(3)	Consolidation adjustments(4)	For the six months ended 30 June 2020
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Expenses								
Gross insurance contract benefits and claims paid	(684,816)	–	(21,989)	–	–	–	–	(706,805)
Reinsurers' share of insurance contract benefits and claims paid	61,980	–	439	–	–	–	–	62,419
Gross change in insurance contract liabilities	(921,382)	–	(219,187)	–	–	–	–	(1,140,569)
Reinsurers' share of change in insurance contract liabilities	622,968	–	(1,011)	–	–	–	–	621,957
Fee and commission expense	(152,843)	–	(1,538)	(10,094)[(a)]	–	–	–	(164,475)
Staff costs	(39,512)	(18,269)	(14,815)	–	–	7,146[(a)]	–	(65,450)
Depreciation and amortisation	(5,370)	(3,194)	(1,831)	–	–	–	–	(10,395)
Amortisation of VIF	–	–	–	–	–	–	(77,861)[(b)]	(77,861)
Financing costs	(118)	(77)	–	(27)[(b)]	(24,831)[(a)]	–	–	(25,053)
Other expenses	(46,484)	(15,490)	(11,583)	27[(b)]	–	–	13,440[(a)]	(60,090)
Total expenses	**(1,165,577)**	**(37,030)**	**(271,515)**	**(10,094)**	**(24,831)**	**7,146**	**(64,421)**	**(1,566,322)**
Profit before tax	**60,290**	**(15,915)**	**(47,194)**	**–**	**(24,831)**	**7,146**	**(77,861)**	**(98,365)**
Tax attributable to policyholders' returns	(27,927)	–	–	–	–	–	–	(27,927)
Profit before tax attributable to shareholders	**32,363**	**(15,915)**	**(47,194)**	**–**	**(24,831)**	**7,146**	**(77,861)**	**(126,292)**
Tax attributable to shareholder's profits	(7,746)	–	–	–	–	–	–	(7,746)
Net profit for the financial year	**24,617**	**(15,915)**	**(47,194)**	**–**	**(24,831)**	**7,146**	**(77,861)**	**(134,038)**

Statement of adjustments for the unaudited pro forma consolidated statements of comprehensive income for the Group

For the six months ended 30 June 2020 (continued)

	For the six months ended 30 June 2020			Pro forma adjustments				Total
	Aviva Ltd	Aviva Asia	Singapore Life Group[5]	Adjustments to align presentation[1]	Financing adjustments[2]	Acquisition adjustments[3]	Consolidation adjustments[4]	For the six months ended 30 June 2020
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Attributable to:								
Shareholders	24,617	(15,915)	(47,188)	–	(24,831)	7,146	(77,861)	(134,032)
Non-controlling interests	–	–	(6)	–	–	–	–	(6)
Net profit for the financial year	**24,617**	**(15,915)**	**(47,194)**	**–**	**(24,831)**	**7,146**	**(77,861)**	**(134,038)**
Other comprehensive income								
Items that may be reclassified subsequently to profit or loss								
Net gain on fair value changes of available-for-sale financial assets	–	–	6,361	–	–	–	–	6,361
Exchange differences on translation of foreign operations	–	713	6,845	–	–	–	–	7,558
Transfer of realised loss to profit and loss	–	–	2,144	–	–	–	–	2,144
Total comprehensive income for the financial year	**24,617**	**(15,202)**	**(31,844)**	–	**(24,831)**	**7,146**	**(77,861)**	**(117,975)**
Attributable to:								
Shareholders	24,617	(15,202)	(32,057)	–	(24,831)	7,146	(77,861)	(118,188)
Non-controlling interests	–	–	213	–	–	–	–	213
Total comprehensive income for the financial year	**24,617**	**(15,202)**	**(31,844)**	–	**(24,831)**	**7,146**	**(77,861)**	**(117,975)**

Statement of adjustments for the unaudited pro forma consolidated statements of comprehensive income for the Group

For the year ended 31 December 2019

	For the year ended 31 December 2019			Pro forma adjustments				Total
	Aviva Ltd	Aviva Asia	Singapore Life Group[5]	Adjustments to align presentation[1]	Financing adjustments[2]	Acquisition adjustments[3]	Consolidation adjustments[4]	For the year ended 31 December 2019
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Income								
Gross premiums written	2,363,617	–	141,992	–	–	–	–	2,505,609
Outward reinsurance premiums	(376,705)	–	47,182	–	–	–	–	(329,523)
Net premiums written	1,986,912	–	189,174	–	–	–	–	2,176,086
Gross change in unearned premiums and unexpired insurance risks	(36,292)	–	–	–	–	–	–	(36,292)
Reinsurer's share of change in unearned premiums and unexpired insurance risks	(1,080)	–	–	–	–	–	–	(1,080)
Net premiums earned	1,949,540	–	189,174	-	–	–	–	2,138,714
Net investment income	158,158	–	10,674	20,718[a]	–	–	–	189,550
Share of profit of an associate	5,215	–	–	–	–	–	–	5,215
Net fair value (loss)/gain on investments	707,464	–	4,114	–	–	–	–	711,578
Net fair value (loss)/gain on derivatives	48,992	–	9	–	–	–	–	49,001
Impairment loss on available for sale financial assets	(1,511)	–	–	–	–	1,511[a]	–	–
Reinsurance commission and profit commission	37,884	–	26,719	–	–	–	–	64,603
Other income	10,375	55,805	2,840	–	–	–	(39,288)[a]	29,732
Total income	**2,916,117**	**55,805**	**233,530**	**20,718**	–	1,511	**(39,288)**	**3,188,393**

Statement of adjustments for the unaudited pro forma consolidated statements of comprehensive income for the Group

For the year ended 31 December 2019 (continued)

	For the year ended 31 December 2019			Pro forma adjustments				Total
	Aviva Ltd	Aviva Asia	Singapore Life Group(5)	Adjustments to align presentation(1)	Financing adjustments(2)	Acquisition adjustments(3)	Consolidation adjustments(4)	For the year ended 31 December 2019
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Expenses								
Gross insurance contract benefits and claims paid	(1,696,648)	–	(7,359)	–	–	–	–	(1,704,007)
Reinsurers' share of insurance contract benefits and claims paid	106,935	–	1,368	–	–	–	–	108,303
Gross change in insurance contract liabilities	(872,075)	–	(156,425)	–	–	–	–	(1,028,500)
Reinsurers' share of change in insurance contract liabilities	272,096	–	(78,398)	–	–	–	–	193,698
Fee and commission expense	(299,267)	–	(16,644)	(20,718)(a)	–	–	–	(336,629)
Staff costs	(82,863)	(45,477)	(21,884)	–	–	9,466(b)	–	(140,758)
Depreciation and amortisation	(11,658)	(5,577)	(2,807)	–	–	–	–	(20,042)
Amortisation of VIF	–	–	–	–	–	–	(169,290)(b)	(169,290)
Financing costs	(477)	(257)	–	(39)(b)	(49,905)(a)	–	–	(50,678)
Other expenses	(99,982)	(30,510)	(16,598)	39(b)	–	(13,309)(c)	39,288(a)	(121,072)
Total expenses	**(2,683,939)**	**(81,821)**	**(298,747)**	**(20,718)**	**(49,905)**	**(3,843)**	**(130,002)**	**(3,268,975)**
Profit before tax	**232,178**	**(26,016)**	**(65,217)**	–	**(49,905)**	**(2,332)**	**(169,290)**	**(80,582)**
Tax attributable to policyholders' returns	(99,956)	–	–	–	–	–	–	(99,956)
Profit before tax attributable to shareholders	**132,222**	**(26,016)**	**(65,217)**	–	**(49,905)**	**(2,332)**	**(169,290)**	**(180,538)**
Tax attributable to shareholder's profits	(16,067)	379	–	–	–	–	–	(15,688)
Net profit for the financial year	**116,155**	**(25,637)**	**(65,217)**	–	**(49,905)**	**(2,332)**	**(169,290)**	**(196,226)**

Statement of adjustments for the unaudited pro forma consolidated statements of comprehensive income for the Group
For the year ended 31 December 2019 (continued)

	For the year ended 31 December 2019			Pro forma adjustments				Total
	Aviva Ltd	Aviva Asia	Singapore Life Group(5)	Adjustments to align presentation(1)	Financing adjustments(2)	Acquisition adjustments(3)	Consolidation adjustments(4)	For the year ended 31 December 2019
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Attributable to:								
Shareholders	116,155	(25,637)	(64,660)	–	(49,905)	(2,332)	(169,290)	(195,669)
Non-controlling interests	–	–	(557)	–	–	–	–	(557)
Net profit for the financial year	**116,155**	**(25,637)**	**(65,217)**	–	**(49,905)**	**(2,332)**	**(169,290)**	**(196,226)**
Other comprehensive income								
Items that may be reclassified subsequently to profit or loss								
Net gain on fair value changes of available-for-sale financial assets	–	–	28,161	–	–	–	–	28,161
Exchange differences on translation of foreign operations	–	318	(1,011)	–	–	–	–	(693)
Transfer of realised loss to profit and loss	–	–	(25)	–	–	–	–	(25)
Total comprehensive income for the financial year	**116,155**	**(25,319)**	**(38,092)**	–	**(49,905)**	**(2,332)**	**(169,290)**	**(168,783)**
Attributable to:								
Shareholders	116,155	(25,319)	(37,556)	–	(49,905)	(2,332)	(169,290)	(168,247)
Non-controlling interests	–	–	(536)	–	–	–	–	(536)
Total comprehensive income for the financial year	**116,155**	**(25,319)**	**(38,092)**	–	**(49,905)**	**(2,332)**	**(169,290)**	**(168,783)**

Notes:

(1) This column represents adjustments to align the presentation of the statements of comprehensive income of Singapore Life Group and Aviva Ltd as follows:

a. Aviva Ltd discloses investment expenses and other charges within “Net investment income”, whereas Singapore Life Group discloses such amounts within “Fee and commission expense”. Accordingly, reclassification adjustments of $20.7 million for the year ended 31 December 2019 and $10.1 million for the six months ended 30 June 2020 have been made to reclassify the amount relating to Aviva Ltd’s investment expenses and other charges from “Net investment income” to “Fee and commission expense”.

b. Aviva Ltd discloses interest expense on lease liabilities within “Financing costs”, whereas Singapore Life Group discloses such amounts within “Other expenses”. Accordingly, a reclassification adjustment of $0.04 million for the year ended 31 December 2019 and $0.03 million for the six months ended 30 June 2020 have been made to reclassify Singapore Life Group interest expense on lease liabilities from "Other expenses" to "Financing costs".

(2) This column represents the following adjustments in relation to the financing of the Acquisition, as if the financing instruments were secured on 1 January 2019:

a. Recognition of "Financing costs" amounting to $49.9 million in the year ended 31 December 2019 and $24.8 million for the six months ended 30 June 2020, comprising an estimate of the interest charges and amortisation of capitalised transaction costs.

(3) This column represents the following adjustments in relation to the Acquisition, as if the Acquisition had taken place on 1 January 2019:

a. Reversal of impairment losses for the year ended 31 December 2019 amounting to $1.5 million relating to Aviva Ltd's investment in Aviva Vietnam Life Insurance Company, to reflect the disposal of the interest holdings on 1 January 2019.

b. Recognition of Singapore Life Group's employee share option scheme as if the planned accelerated vesting and exercising of the outstanding options as of September 2020 had taken place prior to 1 January 2019 based on the respective grant date fair value. This exercise would result in the reversal of staff costs recognised during the year ended 31 December 2019 and the six months ended 30 June 2020 due to the accelerated vesting amounting to $9.5 million and $7.1 million respectively.

c. Recognition of estimated one-off expenses of $13.3 million relating to advisory and consulting fees, and stamp duties incurred in connection with the Acquisition for the year ended 31 December 2019.

(4) This column represents the following adjustments made in relation to the consolidation of the Group:

a. Elimination of intercompany transactions between Aviva Ltd and Aviva Asia from “Other income” and “Other expenses” amounting to $39.3 million for the year ended 31 December 2019 and $13.4 million for the six months ended 30 June 2020.

b. Amortisation charge of $169.3 million for the year ended 31 December 2019 and $77.9 million for the six months ended 30 June 2020 relating to the VIF recognised on the unaudited pro forma consolidated statements of financial position as part of the Acquisition. This amortisation is estimated at an aggregate level to reflect the emergence of the profits associated with the in-force business. Refer to note 4 of the statement of adjustments for the unaudited pro forma consolidated statements of financial position of the Group for further details.

(5) Aviva Ltd and Aviva Asia financial statements are presented in Singapore Dollars whilst the Singapore Life Group financial statements are presented in US Dollars. The statements of comprehensive income of Singapore Life Group have been translated to Singapore Dollars using the average exchange rate of 1 USD to 1.3632 SGD for the year ended 31 December 2019 and 1 USD to 1.4004 SGD for the six months ended 30 June 2020.

Statement of adjustments for the unaudited pro forma consolidated statements of financial position of the Group

The unaudited pro forma consolidated statements of financial position of the Group as at 30 June 2020 and 31 December 2019 has been prepared for inclusion in the Offering Circular and is presented below. Details of the pro forma adjustments and assumptions made are set out in the Basis of Preparation in note 2 as well as in the notes to the statement of adjustments for the unaudited pro forma consolidated statements of comprehensive income of the Group.

Statement of adjustments for the unaudited pro forma consolidated statements of financial position of the Group
As at 30 June 2020

	As at 30 June 2020			Pro forma adjustments				Total
	Aviva Ltd	Aviva Asia	Singapore Life Group[5]	Adjustments to align presentation[1]	Financing adjustments[2]	Acquisition adjustments[3]	Consolidation adjustments[4]	As at 30 June 2020
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Assets								
Investment in subsidiaries	42,744	–	–	–	–	3,166,900[(a)]	(3,166,900)[(b)]	42,744
Investment in associate	72,274	–	–	–	–	–	–	72,274
Property, plant and equipment	5,755	9,152	16,481	–	–	–	–	31,388
Intangible assets	17,238	484	135	–	–	–	989,849[(a)]	1,007,706
Goodwill	–	–	–	–	–	–	1,364,293[(b)]	1,364,293
Policy loans	59,032	–	–	–	–	–	–	59,032
Deferred acquisition costs	19,069	–	–	–	–	–	–	19,069
Reinsurer's share of insurance contract liabilities	1,210,202	–	908	–	–	–	–	1,211,110
Derivative financial assets	81,033	–	310	–	–	–	–	81,343
Investments at fair value through profit or loss	9,483,917	–	148,437	–	–	–	–	9,632,354
Available-for-sale financial assets	5,805	–	267,106	–	–	(5,805)[(d)]	–	267,106
Insurance receivables	196,007	–	1,145	–	–	–	–	197,152
Other receivables	96,800	12,914	4,699	–	–	7,316[(c)(d)]	(158)[(c)]	121,571
Prepayments	32,765	–	182	–	–	–	–	32,947
Cash and cash equivalents	173,630	62,953	251,855	–	1,836,473[(c)]	(2,014,214)[(a)(b)(c)(e)]	–	310,697
Total Assets	11,496,271	85,503	691,258	–	1,836,473	1,154,197	(812,916)	14,450,786

Statement of adjustments for the unaudited pro forma consolidated statements of financial position of the Group

As at 30 June 2020 (continued)

	As at 30 June 2020			Pro forma adjustments				Total
	Aviva Ltd	Aviva Asia	Singapore Life Group[5]	Adjustments to align presentation[1]	Financing adjustments[2]	Acquisition adjustments[3]	Consolidation adjustments[4]	As at 30 June 2020
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Liabilities								
Insurance payables	472,375	–	5,467	(351)[a]	–	–	–	477,491
Other payables	434,181	53,237	6,497	(2,750)[b]	–	–	(158)[c]	491,007
Derivative financial liabilities	103,206	–	22	–	–	–	–	103,228
Loans and borrowings	–	–	–	–	867,756[a]	–	–	867,756
Insurance contract liabilities	9,377,584	–	519,846	351[a]	–	–	–	9,897,781
Current tax payable	43,253	663	–	–	–	–	–	43,916
Lease liabilities	6,233	2,221	–	2,750[b]	–	–	–	11,204
Deferred tax liabilities	396,019	–	–	–	–	–	–	396,019
Total Liabilities	10,832,851	56,121	531,832	–	867,756	–	(158)	12,288,402
Net assets	**663,420**	**29,382**	**159,426**	–	**968,717**	**1,154,197**	**(812,758)**	**2,162,384**
Equity								
Share capital	104,991	381,865	210,119	–	1,078,553[b]	1,280,713[a][c]	(584,259)[b]	2,471,982
Accumulated profits/(losses)	553,293	(354,649)	(116,522)	–	(109,836)[a]	(109,882)[b][c][e]	(229,642)[a][b][e]	(367,238)
Non-controlling interests	–	–	11,750	–	–	–	–	11,750
Fair value reserve	–	–	31,612	–	–	–	5,029[b]	36,641
Translation reserve	–	301	5,834	–	–	–	730[b]	6,865
Share based compensation reserve	5,136	1,865	16,633	–	–	(16,634)[c]	(4,616)[b]	2,384
Total equity	**663,420**	**29,382**	**159,426**	–	**968,717**	**1,154,197**	**(812,758)**	**2,162,384**

Statement of adjustments for the unaudited pro forma consolidated statements of financial position of the Group

As at 31 December 2019

	As at 31 December 2019			Pro forma adjustments				Total
	Aviva Ltd	Aviva Asia	Singapore Life Group[(5)]	Adjustments to align presentation[(1)]	Financing adjustments[(2)]	Acquisition adjustments[(3)]	Consolidation adjustments[(4)]	As at 31 December 2019
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Assets								
Investment in subsidiaries	29,744	–	–	–	–	3,166,900[(a)]	(3,166,900)[(b)]	29,744
Investment in associate	71,838	–	–	–	–	–	–	71,838
Property, plant and equipment	8,697	11,875	14,615	–	–	–	–	35,187
Intangible assets	19,589	955	138	–	–	–	1,067,710[(a)]	1,088,391
Goodwill	–	–	–	–	–	–	1,364,293[(b)]	1,364,293
Policy loans	60,346	–	–	–	–	–	–	60,346
Deferred acquisition costs	17,522	–	–	–	–	–	–	17,522
Reinsurer's share of insurance contract liabilities	567,683	–	1,851	–	–	–	–	569,534
Derivative financial assets	69,457	–	968	–	–	–	–	70,425
Investments at fair value through profit or loss	8,982,544	–	82,322	–	–	–	–	9,064,866
Available-for-sale financial assets	4,007	–	268,702	–	–	(4,007) [(d)]	–	268,702
Insurance receivables	139,136	–	1,346	–	–	–	–	140,482
Other receivables	82,819	8,448	4,650	–	–	5,518[(c)(d)]	(2,739)[(c)]	98,697
Prepayments	47,803	–	289	–	–	–	–	48,092
Cash and cash equivalents	209,005	79,086	114,965	–	1,878,922[(c)]	(2,014,214)[(a)(b)(c)(e)]	–	267,764
Total Assets	10,310,190	100,364	489,846	–	1,878,922	1,154,197	(737,636)	13,195,883

Statement of adjustments for the unaudited pro forma consolidated statements of financial position of the Group

As at 31 December 2019 (continued)

	As at 31 December 2019			Pro forma adjustments				Total
	Aviva Ltd	Aviva Asia	Singapore Life Group[5]	Adjustments to align presentation[1]	Financing adjustments[2]	Acquisition adjustments[3]	Consolidation adjustments[4]	As at 31 December 2019
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Liabilities								
Insurance payables	427,866	–	4,945	(792)[a]	–	–	–	432,019
Other payables	401,962	53,140	8,210	(3,292)[b]	–	–	(2,739)[c]	457,281
Derivative financial liabilities	10,117	–	959	–	–	–	–	11,076
Loans and borrowings	–	–	–	–	873,674[a]	–	–	873,674
Insurance contract liabilities	8,421,832	–	291,826	792[a]	–	–	–	8,714,450
Current tax payable	35,059	663	–	–	–	–	–	35,722
Lease liabilities	9,454	3,842	–	3,292[b]	–	–	–	16,588
Deferred tax liabilities	367,056	–	–	–	–	–	–	367,056
Total Liabilities	9,673,346	57,645	305,940	–	873,674	–	(2,739)	10,907,866
Net assets	**636,844**	**42,719**	**183,906**	–	**1,005,248**	**1,154,197**	**(734,897)**	**2,288,017**
Equity								
Share capital	103,193	381,865	210,119	–	1,078,553[b]	1,280,713[a][c]	(584,259)[b]	2,470,184
Accumulated profits/(losses)	528,676	(338,734)	(69,334)	–	(73,305)[a]	(117,028)[b][c][e]	(151,781)[a][b][e]	(221,506)
Non-controlling interests	–	–	11,537	–	–	–	–	11,537
Fair value reserve	–	–	23,107	–	–	–	5,029[b]	28,136
Translation reserve	–	(412)	(1,011)	–	–	–	730[b]	(693)
Share based compensation reserve	4,975	–	9,488	–	–	(9,488)[c]	(4,616)[b]	359
Total equity	**636,844**	**42,719**	**183,906**	–	**1,005,248**	**1,154,197**	**(734,897)**	**2,288,017**

Notes:

1. This column reflects adjustments to align the presentation of the statements of financial position of Singapore Life Group and Aviva Ltd as follows:
   a. Aviva Ltd discloses claims payable to policy holders within “Insurance contract liabilities”, whereas Singapore Life Group discloses such amounts under “Insurance payables”. Accordingly, reclassification adjustments of $0.8 million and $0.4 million has been made accordingly to reclassify Singapore Life Group’s claims payable to policyholders from “Insurance payables” to “Insurance contract liabilities” on the unaudited pro forma consolidated statements of financial position as at 31 December 2019 and 30 June 2020 respectively.
   b. Singapore Life Group discloses lease liabilities within “Other payables”, whereas Aviva Ltd discloses such amounts separately within “Lease liabilities”. Accordingly, a reclassification of $3.3 million and $2.8 million has been made to reclassify the amount from “Other payables” to “Lease liabilities” on the unaudited pro forma consolidated statements of financial position as at 31 December 2019 and 30 June 2020 respectively.
2. This column represents the adjustments made to reflect financing of the Acquisition, as if the following financing instruments were secured on 1 January 2019:
   a. An adjustment of $874 million and $868 million has been made to “Loans and borrowings” on the unaudited pro forma consolidated statements of financial position as at 31 December 2019 and 30 June 2020 respectively to reflect:
      i. the issuance of Fixed Reset Subordinated Notes of $550.0 million and senior loan of $350.0 million; partially offset by principal repayments estimated at $5.9 million for the year ended 31 December 2019, and $8.5 million for the six months period ended 30 June 2020; and
      ii. capitalised upfront debt raising fees of $25.5 million; partially offset by the amortization charge of these capitalised fees of $5.1 million for the year ended 31 December 2019 and $2.6 million for the six months period ended 30 June 2020.
   b. Issuance of new shares and perpetual securities classified as equity at an estimate of $818.6 million and $260 million respectively for cash on 1 January 2019, net of estimated qualifying cost of $0.1 million.
   c. An adjustment of $1,879 million and $1,836 million is made to “Cash and cash equivalents” on the unaudited pro forma consolidated statements of financial position as at 31 December 2019 and 30 June 2020 respectively to reflect the financing raised; partially offset by cash settlement relating to interest charges and principal repayments for the period from 1 January 2019 to 30 June 2020 on the debt raised; and cash settlement of the upfront debt raising fees.
3. This column represents the following adjustments in relation to the Acquisition, as if the Acquisition had taken place on 1 January 2019:
   a. An adjustment of $3,167 million has been made to “Investment in subsidiaries”, $1,912 million to “Cash and cash equivalents”, and $1,255 million to “Share capital” to reflect the purchase price of Aviva Ltd, Aviva Asia and Singapore Life Group, and the corresponding share swap, vendor financing arrangement and cash consideration paid.
   b. Decrease in “Cash and cash equivalents” by $13.3 million to reflect payment of one-off advisory and consulting fees, and stamp duties incurred in connection with the Acquisition.
   c. An adjustment has been made to the following line items to reflect the accelerated vesting and exercising of all outstanding employee share options issued by Singapore Life Group and the subsequent share buy-back completed prior to the 1 January 2019 acquisition date:
      i. Accelerated vesting resulting in a decrease in “Accumulated losses” as at 31 December 2019 and 30 June 2020 by $34.7 million and $25.2 million respectively;
      ii. Reversal of “Staff costs” relating to share based compensation expense for the year ended 31 December 2019 and the six months ended 30 June 2020 by $9.5 million and $7.1 million respectively;
      iii. Reversal of “Share based compensation reserves” as at 31 December 2019 and 30 June 2020 by $9.5 million and $16.6 million respectively;
      iv. Increase in “Share capital” as at 31 December 2019 and 30 June 2020 by $25.9 million; and
      v. Decrease in “Cash and cash equivalents” as at 31 December 2019 and 30 June 2020 by $8.8 million.

d. Derecognition of Aviva Ltd's investment in Aviva Vietnam Life Insurance Company, classified as "Available for sale financial assets", as if the interest holdings had been disposed on 1 January 2019. Accordingly, an adjustment has been made to decrease "Available-for-sale financial assets" by $4 million and $5.8 million, and increase "Other receivables" by $5.5 million and $7.3 million as at 31 December 2019 and 30 June 2020 respectively. No gains or losses have been recognised as part of the disposal of this interest holdings, and disposal is assumed to be at the carrying amount as at 1 January 2019.

e. An adjustment has been made to decrease "Cash and cash equivalents" and increase "Accumulated losses" by $80 million as at 31 December 2019 and 30 June 2020 to reflect the impact as if the dividend distributions to Aviva UK plc made in 2019 of $80 million and that expected to distribute in 2020 of $80 million were made prior to the 1 January 2019 acquisition date.

4. This column represents the following adjustments made in relation to the consolidation of the Group:

a. An estimated value of the acquired VIF of Aviva Ltd of $1,237 million is recognised based on the valuation report of Aviva Ltd as at 31 December 2018. Accordingly, an adjustment is made to increase "Intangible assets" by $1,237 million relating to the VIF. The estimated goodwill of $1,364 million represents the excess of the purchase consideration over assumed acquisition date "Share capital", "Accumulated losses", "Fair value reserve", "Translation reserve" and "Share based compensation reserve".

The VIF as at 31 December 2019 and 30 June 2020 also reflects the amortisation charge as detailed in note 4 of the statement of adjustments for the unaudited pro forma consolidated statements of comprehensive income for the Group.

b. An adjustment has been made to the following line items to eliminate the Company's investments in Aviva Ltd, Aviva Asia and Singapore Life Group in the unaudited pro forma consolidated statements of financial position as if the Acquisition had taken place on 1 January 2019:

i. Elimination of "Investment in subsidiaries" as at 31 December 2019 and 30 June 2020 by $3,167 million;

ii. Elimination of "Share capital" as at 31 December 2019 and 30 June 2020 by $584.5 million;

iii. Elimination of "Accumulated losses" as at 31 December 2019 and 30 June 2020 by $17.5 million;

iv. Elimination of "Fair value reserve" as at 31 December 2019 and 30 June 2020 by $5 million;

v. Elimination of "Translation reserve" as at 31 December 2019 and 30 June 2020 by $0.7 million; and

vi. Elimination of "Share based compensation reserve" as at 31 December 2019 and 30 June 2020 by $4.6 million.

c. Elimination of intercompany balances between Aviva Ltd and Aviva Asia from "Other receivables" and "Other payables" amounting to $2.7 million and $0.2 million on the unaudited pro forma consolidated statements of financial position as at 31 December 2019 and 30 June 2020 respectively.

5. Aviva Ltd and Aviva Asia financial statements are presented in Singapore Dollars whilst the Singapore Life Group financial statements are presented in US Dollars. The statements of financial position of Singapore Life Group. have been translated to Singapore Dollars using the closing exchange rate of 1 USD to 1.3472 SGD as at 31 December 2019 and 1 USD to 1.3932 SGD as at 30 June 2020.

4 Net investment income

	Six months ended 30 June 2020 $'000	Year ended 31 December 2019 $'000
Dividend income	21,616	54,753
Interest income from:		
Financial assets at Fair value through profit or loss	63,345	121,762
Available-for-sale financial assets	6,361	9,073
Loans and receivables	2,430	5,063
Less: Interest expense	(96)	(1,101)
Net investment income	**93,656**	**189,550**

5 Investments at fair value through profit or loss

	30 June 2020 $'000	31 December 2019 $'000
Equity securities		
Quoted	3,658,377	3,987,854
Unquoted	352,821	318,057
Equity securities	4,011,198	4,305,911
Debt securities		
Quoted	5,238,442	4,687,352
Unquoted	382,714	71,603
Debt securities	5,621,156	4,758,955
Investments at fair value through profit or loss	**9,632,354**	**9,064,866**

6 Available-for-sale financial assets

	30 June 2020 $'000	31 December 2019 $'000
Debt securities		
Quoted	267,106	268,702
Debt securities	267,106	268,702
Available-for-sale financial assets	**267,106**	**268,702**

7 Insurance receivables

	30 June 2020 $'000	31 December 2019 $'000
Insurance receivables	189,637	131,083
Less: Allowance for impairment	(324)	(489)
Insurance receivables from reinsurers	7,839	9,888
Total insurance receivables	**197,152**	**140,482**

8 Insurance payables

	30 June 2020 $'000	31 December 2019 $'000
Amounts due to agents, brokers and policyholders	76,353	52,432
Amounts due to reinsurers	123,060	108,339
Premium deposits	245,519	207,519
Advance premiums received	32,559	63,729
Total insurance payables	**477,491**	**432,019**

9 Insurance contract liabilities

	Insurance contract liabilities $'000	Reinsurers' share of insurance contract liabilities $'000	Net $'000
30 June 2020			
Policy liabilities	9,390,570	(1,096,113)	8,294,457
Provision for unearned premiums and unexpired insurance risks	242,290	(29,278)	213,012
Provision for claims reported by policyholders	161,623	(57,975)	103,648
Provision for claims incurred but not reported	103,298	(27,744)	75,554
Insurance contract liabilities	**9,897,781**	**(1,211,110)**	**8,686,671**
31 December 2019			
Policy liabilities	8,276,530	(471,352)	7,805,178
Provision for unearned premiums and unexpired insurance risks	207,929	(9,736)	198,193
Provision for claims reported by policyholders	132,687	(61,926)	70,761
Provision for claims incurred but not reported	97,304	(26,520)	70,784
Insurance contract liabilities	**8,714,450**	**(569,534)**	**8,144,916**

AVIVA LTD

(Incorporated in Singapore. Registration Number: 196900499K)

UNAUDITED CONDENSED INTERIM FINANCIAL INFORMATION

For the financial period ended 30 June 2020

AVIVA LTD
(Incorporated in Singapore)

UNAUDITED CONDENSED INTERIM FINANCIAL INFORMATION
For the financial period ended 30 June 2020

Contents

REPORT ON REVIEW OF CONDENSED INTERIM FINANCIAL INFORMATION TO THE DIRECTORS OF AVIVA LTD

Introduction
We have reviewed the accompanying condensed interim financial information of Aviva Ltd ("the Company") comprising:

- the unaudited condensed interim statement of comprehensive income for the six-month period ended 30 June 2020;
- the unaudited condensed interim balance sheet as at 30 June 2020;
- the unaudited condensed interim statement of changes in equity for the period then ended;
- the unaudited condensed interim statement of cash flows for the period then ended; and
- the notes to the unaudited condensed interim financial information comprising of explanatory notes

Management is responsible for the preparation and presentation of this condensed interim financial information in accordance with Singapore Financial Reporting Standard 34 *Interim Financial Reporting.* Our responsibility is to express a conclusion on this condensed interim financial information based on our review.

Scope of Review
We conducted our review in accordance with Singapore Standard on Review Engagements 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Singapore Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion
Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial information is not prepared, in all material respects, in accordance with Singapore Financial Reporting Standard 34 *Interim Financial Reporting*.

Other matter
The comparative information for the condensed interim statement of comprehensive income, condensed interim statement of changes in equity and condensed interim statement of cash flows and related explanatory notes, for the six-month period ended 30 June 2019 have not been audited or reviewed.

Restriction on distribution and use
Our report is provided in accordance with the terms of our engagement and for its inclusion in Aviva Singapore Singlife Holdings Pte. Ltd.'s Offering Circular in connection with its Fixed Reset Subordinated Notes and is not intended for any other purpose. We do not assume responsibility or liabilities to anyone other than Aviva Singapore Singlife Holdings Pte. Ltd. and Aviva Ltd. for our work, for our report, or for the conclusions we have reached in our report.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Public Accountants and Chartered Accountants
Singapore, 13 November 2020

UNAUDITED CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME

For the 6 month period ended 30 June

	Note	**2020** **$'000**	2019 $'000
Gross premiums written		**1,252,959**	**1,139,970**
Outward reinsurance premiums		**(210,651)**	**(193,293)**
Net premiums written		**1,042,308**	**946,677**
Gross change in unearned premiums and unexpired insurance risks		**(34,262)**	**(54,082)**
Reinsurers' share of change in unearned premiums and unexpired insurance risks		**19,443**	**13,946**
Net premiums earned		**1,027,489**	**906,541**
Net investment and other income	4	**86,332**	**83,642**
Share of profit of an associate		**436**	**1,159**
Net realised gain on sale of investments at fair value through profit or loss		**73,568**	**42,775**
Net fair value gain on investments at fair value through profit or loss		**161,489**	**392,459**
Net realised (loss)/gain on derivatives		**(67,301)**	**3,064**
Net fair value (loss)/gain on derivatives		**(81,513)**	**14,965**
Total income		**1,200,500**	**1,444,605**
Gross insurance contract benefits and claims paid		**(684,816)**	**(839,975)**
Reinsurers' share of insurance contract benefits and claims paid		**61,980**	**61,551**
Gross change in insurance contract liabilities		**(921,382)**	**(463,261)**
Reinsurers' share of change in insurance contract liabilities		**622,968**	**109,072**
Net insurance contract benefits and claims incurred		**(921,250)**	**(1,132,613)**
Commission expense		**(152,843)**	**(135,684)**
Reinsurance commission income		**25,367**	**20,016**
Net commission expense		**(127,476)**	**(115,668)**
Staff costs:			
- Salaries, bonuses and other employee benefits		**(35,101)**	**(36,149)**
- Central Provident Fund contributions		**(3,613)**	**(3,619)**
- Share-based payments expenses		**(798)**	**(548)**
Depreciation of plant and equipment and amortisation of intangible assets		**(5,370)**	**(5,135)**
Interest expense on lease liabilities		**(118)**	**(272)**
Other operating expenses	5	**(46,484)**	**(39,299)**
Other expenses		**(91,484)**	**(85,022)**
Total expenses		**(1,140,210)**	**(1,333,303)**
Profit before tax		**60,290**	**111,302**
Tax attributable to policyholders' returns		**(27,927)**	**(50,080)**
Profit before tax attributable to shareholder		**32,363**	**61,222**
Tax expense	6	**(35,673)**	**(60,733)**
Less: Tax attributable to policyholders' returns		**27,927**	**50,080**
Tax attributable to shareholder's profits		**(7,746)**	**(10,653)**
Net profit for the financial year		**24,617**	**50,569**

The accompanying notes form an integral part of these financial statements.

UNAUDITED CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME

For the 6 month period ended 30 June

	2020 $'000	2019 $'000
Net profit	**24,617**	**50,569**
Other comprehensive income for the financial period, net of income tax	**-**	**-**
Total comprehensive income for the financial period	**24,617**	**50,569**

The accompanying notes form an integral part of these financial information.

AVIVA LTD

UNAUDITED CONDENSED INTERIM BALANCE SHEET
As at 30 June and 31 December

	Note	**30 Jun 2020 $'000**	31 Dec 2019 $'000
Non-current assets			
Investments in subsidiaries		**42,744**	29,744
Investment in associate		**72,274**	71,838
Plant and equipment		**5,755**	8,697
Intangible assets	7	**17,238**	19,589
Policy loans		**59,032**	60,346
Investments at fair value through profit or loss	8	**4,663,787**	3,792,005
Reinsurers' share of insurance contract liabilities		**1,095,227**	469,514
		5,956,057	4,451,733
Current assets			
Cash and cash equivalents		**173,630**	209,005
Investments at fair value through profit or loss	8	**4,820,130**	5,190,539
Available-for-sale financial assets		**5,805**	4,007
Derivative financial assets	9	**81,033**	69,457
Insurance receivables	10	**196,007**	139,136
Other receivables	10	**96,800**	82,819
Reinsurers' share of insurance contract liabilities		**114,975**	98,169
Prepayments		**32,765**	47,803
Deferred acquisition cost		**19,069**	17,522
		5,540,214	5,858,457
Current liabilities			
Insurance payables	11	**472,375**	427,866
Derivative financial liabilities	9	**103,206**	10,117
Other payables	12	**434,181**	401,962
Insurance contract liabilities	13	**1,144,564**	1,170,421
Current tax payable		**43,253**	35,059
Lease liabilities		**6,233**	7,491
		2,203,812	2,052,916
Net current assets		**3,336,402**	3,805,541
Non-current liabilities			
Insurance contract liabilities	13	**8,233,020**	7,251,411
Deferred tax liabilities		**396,019**	367,056
Lease liabilities		**-**	1,963
		8,629,039	7,620,430
Net assets		**663,420**	636,844
Equity			
Share capital	14	**104,991**	103,193
Share based compensation reserve		**5,136**	4,975
Retained profits		**553,293**	528,676
Total equity		**663,420**	636,844

The accompanying notes form an integral part of these financial information.

UNAUDITED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
For the 6 month period ended 30 June

	Note	Share capital $'000	Share based compensation reserve $'000	Retained profits $'000	Total Equity $'000
Balance as at 1 January 2020		103,193	4,975	528,676	636,844
Total comprehensive income for the financial period		-	-	24,617	24,617
Issue of shares	14	1,798	-	-	1,798
Employee share plan					
- Value of employee services		-	798	-	798
- Settlement with Group		-	(637)	-	(637)
At 30 June 2020		**104,991**	**5,136**	**553,293**	**663,420**
At 1 January 2019		98,149	4,615	494,498	597,262
Adoption of FRS 116		-	-	(1,977)	(1,977)
At 1 January 2019 (After adoption)		98,149	4,615	492,521	595,285
Total comprehensive income for the financial period		-	-	50,569	50,569
Issue of shares	14	5,044	-	-	5,044
Employee share plan					
- Value of employee services		-	548	-	548
- Settlement with Group		-	(588)	-	(588)
At 30 June 2019		**103,193**	**4,575**	**543,090**	**650,858**

The accompanying notes form an integral part of these financial information.

UNAUDITED CONDENSED INTERIM STATEMENT OF CASH FLOWS

For the 6 month period ended 30 June

	Note	2020 $'000	2019 $'000
Cash flows from operating activities			
Profit after tax		**24,617**	50,569
Adjustments for:			
Income tax expense		**35,673**	60,733
Write-back for impairment of insurance and other receivables		**(166)**	(1,354)
Net change in unearned premiums and unexpired insurance risk		**14,819**	39,818
Net insurance contract benefits and claims		**298,414**	354,189
Depreciation of plant and equipment and amortisation of intangible assets		**5,370**	5,135
Share of profit of an associate		**(436)**	(1,159)
Net realised gain on sale of derivatives and investments at fair value through profit or loss		**(6,267)**	(45,839)
Net fair value gain on derivatives and investments at fair value through profit or loss		**(79,976)**	(407,424)
Share-based payments expense		**798**	548
Interest income		**(64,911)**	(64,097)
Interest expense		**214**	1,023
Dividend income		**(21,616)**	(29,458)
Operating cash flows before changes in operating assets/liabilities		**206,533**	(37,316)
Decrease in policy loans		**1,314**	1,330
Increase in insurance receivables and deferred acquisition cost		**(58,252)**	(63,602)
Decrease in other receivables and prepayments		**4,815**	198
Increase in insurance payables		**44,509**	16,491
Increase in other payables		**25,824**	228,708
Cash generated from operating activities		**224,743**	145,809
Income tax refunded/(paid)		**1,484**	(4,486)
Interest paid		**(283)**	(1,343)
Net cash generated from operating activities		**225,944**	139,980
Cash flows from investing activities			
Capital injections into subsidiaries		**(13,000)**	(8,500)
Interest income received		**60,653**	66,011
Dividends received		**22,116**	32,413
Purchase of intangible asset		**(77)**	(2,066)
Purchase of investments		**(3,527,061)**	(4,137,894)
Proceeds from sale of investments		**3,197,473**	4,129,010
Net cash flows (used in)from investing activities		**(259,896)**	78,974
Cash flows from financing activities			
Issue of shares		**1,798**	-
Principal payment of lease liabilities		**(3,221)**	(3,068)
Net cash used in financing activities		**(1,423)**	(3,068)
Net (decrease)/increase in cash and cash equivalents		**(35,375)**	215,886
Cash and cash equivalents at the beginning of the period		**209,005**	197,775
Cash and cash equivalents at the end of the period		**173,630**	413,661

Significant non-cash transactions

On 28 May 2019, the Company issued 5,044,430 shares for a consideration of $5,044,430 in exchange for the shareholdings of Navigator Investment Services Limited of 100%. These new shares were fully subscribed by Aviva Group Holdings Limited. The newly issued ordinary shares rank pari passu in all respects with the previously issued ordinary shares.

The accompanying notes form an integral part of these financial information.

UNAUDITED CONDENSED INTERIM STATEMENT OF CASH FLOWS

For the 6 month period ended 30 June

Reconciliation of liabilities arising from financing activities

	1 January 2019 $'000	Principal and interest payments $'000	Non-cash changes $'000		30 June 2019 $'000
			Interest expense	Addition – new leases	
Lease liabilities	16,990	(3,339)	272	-	13,923

	1 January 2020 $'000	Principal and interest payments $'000	Non-cash changes $'000		30 June 2020 $'000
			Interest expense	Addition – new leases	
Lease liabilities	9,454	(3,339)	118	-	6,233

The accompanying notes form an integral part of these financial information.

These notes form an integral part of and should be read in conjunction with the accompanying financial information.

1. Corporate information

The Company is a limited liability company incorporated and domiciled in Singapore. The Company's immediate holding company and ultimate holding company are Aviva Group Holdings Limited and Aviva plc respectively. Both the immediate holding company and ultimate holding company are incorporated in the United Kingdom.

The address of the Company's registered office and principal place of business is:
4 Shenton Way
#01-01 SGX Centre 2
Singapore 068807

The principal activities of the Company consist of transacting general and life insurance businesses.

2. Basis of preparation

2.1 Basis of preparation

The unaudited interim condensed financial information have been prepared in accordance with Singapore Financial Reporting Standards ("FRS") 34 Interim Financial Reporting, and do not include all of the information and disclosures required in the annual financial statements. These unaudited interim condensed financial information are to be read in conjunction with the Company's financial statements for the year ended 31 December 2019.

The unaudited interim condensed financial information have been prepared in accordance with the historical cost convention, except as disclosed in the accounting policies set out in the Company's financial statement for the year ended 31 December 2019.

2.2 Functional and presentation currency

The unaudited condensed interim financial information are presented in Singapore Dollars ($), the functional currency of the Company, and all values are rounded to the nearest thousand ($'000) except when otherwise indicated.

2. Basis of preparation (continued)

2.3 Use of estimates and judgements

The preparation of these unaudited condensed interim financial information requires management to exercise its judgement in the process of applying the Company's accounting policies. It also requires the use of certain critical accounting estimates and assumptions. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

The significant judgements made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those described in the last annual financial statements, except for the changes in accounting estimate, which are described below.

<u>Changes in key underlying assumptions used for valuation of life insurance contract liabilities</u>
The new Singapore insurance solvency capital framework Risk-Based Capital 2 ("RBC 2") came into effect on 31 March 2020, specifying various aspects of insurance liability valuation.

The key changes brought by RBC2 are summarized in the table below. These changes in assumptions are being accounted for prospectively as a change in accounting estimates. The effect of the change to RBC2 as at 31 March 2020 was $47.6m decrease in profit after income tax.

2. Basis of preparation (continued)

2.3 Use of estimates and judgements (continued)

The table below provides the changes in key underlying assumptions used for valuation of life insurance contract liabilities with effect from 31 March 2020.

	With effect 31 March 2020	Before 31 March 2020
Discount Rate	For both Singapore dollar and US dollar denominated policies, discount rates are derived in compliance with MAS 133: • Market yields of Singapore and US government bonds up to 20 years and 30 years respectively; • Ultimate forward rate of 3.8% applicable for duration of a liability from 60 years onwards; • Extrapolated yields between 20 years and 60 years for SGD, between 30 years and 60 years for USD; and • Application of Illiquidity premium (if any) to the risk free discount rate in accordance to MAS 133.	For Singapore dollar denominated policies, risk-free discount rates are derived in compliance with MAS 319: • Market yields of Singapore government securities ("SGS") up to 15 years; • Long-term risk-free discount rate ("LTRFDR") applicable for duration of a liability from 20 years onwards; and • Interpolated yields between the market yield of the 15-year SGS and LTRFDR. For Universal Life (US dollar denominated policies), the discount rates are derived based on the methodology prescribed by MAS in the exemption letter dated 15 December 2016: • Market yields of US government bonds up to 30 years; • Ultimate forward rate of 3.5% applicable from 60 years onwards; and • Extrapolated yields between 30 years and 60 years.
Provision for adverse deviation ("PAD")	PAD ratios are set at 50% of C1 insurance risk charges prescribed under under section 4.2 under MAS 133 Beyond Q2 2020, PAD ratios would be revised to 1/3 of C1 insurance risk charges prescribed under section 4.2 under MAS 133, which is equivalent to 80.0% VaR over a one-year period (i.e. 1-in-5 event) for alignment with Aviva Limited's risk appetite. .	PAD ratios are set at 50% of C1 insurance risk charges prescribed under the Third Schedule of the Insurance (Valuation & Capital) Regulations 2004.

2. Basis of preparation (continued)

2.3 Use of estimates and judgements (continued)

2020 Experience Analysis
Most of the experience analysis are performed in the second half of 2020 and the impact of the proposed changes to the assumptions will be put through in the second half of 2020 after the proposed assumptions are approved by the Assumption Committee.

2.4 Changes in accounting policies

The accounting policies adopted are consistent with those of the Company's financial statements for the year ended 31 December 2019.

3. Significant changes in the current reporting period

COVID-19 pandemic
In response to control the spread of COVID-19, the Singapore government introduced "Circuit Breaker" ("CB") measures in April 2020. This was lifted on 1 June 2020, followed by the gradual resumption of activities throughout June 2020. As part of these measures, overall public mobility was significantly restricted, with all non-essential services suspended temporarily for two months, including face-to-face sales.

Despite the CB measures, the Company was still able to register growth in sales for the 6-month period ended 30 June 2020, as compared to the same period in 2019. The Retail Health portfolio had also benefited from a slowdown in claims due to the implementation of the CB measures, and consequently the discontinuance of any non-essential services and elective procedures. As at June 2020, we estimated that this had resulted in a delay of claims on such non-essential services and elective procedures of approximately $10m, which we had set aside provision for as at 30 June 2020.

Adoption of RBC 2
On 28 February 2020, the Monetary Authority of Singapore ("MAS") issued the Notice on Valuation on Capital Framework for Insurers (Notice 133) and Insurance (Valuation and Capital) (Amendment) Regulations 2020, both of which came into effect on 31 March 2020. With that, Singapore insurance solvency capital framework changed to the RBC 2 regime. Besides specifying financial resources and risk requirements methodology, RBC 2 also touches on various aspect of insurance liability valuation. The change arising from RBC 2 is accounted for as a change in accounting estimates. The effect of the change to RBC 2 are disclosed in section 2.3.

4. Net investment and other income

	At fair value through profit or loss account $'000	Loans and receivables $'000	Others $'000	Total $'000
For the 6 month period ended 30 June 2020				
Dividend income	**21,616**	**-**	**-**	**21,616**
Interest income from:				
- Bonds and loan stocks	**36,896**	**-**	**-**	**36,896**
- Government and public authority securities	**26,072**	**-**	**-**	**26,072**
- Fixed deposits, discounted bills and loans	**-**	**1,883**	**-**	**1,883**
- Loan to a subsidiary	**-**	**60**	**-**	**60**
Exchange gain/(loss) – net	**1,265**	**-**	**503**	**1,768**
Other income	**-**	**-**	**8,227**	**8,227**
Gross investment and other income	**85,849**	**1,943**	**8,730**	**96,522**
Less: Investment expenses and other charges	**(9,961)**	**-**	**(133)**	**(10,094)**
Less: Interest expense	**(96)**	**-**	**-**	**(96)**
Net investment and other income	**75,792**	**1,943**	**8,597**	**86,332**

	At fair value through profit or loss account $'000	Loans and receivables $'000	Others $'000	Total $'000
For the 6 month period ended 30 June 2019				
Dividend income	29,458	-	-	29,458
Interest income from:				
- Bonds and loan stocks	41,100	-	-	41,100
- Government and public authority securities	20,293	-	-	20,293
- Fixed deposits, discounted bills and loans	-	2,645	-	2,645
- Loan to a subsidiary	-	59	-	59
Exchange gain/(loss) - net	(2,169)	-	(274)	(2,443)
Other income	-	-	2,385	2,385
Gross investment and other income	88,682	2,704	2,111	93,497
Less: Investment expenses and other charges	(8,880)	-	(224)	(9,104)
Less: Interest expense	(751)	-	-	(751)
Net investment and other income	79,051	2,704	1,887	83,642

5. Other operating expenses

Other operating expenses comprise the following:

	For the 6 month period ended 30 June 2020 $'000	For the 6 month period ended 30 June 2019 $'000
Advertising and promotion expenses	1,082	1,222
Sales incentives	7,977	6,413
Directors' remuneration and fees	138	138
Write-back for impairment of other receivables	(166)	(1,354)
Professional fees	7,352	4,352
Recharges from related companies	17,243	18,944
Recharges to related companies	(442)	(543)
Recharges to Ministry Of Health	(3,529)	(4,101)
Licence fees	1,231	1,132
Repairs and maintenance expenses	1,283	1,114
Bank charges	572	959
Printing and stationery	661	1,177
Postage, courier and telex charges	1,107	496
GST absorbed	4,749	3,670
Transaction processing fees	1,264	571
Donations and sponsorships	2,377	2,855
Other expenses	3,585	2,254
Other operating expenses	**46,484**	**39,299**

6. Income tax expense

Major components of income tax expense

The major components of income tax expense for the 6 months ended 30 June 2020 and 2019 are:

	For the 6 month period ended 30 June 2020 $'000	For the 6 month period ended 30 June 2019 $'000
Current income tax		
- Current taxation	**8,251**	**10,844**
- Overprovision in respect of prior periods	**(1,540)**	**(771)**
Deferred income tax		
- Origination and reversal of temporary differences	**28,962**	**50,660**
Income tax expense recognised in the statement of comprehensive income	**35,673**	**60,733**

7. Intangible assets

	30 June 2020 $'000	31 December 2019 $'000
(a) Computer software licenses		
Cost:		
Balance at 1 January	**33,407**	23,447
Additions	**77**	9,960
Balance at period end	**33,484**	33,407
Accumulated amortisation:		
Balance at 1 January	**14,551**	11,518
Amortisation recognised during the period	**2,028**	3,033
Balance at period end	**16,579**	14,551
Net book value at period end	**16,905**	18,856
(b) Distribution rights		
Cost:		
Balance at 1 January	**4,300**	3,500
Additions	**-**	800
Balance at period end	**4,300**	4,300
Accumulated amortisation:		
Balance at 1 January	**3,567**	2,009
Amortisation recognised during the period	**400**	1,558
Balance at period end	**3,967**	3,567
Net book value at period end	**333**	733
Net book value of intangible assets	**17,238**	19,589

8. Investments at fair value through profit or loss

Investments designated at fair value through profit or loss:

	30 June 2020 $'000	31 December 2019 $'000
Equity securities:		
Quoted	3,634,041	3,963,371
Unquoted	345,408	314,285
	3,979,449	4,277,656
Debt securities:		
Quoted	5,121,754	4,633,285
Unquoted	382,714	71,603
	5,504,468	4,704,888
Investments at fair value through profit or loss	**9,483,917**	8,982,544
Current:		
Equity securities	3,979,449	4,277,656
Debt securities	840,681	912,883
	4,820,130	5,190,539
Non-current:		
Debt securities	4,663,787	3,792,005
Investments at fair value through profit or loss	**9,483,917**	8,982,544

9. Derivative financial instruments

Derivative financial instruments included in the balance sheet as at period end are as follows:

	Contract/ notional amount $'000	Fair value Assets $'000	Fair value Liabilities $'000
30 Jun 2020			
Currency swaps	**50,043**	**1,354**	**(2,551)**
Interest rate swaps	**1,005,374**	**31,299**	**-**
Currency forward contracts	**6,403,801**	**48,380**	**(100,655)**
Total held for trading assets/(liabilities)		**81,033**	**(103,206)**
31 Dec 2019			
Currency swaps	127,868	7,668	(1,041)
Interest rate swaps	17,374	1,325	-
Currency forward contracts	5,385,500	60,464	(9,076)
Total held for trading assets/(liabilities)		69,457	(10,117)

10. Loans and receivables

	30 Jun 2020 $'000	31 Dec 2019 $'000
Insurance receivables	**188,495**	129,979
Less: Allowance for impairment	**(324)**	(489)
	188,171	129,490
Due from reinsurers	**7,836**	9,646
Total insurance receivables	**196,007**	139,136
Cash and cash equivalents	**173,630**	209,005
Other receivables	**96,800**	82,819
Policy loans (non-current)	**59,032**	60,346
Total loans and receivables	**525,469**	491,306

Insurance receivables are non-interest bearing and are generally on 0 to 90 days credit term. The carrying amounts disclosed above reasonably approximate fair values at the end of the financial periods.

11. Financial liabilities carried at amortised cost

	30 Jun 2020 $'000	31 Dec 2019 $'000
Amounts due to agents, brokers and policyholders	**46,175**	51,075
Amounts due to reinsurers	**119,276**	105,543
Premium deposits	**245,519**	207,519
Advance premiums	**61,405**	63,729
Total insurance payables	**472,375**	427,866
Add: Other payables (Note 12)	**434,181**	401,962
Total financial liabilities carried at amortised cost	**906,556**	829,828

Insurance payables are non-interest bearing, except for premium deposits and advance premiums which bear an interest rate of 0.8% (2019: 0.8%) per annum. The carrying amounts disclosed above reasonably approximate fair values at the end of the financial periods.

12. Other payables

	30 Jun 2020 $'000	31 Dec 2019 $'000
Accrued operating expenses	**44,952**	60,419
Amounts due to related companies	**557**	184
Sundry creditors	**15,963**	5,890
Amount due to Ministry of Health ("MOH")	**372,709**	335,469
	434,181	401,962

13. Insurance contract liabilities

30 June 2020	Notes	Insurance contract liabilities $'000	Reinsurers' share of insurance contract liabilities $'000	Net $'000
Policy liabilities	(a)	**8,870,724**	**(1,095,205)**	**7,775,519**
Provision for unearned premiums and unexpired insurance risks	(b)	**242,290**	**(29,278)**	**213,012**
Provision for claims reported by policyholders	(c)	**161,272**	**(57,975)**	**103,297**
Provision for claims incurred but not reported ("IBNR")	(c)	**103,298**	**(27,744)**	**75,554**
Total insurance contract liabilities - Net		**9,377,584**	**(1,210,202)**	**8,167,382**
Current		**1,144,564**	**(114,975)**	**1,029,589**
Non-current		**8,233,020**	**(1,095,227)**	**7,137,793**
Total insurance contract liabilities - Net		**9,377,584**	**(1,210,202)**	**8,167,382**

31 December 2019	Notes	Insurance contract liabilities $'000	Reinsurers' share of insurance contract liabilities $'000	Net $'000
Policy liabilities	(a)	7,984,704	(469,501)	7,515,203
Provision for unearned premiums and unexpired insurance risks	(b)	207,929	(9,736)	198,193
Provision for claims reported by policyholders	(c)	131,895	(61,926)	69,969
Provision for claims incurred but not reported ("IBNR")	(c)	97,304	(26,520)	70,784
Total insurance contract liabilities - Net		8,421,832	(567,683)	7,854,149
Current		1,170,421	(98,169)	1,072,252
Non-current		7,251,411	(469,514)	6,781,897
Total insurance contract liabilities - Net		8,421,832	(567,683)	7,854,149

13. Insurance contract liabilities (continued)

(a) The movement in the net policy liabilities for Life and Group business is as follows:

	For the 6 month period ended 30 June 2020 $'000	For the financial year ended 31 December 2019 $'000
At beginning of period	**7,515,203**	6,919,088
Changes in net policy liabilities:		
New business reserves	**114,935**	201,264
Increase/(decrease) in liabilities	**49,517**	(211,319)
Benefit and claim experience variation	**99,646**	118,489
Changes in unit price for linked fund	**(13,933)**	56,104
Changes in assumptions	**85,352**	(150,422)
Movement in excess of policy assets over policy liabilities	**(46,239)**	670,374
Tax on undistributed surplus (Note 6)	**(28,962)**	(88,375)
At period end	**7,775,519**	7,515,203

(b) Provision for net unearned premiums and unexpired insurance risks may be analysed as follows:

	For the 6 month period ended 30 June 2020 $'000	For the financial year ended 31 December 2019 $'000
At beginning of period	**198,193**	160,821
Increase in provision for unearned premiums	**14,819**	37,372
At period end	**213,012**	198,193

(c) Provision for net claims reported and not reported by policyholders may be analysed as follows:

	For the 6 month period ended 30 June 2020 $'000	For the financial year ended 31 December 2019 $'000
At beginning of period	**140,754**	136,891
Change in outstanding claims	**622,836**	1,589,712
Movement in IBNR	**4,770**	8,192
Claims paid during the period	**(589,509)**	(1,594,041)
At period end	**178,851**	140,754

14. Equity

Share capital	**30 June 2020**		31 December 2019	
	No. of shares ’000	**$’000**	No. of shares ’000	$’000
Beginning of financial period	**102,752**	**103,193**	97,708	98,149
Shares issued	**1,798**	**1,798**	5,044	5,044
End of financial period	**104,550**	**104,991**	102,752	103,193

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restriction. The ordinary shares have no par value.

On 24 February 2020, the Company issued 1,797,750 shares for a consideration of $1,797,750 for the purpose of capital injection into Aviva Vietnam Life Insurance Company Limited. These new shares were fully subscribed by Aviva Group Holdings Limited. The newly issued ordinary shares rank pari passu in all respects with the previously issued ordinary shares.

On 28 May 2019, the Company issued 5,044,430 shares for a consideration of $5,044,430 in exchange for 100% of the shareholdings of Navigator Investment Services Limited. These new shares were fully subscribed by Aviva Group Holdings Limited. The newly issued ordinary shares rank pari passu in all respects with previously issued ordinary shares.

15. Related party transactions

In addition to the related party information disclosed elsewhere in these financial information, the following significant transactions between the Company and the related parties took place at terms agreed between the parties:

(a) Sales and purchases of services

	For the 6 month period ended 30 June 2020 $'000	For the 6 month period ended 30 June 2019 $'000
Commission paid to related companies	**(65,586)**	(59,224)
Management expenses paid to related company	**(21,519)**	(23,816)
Investment related fees paid to related company	**(4,831)**	(8,112)
Rental and other expenses paid on behalf for related companies	**(15,479)**	(13,119)
Management fees charged to related companies	**3,040**	1,667
Reimbursement received from related companies	**9,024**	6,999

16. Fair value of financial instruments

(a) Fair value of financial instruments that are carried at fair value

The following table shows an analysis of financial instruments carried at fair value by level of fair value hierarchy:

30 June 2020	Quoted prices in active markets for identical instruments (Level 1) $'000	Significant other observable inputs (Level 2) $'000	Significant un-observable inputs (Level 3) $'000	Total $'000
Financial assets:				
Equity securities				
Quoted	**3,634,041**	**-**	**-**	**3,634,041**
Unquoted	**-**	**-**	**345,408**	**345,408**
Debt securities				
Quoted	**-**	**5,121,754**	**-**	**5,121,754**
Unquoted	**-**	**382,714**	**-**	**382,714**
Derivatives				
Currency swaps	**-**	**1,354**	**-**	**1,354**
Interest rate swaps	**-**	**31,299**	**-**	**31,299**
Currency forward contracts	**-**	**48,380**	**-**	**48,380**
Available-for-sale financial assets	**-**	**-**	**5,805**	**5,805**
At 30 June 2020	**3,634,041**	**5,585,501**	**351,213**	**9,570,755**
Financial liabilities:				
Derivatives				
Currency swaps	**-**	**(2,551)**	**-**	**(2,551)**
Currency forward contracts	**-**	**(100,655)**	**-**	**(100,655)**
At 30 June 2020	**-**	**(103,206)**	**-**	**(103,206)**

31 December 2019	Quoted prices in active markets for identical instruments (Level 1) $'000	Significant other observable inputs (Level 2) $'000	Significant un-observable inputs (Level 3) $'000	Total $'000
Financial assets:				
Equity securities				
Quoted	3,963,371	-	-	3,963,371
Unquoted	-	-	314,285	314,285
Debt securities				
Quoted	-	4,633,285	-	4,633,285
Unquoted	-	71,603	-	71,603
Derivatives				
Currency swaps	-	7,668	-	7,668
Interest rate swaps	-	1,325	-	1,325
Currency forward contracts	-	60,464	-	60,464
Available-for-sale financial assets	-	-	4,007	4,007
At 31 December 2019	3,963,371	4,774,345	318,292	9,056,008
Financial liabilities:				
Derivatives				
Currency swaps	-	(1,041)	-	(1,041)
Currency forward contracts	-	(9,076)	-	(9,076)
At 31 December 2019	-	(10,117)	-	(10,117)

During the period, the Company has no transfers from Level 2 to Level 3.

16. Fair value of financial instruments (continued)

(a) ***Fair value of financial instruments that are carried at fair value*** (continued)

Movements in level 3 assets and liabilities measured at fair value:
The following table presents the reconciliation for all assets measured at fair value based on significant unobservable inputs (Level 3):

30 June 2020	Equities $'000	Available-for-sale $'000	Total $'000
Financial assets:			
Opening balance	314,285	4,007	318,292
Total gain for the period:			
– change in fair value	13,400	-	13,400
Purchases and sales for the year			
Purchases	17,723	1,798	19,521
Closing balance	**345,408**	**5,805**	**351,213**

31 December 2019	Equities $'000	Available-for-sale $'000	Total $'000
Financial assets:			
Opening balance	47,810	4,007	51,817
Total gain for the period:			
– change in fair value	1,472	-	1,472
Purchases and sales for the year			
Purchases	265,003	-	265,003
Closing balance	314,285	4,007	318,292

<u>Fair value hierarchy</u>

The Company classifies fair value measurement using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- Level 3 - Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

16. Fair value of financial instruments (continued)

(a) Fair value of financial instruments that are carried at fair value (continued)

Fair value hierarchy (continued)

The Company has an established control framework with respect to the measurement of fair values. This framework includes an investment accounting team that reports to the Chief Financial Officer, and has overall responsibility for all significant fair value measurements.

The investment accounting team regularly reviews the fair values of the investments held. If third party information, such as broker quotes or pricing services, is used to measure fair value, then the investment accounting team documents the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of FRS, including the level in the fair value hierarchy the resulting fair value estimates should be classified.

Determination of fair value

Quoted equity and debt securities (Note 8): Fair value is determined directly by reference to their published closing prices from established pricing sources at the reporting date.

Unquoted equity and debt securities (Note 8): Fair value is determined directly by reference to latest Net Asset Value provided by fund administrator and third party broker quotes.

Derivatives (Note 9): Derivative financial instruments are valued at market prices provided by counterparties, determined by reference to market values for similar instruments.

(b) Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value

Loans and receivables and financial liabilities carried at amortised cost .

The carrying amounts of these financial assets and liabilities are a reasonable approximation of fair values due to their short-term nature. Fair value is determined at initial recognition and, for disclosure purposes, at each annual reporting date.

17. Contingent liabilities

As at 30 June 2020, the Company had obligations to banks for bankers' guarantees issued by the banks to third parties as collateral for the lease of office premises of $848,163 (2019: $848,163), $250,000 (2019: $250,000) to the Ministry of Health for the Eldershield Scheme, $580,083 (2019: $580,083) to the Ministry of Defence and Ministry of Home Affairs for the MINDEF and MHA Group Insurance Scheme and $232,000 (2019: $29,000) for commercial insurance scheme.

18. Amount due to MOH

In 2018 the Company entered into an Agreement to Transfer with the MOH to transfer the ElderShield portfolio (both liabilities and corresponding assets backing these liabilities) to the MOH at a later date. The transaction has been accounted for as a 100% quota share reinsurance arrangement with effect from 1 January 2018.

19. Events occurring after balance sheet date

Merger with Singapore Life Pte Ltd ("Singlife")
On 11 September 2020, the ultimate holding company has announced a planned transaction to combine the Company and Singlife. As a result of the transaction, Aviva plc will retain a 25% equity shareholding in the new, combined business. TPG, a leading global private equity investor, will become a significant shareholder in the combined group, alongside Sumitomo Life Insurance Company and the other existing Singlife shareholders.

The transaction is subject to closing conditions, including regulatory approval, and is expected to complete by January 2021. Thereafter, the Company and Singlife legal entities will combine, subject to approval by the Singapore courts, targeting the first half of 2021. The Company and Singlife will continue to operate independently until then.

Mass Lapse Assumption for the ElderShield Portfolio
CareShield Life is an enhancement to replace the existing ElderShield scheme by MOH, which feature higher pay-outs that increase over time with no cap on pay-out duration. For existing ElderShield 400 policyholders who are born between 1970 and 1979 and are not severely disabled, they will automatically be covered by CareShield Life from end 2021.

Given the auto-enrolment to CareShield Life for ElderShield policyholders, a mass lapse on ElderShield policies is expected. Hence, the Assumption Committee approved a mass lapse assumption of 55% to take effect in end Dec 2021 for the ElderShield portfolio to reflect the expected experience, and to floor the ElderShield portfolio's policy liability at policy asset for prudency. The mass lapse assumption has been communicated with MOH and MAS and expected to be effected in Q3 2020.

AVIVA LTD

(Incorporated in Singapore. Registration Number: 196900499K)

ANNUAL REPORT

For the financial year ended 31 December 2019

AVIVA LTD
(Incorporated in Singapore. Registration Number: 196900499K)

ANNUAL REPORT
For the financial year ended 31 December 2019

Contents

DIRECTORS' STATEMENT

For the financial year ended 31 December 2019

The directors present their statement to the shareholder together with the audited financial statements of Aviva Ltd (the "Company") for the financial year ended 31 December 2019.

In the opinion of the directors,

(i) the financial statements as set out on pages 6 to 86 are drawn up so as to give a true and fair view of the financial position of the Company as at 31 December 2019 and the financial performance, changes in equity and cash flows of the Company for the financial year covered by the financial statements; and

(ii) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

Directors

The directors of the Company in office at the date of this statement are:

Christopher Brian Wei	- Chairman
Nishit Majmudar	- Chief Executive Officer
Lim Sook Mee	
Foong Soo Hah	
Justin Paul Breheny	

Arrangements to enable directors to acquire shares and debentures

Certain directors are entitled to participate in bonus plans operated by the Ultimate Holding Company, Aviva plc. Under these arrangements, participants may be awarded shares and/or options to acquire shares of Aviva plc.

Other than the above, neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose object was to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

DIRECTORS' STATEMENT
For the financial year ended 31 December 2019

Directors' interests in shares or debentures

According to the register of directors' shareholdings, none of the directors holding office at the end of the financial year had any interest in the shares or debentures of the Company or its related companies, except as follows:

Name of director	At 31.12.2019	At 1.1.2019
Aviva plc		
(Ordinary shares of £0.25 each)		
Christopher Brian Wei	2,098,108	1,252,392
Nishit Majmudar	405,266	255,052
Foong Soo Hah	68,803	45,000

Share options

There were no options granted during the financial year to subscribe for unissued shares of the Company. No shares were issued during the financial year by virtue of the exercise of options to take up unissued shares of the Company. There were no unissued shares of the Company under option at the end of the financial year.

Independent auditor

The independent auditor, PricewaterhouseCoopers LLP, has expressed its willingness to accept re-appointment.

On behalf of the directors,

Majmudar

Nishit Majmudar
Director
27 MAR 2020

Christopher Brian Wei
Director

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDER OF AVIVA LTD
For the financial year ended 31 December 2019

Report on the Audit of the Financial Statements

Our Opinion

In our opinion, the accompanying financial statements of Aviva Ltd (the "Company") are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the "Act") and Financial Reporting Standards in Singapore ("FRSs") so as to give a true and fair view of the financial position of the Company as at 31 December 2019 and of the financial performance, changes in equity and cash flows of the Company for the financial year ended on that date.

What we have audited

The financial statements of the Company comprise:
• the statement of comprehensive income for the financial year ended 31 December 2019;
• the balance sheet as at 31 December 2019;
• the statement of changes in equity for the financial year then ended;
• the statement of cash flows for the financial year then ended; and
• the notes to the financial statements, including a summary of significant accounting policies.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the Accounting and Corporate Regulatory Authority Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code.

Other Information

Management is responsible for the other information. The other information comprises the Directors' Statement but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Report on the Audit of the Financial Statements (continued)

Responsibilities of Management and Directors for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and FRSs, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDER OF AVIVA LTD (continued)
For the financial year ended 31 December 2019

Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

PricewaterhouseCoopers LLP

Public Accountants and Chartered Accountants

Singapore,
27 March 2020

STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 31 December 2019

	Note	2019 $'000	2018 $'000
Gross premiums written		**2,363,617**	1,844,840
Outward reinsurance premiums		**(376,705)**	(291,573)
Net premiums written		**1,986,912**	1,553,267
Gross change in unearned premiums and unexpired insurance risks		**(36,292)**	(24,891)
Reinsurers' share of change in unearned premiums and unexpired insurance risks		**(1,080)**	3,498
Net premiums earned		**1,949,540**	1,531,874
Net investment and other income	5	**168,533**	174,893
Share of profit of an associate	9	**5,215**	10,516
Net realised gain on sale of investments at fair value through profit or loss		**86,905**	179,838
Net fair value gain/(loss) on investments at fair value through profit or loss		**620,559**	(426,350)
Impairment loss on available-for-sale financial assets	15	**(1,511)**	(2,265)
Net realised loss on derivatives		**(8,000)**	(34,240)
Net fair value gain/(loss) on derivatives		**56,992**	(44,562)
Total income		**2,878,233**	1,389,704
Gross insurance contract benefits and claims paid		**(1,696,648)**	(906,970)
Reinsurers' share of insurance contract benefits and claims paid		**106,935**	71,110
Gross change in insurance contract liabilities		**(872,075)**	(218,576)
Reinsurers' share of change in insurance contract liabilities		**272,096**	(103,388)
Net insurance contract benefits and claims incurred		**(2,189,692)**	(1,157,824)
Commission expense		**(299,267)**	(240,073)
Reinsurance commission income		**37,884**	183,508
Net commission expense		**(261,383)**	(56,565)
Staff costs:			
- Salaries, bonuses and other employee benefits		**(73,928)**	(61,533)
- Central Provident Fund contributions		**(7,569)**	(6,467)
- Share-based payments expenses	23	**(1,366)**	(2,484)
Depreciation of plant and equipment and amortisation of intangible assets	10,11	**(11,658)**	(5,815)
Interest expense on lease liabilities	10	**(477)**	-
Other operating expenses	6	**(99,982)**	(92,671)
Other expenses		**(194,980)**	(168,970)
Total expenses		**(2,646,055)**	(1,383,359)
Profit before tax		**232,178**	6,345
Tax attributable to policyholders' returns		**(99,956)**	14,842
Profit before tax attributable to shareholder		**132,222**	21,187
Tax (expense) / credit	7(a)	**(116,023)**	9,528
Less: Tax attributable to policyholders' returns		**99,956**	(14,842)
Tax attributable to shareholder's profits		**(16,067)**	(5,314)
Net profit for the financial year		**116,155**	15,873

The accompanying notes form an integral part of these financial statements.

STATEMENT OF COMPREHENSIVE INCOME (continued)
For the financial year ended 31 December 2019

	2019 $'000	2018 $'000
Net profit	**116,155**	15,873
Other comprehensive income for the financial year, net of income tax	**-**	-
Total comprehensive income for the financial year	**116,155**	15,873

The accompanying notes form an integral part of these financial statements.

AVIVA LTD

BALANCE SHEET
As at 31 December 2019

	Note	**2019 $'000**	2018 $'000
Non-current assets			
Investments in subsidiaries	8	**29,744**	16,200
Investment in associate	9	**71,838**	68,876
Plant and equipment	10	**8,697**	559
Intangible assets	11	**19,589**	13,420
Policy loans	16	**60,346**	61,097
Investments at fair value through profit or loss	13	**3,792,005**	3,323,322
Reinsurers' share of insurance contract liabilities	20	**469,514**	223,508
		4,451,733	3,706,982
Current assets			
Cash and cash equivalents	12	**209,005**	197,775
Investments at fair value through profit or loss	13	**5,190,539**	4,913,852
Available-for-sale financial assets	15	**4,007**	5,518
Derivative financial assets	14	**69,457**	40,998
Insurance receivables	16	**139,136**	120,763
Other receivables	17	**82,819**	73,346
Reinsurers' share of insurance contract liabilities	20	**98,169**	73,089
Prepayments		**47,803**	44,992
Deferred acquisition cost	22	**17,522**	18,860
		5,858,457	5,489,193
Current liabilities			
Insurance payables	18	**427,866**	445,050
Derivative financial liabilities	14	**10,117**	38,650
Other payables	19	**401,962**	305,937
Insurance contract liabilities	20	**1,170,421**	1,046,353
Current tax payable		**35,059**	18,552
Lease liabilities	3.1	**7,491**	-
		2,052,916	1,854,542
Net current assets		**3,805,541**	3,634,651
Non-current liabilities			
Insurance contract liabilities	20	**7,251,411**	6,467,044
Deferred tax liabilities	7(c)	**367,056**	277,327
Lease liabilities	3.1	**1,963**	-
		7,620,430	6,744,371
Net assets		**636,844**	597,262
Equity			
Share capital	23	**103,193**	98,149
Share based compensation reserve		**4,975**	4,615
Retained profits		**528,676**	494,498
Total equity		**636,844**	597,262

The accompanying notes form an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
For the financial year ended 31 December 2019

	Note	Share capital $'000	Share based compensation reserve $'000	Retained profits $'000	Total equity $'000
Balance as at 31 December 2018		98,149	4,615	494,498	597,262
Adoption of FRS 116	3.1	-	-	(1,977)	(1,977)
Balance as at 1 January 2019		98,149	4,615	492,521	595,285
Total comprehensive income for the financial year		-	-	116,155	116,155
Issue of shares	23	5,044	-	-	5,044
Dividend paid	24	-	-	(80,000)	(80,000)
Employee share plan					
- Value of employee services		-	1,367	-	1,367
- Settlement with Group		-	(1,007)	-	(1,007)
At 31 December 2019		**103,193**	**4,975**	**528,676**	**636,844**
At 1 January 2018		98,149	3,502	488,625	590,276
Total comprehensive income for the financial year		-	-	15,873	15,873
Dividend paid	24	-	-	(10,000)	(10,000)
Employee share plan					
- Value of employee services		-	2,484	-	2,484
- Settlement with Group		-	(1,371)	-	(1,371)
At 31 December 2018		**98,149**	**4,615**	**494,498**	**597,262**

The accompanying notes form an integral part of these financial statements.

STATEMENT OF CASH FLOWS
For the financial year ended 31 December 2019

	Note	2019 $'000	2018 $'000
Cash flows from operating activities			
Profit after tax		**116,155**	15,873
Adjustments for:			
Income tax expense/(credit)		**116,023**	(9,528)
Impairment loss on available-for-sale financial assets		**1,511**	2,265
(Write-back)/ allowance for impairment of insurance and other receivables		**(1,055)**	2,393
Net change in unearned premiums and unexpired insurance risk	20(b)	**37,372**	21,393
Net insurance contract benefits and claims		**599,977**	321,964
Depreciation of plant and equipment and amortisation of intangible assets	10,11	**11,658**	5,815
Share of profit of an associate		**(5,215)**	(10,516)
Net realised gain on sale of derivatives and investments at fair value through profit or loss		**(78,820)**	(145,598)
Net fair value (gain)/loss on derivatives and investments at fair value through profit or loss		**(677,636)**	470,912
Share-based payments expense		**359**	1,113
Interest income	5	**(125,224)**	(127,674)
Interest expense		**1,578**	2,433
Dividend income	5	**(54,753)**	(59,106)
Operating cash flows before changes in operating assets/liabilities		**(58,070)**	491,739
Decrease in policy loans		**751**	485
Increase in insurance receivables and deferred acquisition cost		**(17,299)**	(28,907)
(Increase)/Decrease in other receivables and prepayments		**(13,840)**	5,287
(Decrease)/Increase in insurance payables		**(17,184)**	10,945
Decrease in other payables		**77,843**	259,080
Cash (used in)/generated from operating activities		**(27,799)**	738,629
Income tax paid		**(9,787)**	(20,470)
Interest paid		**(1,746)**	(2,414)
Net cash (used in)/generated from operating activities		**(39,332)**	715,745
Cash flows from investing activities			
Capital injections into subsidiaries	8	**(8,500)**	(3,000)
Interest income received		**127,131**	125,193
Dividends received		**57,975**	61,665
Purchase of plant and equipment	10	**(192)**	(25)
Purchase of intangible asset	11	**(10,760)**	(4,399)
Purchase of investments		**(7,502,508)**	(5,120,408)
Proceeds from sale of investments		**7,475,429**	4,261,462
Net cash flows from/(used in) investing activities		**138,575**	(679,512)
Cash flows from financing activities			
Dividends paid on ordinary shares	24	**(80,000)**	(10,000)
Principal payment of lease liabilities		**(8,013)**	-
Net cash used in financing activities		**(88,013)**	(10,000)
Net increase in cash and cash equivalents		**11,230**	26,233
Cash and cash equivalents at the beginning of the year	12	**197,775**	171,542
Cash and cash equivalents at the end of the year	12	**209,005**	197,775

The accompanying notes form an integral part of these financial statements.

STATEMENT OF CASH FLOWS (continued)
For the financial year ended 31 December 2019

Significant non-cash transactions
On 28 May 2019, the Company issued 5,044,430 shares for a consideration of $5,044,430 in exchange for the shareholdings of Navigator Investment Services Limited of 100% (Note 8). These new shares were fully subscribed by Aviva Group Holdings Limited. The newly issued ordinary shares rank pari passu in all respects with the previously issued ordinary shares.

Reconciliation of liabilities arising from financing activities

	1 January 2019 $'000	Principal payments $'000	Non-cash changes $'000		31 December 2019 $'000
			Interest expense	Addition – new leases	
Lease liabilities	16,990	(8,013)	477	-	9,454

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

1. Corporate information

The Company is a limited liability company incorporated and domiciled in Singapore. The Company's immediate holding company and ultimate holding company are Aviva Group Holdings Limited and Aviva plc respectively. Both the immediate holding company and ultimate holding company are incorporated in the United Kingdom.

The address of the Company's registered office and principal place of business is:
4 Shenton Way
#01-01 SGX Centre 2
Singapore 068807

The principal activities of the Company consist of transacting general and life insurance businesses.

2. Basis of preparation

2.1 Statement of compliance

The financial statements have been prepared in accordance with Singapore Financial Reporting Standards ("FRS").

The financial statements are prepared in accordance with the historical cost convention, except as disclosed in the accounting policies below.

2.2 Functional and presentation currency

The financial statements are presented in Singapore Dollars ($), the functional currency of the Company and all values are rounded to the nearest thousand ($'000) except when otherwise indicated.

2.3 Use of estimates and judgements

The preparation of financial statements in conformity with FRS requires management to exercise its judgement in the process of applying the Company's accounting policies. It also requires the use of certain critical accounting estimates and assumptions. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimates are revised and in any future periods affected.

2. Basis of preparation (continued)

2.3 Use of estimates and judgements (continued)

The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are described in Note 4.

3. Significant accounting policies

The accounting policies have been consistently applied by the Company and are consistent with those used in the previous financial year, except as set out in Note 3.1 below.

3.1 Changes in accounting policies

On 1 January 2019, the Company adopted the new or amended FRS and Interpretations to FRS ("INT FRS") that are mandatory for application for the financial year. Changes to the Company's accounting policies have been made as required, in accordance with the transitional provisions in the respective FRS and INT FRS.

The adoption of these new or amended FRS and INT FRS did not result in substantial changes to the Company's accounting policies and had no material effect on the amounts reported for the current or prior financial years except for the adoption of FRS 116 Leases.

(a) Adoption of FRS 116 Leases

When the Company is the lessee

Prior to the adoption of FRS 116, non-cancellable operating lease payments were not recognised as liabilities in the balance sheet. These payments were recognised as rental expenses over the lease term on a straight-line basis.

The Company's accounting policy on leases after the adoption of FRS 116 is as disclosed in Note 3.18.

On initial application of FRS 116, the Company has elected to apply the following practical expedients:

i) For all contracts entered into before 1 January 2019 and that were previously identified as leases under FRS 17 *Lease*, the Company has not reassessed if such contracts contain leases under FRS 116; and

3. Significant accounting policies (continued)

3.1 Changes in accounting policies (continued)

(a) Adoption of FRS 116 Leases (continued)

When the Company is the lessee (continued)

ii) On a lease-by-lease basis, the Company has:
a) applied a single discount rate to a portfolio of leases with reasonably similar characteristics;
b) relied on previous assessments on whether leases are onerous as an alternative to performing an impairment review;
c) accounted for operating leases payments associated with leases with a remaining lease term of less than 12 months as at 1 January 2019 as an expense on a straight-line basis over the lease term;
d) excluded initial direct costs in the measurement of the right-of-use ("ROU") asset at the date of initial application; and
e) used hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

There were no onerous contracts as at 1 January 2019.

For leases previously classified as operating leases on 1 January 2019, the Company has applied the following transition provisions:

(i) On a lease-by-lease basis, the Company chose to measure its ROU assets at a carrying amount as if FRS 116 had been applied since the commencement of the lease but discounted using the incremental borrowing rate at 1 January 2019.

(ii) Recognised its lease liabilities by discounting the remaining lease payments as at 1 January 2019 using the incremental borrowing rate for each individual lease or, if applicable, the incremental borrowing rate for each portfolio of leases with reasonably similar characteristic.

(iii) The difference between the carrying amounts of the ROU assets and lease liabilities as at 1 January 2019 is adjusted directly to opening retained profits. The adjustment amount is $1,977,000. Comparative information is not restated.

3. Significant accounting policies (continued)

3.1 Changes in accounting policies (continued)

(a) *Adoption of FRS 116 Leases* (continued)

When the Company is the lessee (continued)

An explanation of the differences between the operating lease commitments previously disclosed in the Company's financial statements as at 31 December 2018 and the lease liabilities recognised in the balance sheet as at 1 Janaury 2019 are as follows :

	$'000
Operating lease commitments disclosed as at 31 December 2018	17,951
Less: Low-value leases, except for those under a sublease arrangement	(264)
Less: Discounting effect using weighted average incremental borrowing rate of 3.67% per annum	(697)
Lease liabilities recognised as at 1 January 2019	16,990

(b) *Deferral for FRS 117 Insurance Contracts*

Accounting Standards Council ("ASC") adopted IFRS 17 Insurance Contracts and IFRS 9 Financial Instruments without modification into FRS 117 and FRS 109. FRS 117 Insurance Contracts will replace the current FRS 104 insurance contract standard. FRS 117 includes some fundamental differences to current accounting in both insurance contract measurement and profit recognition. The general model is based on a discounted cash flow model with a risk adjustment and deferral of unearned profits. A separate approach applies to insurance contracts that are linked to returns on underlying items and meet certain requirements. Additionally, FRS 117 requires more granular information and a new presentation format for the statement of comprehensive income as well as extensive disclosures. However, IASB proposed in June 2019 to defer IFRS 17 and extend the temporary IFRS 9 exemption available to insurers until the financial period beginning on or after 1 January 2022. The proposed deferral was published in the Exposure Draft amendments to IFRS 17 for public consultation which ended on 25 September 2019. This was consequently approved on 18 March 2020 where the effective date has now been deferred to periods beginning on or after 1 January 2023.

3. Significant accounting policies (continued)

3.2 Currency translation

Transactions in a currency other than the functional currency ("foreign currency") are translated to the functional currency using exchange rates at the dates of transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to Singapore Dollars at the exchange rates at that date. Currency translation differences resulting from the settlement of such transactions and the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the reporting date are recognised in profit or loss.

Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rates as at the date of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair values were determined.

3.3 Group accounting

(a) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Company has control. The Company controls an entity when the Company is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

Investments in subsidiaries are stated at cost less accumulated impairment losses (Note 3.12) in the Company's balance sheet. On disposal of investments in subsidiaries, the difference between net disposal proceeds and the carrying amount of the investment is recognised in profit or loss.

3. Significant accounting policies (continued)

3.3 Group accounting (continued)

(b) Associates (equity-accounted investee)

An associate is an entity over which the Company has significant influence, but not control, generally accompanied by a shareholding giving rise to voting rights of 20% or above but not exceeding 50%.

Investments in associates are accounted for using the equity accounting method less impairment losses, if any.

(i) Acquisition

Investments in associates are initially recognised at cost. The cost of an acquisition is measured at the fair value of the assets given, equity instruments issued or liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition.

(ii) Equity method of accounting

In applying the equity method of accounting, the Company's share of its associate's post-acquisition profits or losses are recognised in profit or loss and its share of post-acquisition other comprehensive income is recognised in other comprehensive income. These post-acquisition movements and distributions received from the associate are adjusted against the carrying amount of the investments. When the Company's share of losses in an associate equals to or exceeds its interest in the associate, the Company does not recognise further losses, unless it has legal or constructive obligations to make, or has made, payments on behalf of the associate. If the associate subsequently reports profits, the Company resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

Unrealised gains on transactions between the Company and its associate are eliminated to the extent of the Company's interest in the associate. Unrealised losses are also eliminated unless the transactions provide evidence of impairment of the assets transferred. The accounting policies of associates are changed where necessary to ensure consistency with the accounting policies adopted by the Company.

Dividend income from the associate is recognised as a reduction from the carrying amount of the investment.

3. Significant accounting policies (continued)

3.3 Group accounting (continued)

(b) Associates (equity-accounted investee) (continued)

(iii) Disposals

Investments in associates are derecognised when the Company loses significant influence. If the retained equity interest in the former associate is a financial asset, the retained equity interest is measured at fair value. The difference between the carrying amount of the retained interest at the date when significant influence is lost, and its fair value and any proceeds on partial disposal, is recognised in profit or loss.

(c) Separate financial statements

These financial statements are the separate financial statements of the Company. The Company is exempted from the preparation of consolidated financial statements as the Company is a wholly-owned subsidiary of Aviva plc, a United Kingdom-incorporated company which produces consolidated financial statements available for public use. The registered office of Aviva plc is as follows: St Helen's, 1 Undershaft, London, EC3P 3DQ, United Kingdom.

3.4 Interests in unconsolidated structured entities

A structured entity is an entity in which voting or similar rights are not the dominant factor in deciding control and is generally established for a narrow and well-defined objective. Interest in these entities are consequently accounted for in accordance with Note 3.5. Details of the Company's interests in these entities are disclosed in Note 31.

3. Significant accounting policies (continued)

3.5 Financial assets and financial liabilities

(a) *Classification*

The Company classifies its financial assets and liabilities in the following categories: at fair value through profit or loss, available-for-sale, loans and receivables and financial liabilities measured at amortised cost.

(i) Financial assets at fair value through profit or loss

The Company classifies its investments within the scope of FRS 39 as financial assets at fair value through profit or loss.

Financial assets at fair value through profit or loss can be sub-categorised as either financial assets held for trading or designated at fair value through profit or loss at inception. Derivative financial instruments are classified as financial assets held for trading. Assets in this category are presented as current assets if they are either held for trading or are expected to be realised within 12 months after the balance sheet date.

Financial assets designated as fair value through profit or loss at inception are those that are:

- part of those portfolios held in internal funds to match insurance contract liabilities that are linked to the changes in fair value of these assets. The designation of these assets to be at fair value through profit or loss eliminates or significantly reduces a measurement or recognition inconsistency (sometimes referred to as “an accounting mismatch”) that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases.

- managed and whose performance is evaluated on a fair value basis. Information about these financial assets is provided internally on a fair value basis to the Company’s key management personnel. The Company’s investment strategy is to invest in equity and debt securities, and to evaluate them at fair value through profit or loss.

3. Significant accounting policies (continued)

3.5 Financial assets and financial liabilities (continued)

(a) Classification (continued)

(ii) Loans and receivables

Non-derivative financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. They are presented as current assets, except for those expected to be realised later than 12 months after the balance sheet date which are presented as non-current assets. Loans and receivables include cash and cash equivalents, amounts due from policyholders and reinsurers, policy loans and other receivables.

(iii) Available-for-sale financial assets

Non-derivative financial assets that are either designated in this category or not classified in any of the other categories. They are presented as non-current assets unless the management intends to dispose of the assets within 12 months after the balance sheet date.

(iv) Financial liabilities measured at amortised cost

Financial liabilities are measured at amortised cost, except for instruments that are designated at fair value through profit or loss at inception or held for trading. Financial liabilities comprise insurance payables, amount due to related companies and other creditors.

(b) Recognition and derecognition

The Company determines the classification of its financial assets and liabilities at initial recognition and evaluates this designation at every reporting date.

Financial assets and liabilities are recognised on the balance sheet on the date at which they are originated or the trade date at which the Company becomes a party to the contractual provisions of the financial instrument.

3. Significant accounting policies (continued)

3.5 Financial assets and financial liabilities (continued)

(b) *Recognition and derecognition* (continued)

All regular way purchases and sales of financial assets are recognised on the trade date i.e. the date that the Company commits to purchase or sell the asset.

A financial asset is derecognised when the contractual right to receive cash flows have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership of the assets. On disposal of the financial asset, the difference between the carrying amount and the sale proceeds is recognised in profit or loss. Any amount previously recognised in other comprehensive income relating to the asset is reclassified to profit or loss.

(c) *Initial measurement*

Financial assets are initially recognised at fair value plus transaction costs except for financial assets at fair value through profit or loss, which are recognised at fair value. Transaction costs for financial assets at fair value through profit or loss are recognised immediately as expenses.

(d) *Subsequent measurement*

Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

Changes in the fair values of financial assets at fair value through profit or loss including the effects of currency translation, interest and dividends, are recognised in profit or loss when the changes arise.

Interest and dividend income on available-for-sale financial assets are recognised separately in income. Changes in the fair values of available-for-sale debt securities (i.e. monetary items) denominated in foreign currencies are analysed into currency translation differences on the amortised cost of the securities and other changes; the currency translation differences are recognised in profit or loss and the other changes are recognised in other comprehensive income and accumulated in the fair value reserve. Changes in the fair values of available-for-sale equity securities (i.e. non-monetary items) are recognised in other comprehensive income and accumulated in the fair value reserve, together with the related currency translation differences.

3. Significant accounting policies (continued)

3.5 Financial assets and financial liabilities (continued)

(d) *Subsequent measurement* (continued)

Unquoted equity investments classified as available-for-sale for which fair values cannot be reliably determined are carried at cost less accumulated allowance for impairment.

(e) *Impairment*

The Company assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired and recognises an allowance for impairment when such evidence exists.

(i) Loans and receivables

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy and default or significant delay in payments are objective evidence that these financial assets are impaired.

The carrying amount of these assets is reduced through the use of an impairment allowance account which is calculated as the difference between the carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. When the asset becomes uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are recognised against the same line item in profit or loss.

The impairment allowance is reduced through profit or loss in a subsequent period when the amount of impairment loss decreases and the related decrease can be objectively measured. The carrying amount of the asset previously impaired is increased to the extent that the new carrying amount does not exceed the amortised cost had no impairment been recognised in prior periods.

(ii) Available-for-sale financial assets

In addition to the objective evidence of impairment described in Note 3.5(e)(i), a significant or prolonged decline in the fair value of an equity security below its cost is considered as objective evidence that the available-for-sale financial asset is impaired.

3. Significant accounting policies (continued)

3.5 Financial assets and financial liabilities (continued)

(e) Impairment (continued)

(ii) Available-for-sale financial assets (continued)

If there is objective evidence of impairment, the cumulative loss that had been recognised in other comprehensive income is reclassified from equity to profit or loss. The amount of cumulative loss that is reclassified is measured as the difference between the acquisition cost (net of any principal repayment and amortisation) and current fair value, less any impairment loss on that financial asset previously recognised in profit or loss. The impairment losses recognised as an expense for an equity security are not reversed through profit or loss in subsequent periods.

3.6 Derivative financial instruments

Monetary Authority of Singapore (the “MAS”) Notice 125, Notice on Investment of Insurers govern the use of financial derivatives for the non-linked funds. For the linked funds, the use of derivatives is subject to the investment mandate and must be in compliance with the Central Provident Fund (“CPF”) Investment Guidelines, if the funds are approved under the CPF Investment Scheme.

Derivatives embedded in host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not held for trading or designated at fair value through profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss. Reassessment only occurs if there is a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required.

A significant portion of derivatives used for the non-linked funds are cross currency swaps with approved counterparties. Cross currency swaps hedge exposure to variability in cash flows or fair values that are attributable to the foreign currency risk associated with the underlying asset. The underlying asset, usually a foreign currency-denominated fixed income security, is hedged and valued on the same basis as quoted and unquoted bonds. The use of all other derivatives must be in compliance with the derivatives policy.

3. Significant accounting policies (continued)

3.6 Derivative financial instruments (continued)

Other derivatives in the non-linked funds may include credit default swaps, interest rate swaps, equity options and forward currency contracts and are used for efficient portfolio management purposes with the aim of achieving returns from exposure to credit risk and equity markets in a cost effective manner.

Derivative financial instruments are recognised initially at fair value on the date on which the derivatives are entered into. Attributable transaction costs are recognised in profit or loss when incurred. Subsequent to initial recognition, the derivative financial instruments are remeasured at fair value. They are carried as assets when the fair value is positive and as liabilities when the fair value is negative. Any gains or losses arising from changes in fair value on derivative financial instruments are taken to profit or loss. The Company does not apply hedge accounting for its derivative financial instruments.

3.7 Fair value measurement of financial assets and liabilities

The Company determines the fair values of its financial instruments based generally on listed market prices or broker or dealer price quotations. If prices are not readily determinable or if liquidating the positions is reasonably expected to affect market prices, fair value is based on valuation models provided by fund managers. Certain financial instruments, including derivative instruments, are valued using pricing models that consider, among other factors, contractual and market prices, correlation, time value, credit risk, yield curve volatility factors and/or prepayment rates of the underlying positions.

The fair values of currency forwards are determined using actively quoted forward exchange rates. The fair values of interest rate swaps are calculated as the present value of the estimated future cash flows discounted at actively quoted interest rates.

The fair values of financial assets and liabilities carried at amortised cost that are classified as current, approximate their carrying amounts.

The determination of the fair value of financial instruments is described in Note 28.

3. Significant accounting policies (continued)

3.8 Offsetting of financial instruments

Financial assets and liabilities are offset and the net amount presented in the balance sheet when there is a legally enforceable right to offset the recognised amounts both in the normal course of business and in the event of default, insolvency or bankruptcy of the entity and all counterparties, and there is an intention to either settle on a net basis or to realise the assets and settle the liability simultaneously.

Income and expenses are presented on a net basis only when permitted by the accounting standards, or for gains and losses arising from a group of similar transactions such as in the Company's trading activity.

3.9 Plant and equipment

All items of plant and equipment are initially recorded at cost. Such cost includes the cost that are directly attributable to the acquisition of a qualifying plant and equipment, and the estimated cost of dismantling and removing the items and restoring the site on which they are located when the Company has an obligation to remove the asset or restore the site. The cost of an item of plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment. Subsequent to initial recognition, office equipment and furniture and fittings are measured at cost less accumulated depreciation and any accumulated impairment losses.

An item of plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of the asset (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is included in profit or loss in the year the asset is derecognised.

Depreciation is provided on a straight line method over the shorter of the lease term and their useful lives. Depreciation is recognised from the date that the plant and equipment are installed and ready for use.

3. Significant accounting policies (continued)

3.9 Plant and equipment (continued)

The estimated useful lives for the current and comparative years are as follows:

Office equipment	:	3 to 5 years
Furniture and fittings	:	3 to 5 years
Right-of-use assets	:	5 years

The residual value, useful life and depreciation method are reviewed, and adjusted as appropriate, at each balance sheet date to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of plant and equipment. The effects of any revision are recognised in profit or loss when the changes arise.

Subsequent expenditure relating to plant and equipment that has already been recognised is added to the carrying amount of the asset only when it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably. All other repair and maintenance expenses are recognised in profit or loss when incurred.

3.10 Cash and cash equivalents

Cash and cash equivalents comprise cash at banks and on hand, fixed deposits and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. For the purposes of the statement of cash flows, cash and cash equivalents consist of cash on hand and short-term deposits in banks.

Cash and cash equivalents are carried at amortised cost in the balance sheet.

3.11 Intangible assets

Acquired computer software licences

Acquired computer software licences are initially capitalised at cost which includes the purchase price (net of any discounts and rebates) and other directly attributable costs of preparing the asset for its intended use. Direct expenditure including employee costs, which enhance or extend the performance of computer software beyond its specifications and which can be reliably measured, are added to the original cost of the software. Costs associated with maintaining the computer software are expensed off when incurred.

3. Significant accounting policies (continued)

3.11 Intangible assets (continued)

Acquired computer software licences (continued)

Computer software licences are subsequently carried at cost less accumulated amortisation and accumulated impairment losses. These costs are amortised to profit or loss using the straight-line method over their estimated useful lives of 3 – 5 years.

The amortisation period of intangible assets are reviewed at least at each balance sheet date. The effects of any revision are recognised in profit or loss when the changes arise.

Internally developed computer software

Research costs are recognised as an expense when incurred. Costs directly attributable to the development of computer software are capitalised as intangible assets only when technical feasibility of the project is demonstrated, the Company has an intention and ability to complete and use the software and the costs can be measured reliably. Such costs include purchases of materials and services and payroll-related costs of employees directly involved in the project.

Distribution rights

Distribution rights relate to the cost of the Distribution Agreement entered into with the Company's partners. The cost is capitalised and amortised over the duration of the agreement and assessed for impairment whenever there is an indication that it may be impaired. The amortisation period and the amortisation method are reviewed at least at each balance sheet date. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates.

3.12 Impairment of non-financial assets

The carrying amounts of the Company's non-financial assets (which includes intangible assets, plant and equipment, investment in subsidaries and investment in associate) are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount (i.e. higher of the fair value less cost to sell and the value-in-use) is estimated.

3. Significant accounting policies (continued)

3.12 Impairment of non-financial assets (continued)

An impairment loss is recognised if the carrying amount of an asset exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss.

In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of accumulated depreciation or amortisation, if no impairment loss had been recognised.

3.13 Insurance contracts

(i) Product classification

The Company issues insurance contracts that transfer insurance risk. Insurance contracts are defined as those containing significant insurance risk at the inception of the contract, or those where at the inception of the contract there is a scenario with commercial substance where the level of insurance risk may be significant over time. The significance of insurance risk is dependent on both the probability of an insurance event and the magnitude of its potential effect.

Once a contract has been classified as an insurance contract, it remains an insurance contract for the remainder of its lifetime, even if the insurance risk reduces significantly during this period.

(ii) Recognition and measurement

Premiums on long-term insurance contracts

Long-term insurance contracts include individual life insurance contracts (classified into life insurance non-participating contracts, life insurance participating contracts and investment-linked contracts) and guaranteed renewable health contracts.

Premiums on individual new business are recognised as income upon contract issuance.

3. Significant accounting policies (continued)

3.13 Insurance contracts (continued)

(ii) Recognition and measurement (continued)

Premiums on long-term insurance contracts (continued)

Premiums received but not recognised as income are recorded as advance premiums and are shown as a liability on the balance sheet.

Premiums on renewal business are recognised as income when due from the policyholders. Premium income is recorded net of experience refunds, which is a rebate on the gross premium due.

Premiums on short-term insurance contracts

Short-term insurance contracts include Group Life, Group Accident and Health, yearly (non-guaranteed) renewable Retail Health and General Insurance business.

Premiums are recognised uniformly over the whole period of cover provided by the contract entered into during the accounting period and are recognised on the date on which the policy commences.

Premiums on group business are recognised as income upon contract issuance regardless of payment and billing mode.

Benefits and claims

Life and health insurance claims reflect the cost of all claims incurred during the year, including handling costs. Death claims and surrenders are recorded on the basis of notification received. Maturities and annuity payments are recorded when due. Policy benefits, outstanding claims and incurred but not reported claims are recorded as insurance liabilities.

General insurance claims include claims actually paid, the change in the claims reserve and related claims handling expenses. Claims reserve is the value of expected future payments in relation to claims incurred prior to the valuation date, whether or not they have been reported to the Company, including expenses to be incurred in settling those claims.

3. Significant accounting policies (continued)

3.13 Insurance contracts (continued)

(ii) Recognition and measurement (continued)

Commission

Commission expenses are fees paid to intermediaries and independent financial advisors upon acquiring new or renewed insurance businesses.

For general insurance and Group Accident and Health business, the upfront commission expense paid is deferred and amortised on a pro-rata basis over the period of the contracts.

For policies with indemnity commission, the direct commission expenses paid to independent financial advisors are capitalised as deferred acquisition costs. If a policy lapses, any related deferred acquisition cost is expensed immediately and a receivable is set up for any commission recoverable. Subsequent to initial recognition, the deferred acquisition cost is amortised to profit or loss using the straight line method over periods ranging from 18 months to 36 months.

An impairment review is performed at each reporting date or more frequently when an indication of impairment arises. When the recoverable amount is less than the carrying value, an impairment loss is recognised in profit or loss. Deferred acquisition cost is also considered in the liability adequacy test for each reporting period.

Reinsurance commission income

Reinsurance commission income is recognised as revenue on a basis that is consistent with the recognition of the costs incurred on the acquisition of the underlying insurance contracts.

(iii) Insurance contract liabilities

Insurance contracts are contracts under which the Company accepts significant insurance risk from the policyholders by agreeing to compensate them or their beneficiaries in the event of a pre-specified future event affecting them. The Company sets aside funds today to meet these future liabilities and changes in insurance contract liabilities are recognised in profit or loss.

3. Significant accounting policies (continued)

3.13 Insurance contracts (continued)

(iii) Insurance contract liabilities (continued)

<u>*Policy liabilities*</u>

- Long-term business liability

  Long-term business liability is determined in accordance with local regulations and generally accepted actuarial principles in respect of individual contracts of insurance. The liability for these contracts is calculated as the sum of the present value of expected future payments less expected present value of future receipts arising from the policy. Any negative reserves at policy level are set to zero in accordance with the requirements of MAS Insurance (Valuation and Capital) Regulations.

  In the case of Non-Participating contracts (excluding MyPrestigePlan), the liabilities will include expense outgo, commission outgo, benefit outgo, premium income and reinsurance cashflows (where applicable) and discounted at risk-free yields.

  In the case of the Company's Participating business, as per the regulation, the Participating Fund's liability is determined to be the highest of the Policy Assets, Policy Liabilities and Minimum Condition Liability ("MCL"). Policy Assets of participating funds are the total assets required by regulations to be allocated to participating policyholders. The Policy Liabilities will include expense outgo, commission outgo, benefit outgo, premium income, tax and transfers to shareholders associated with future bonuses discounted at the long term best estimate return. MCL is the policy liability as defined above, excluding future bonuses but allowing for declared bonuses and is discounted at risk-free yields.

  In the case of MyPrestigePlan, the liability is determined to be the highest of the Policy Liability and MCL. Policy Liability will include expense outgo, commission outgo, benefit outgo projected at the general crediting rate, premium income, and reinsurance cashflows and discounted at the long term best estimate return. MCL is the Policy Liability as defined above, except that the benefit outgo is projected at the minimum crediting rate and discounted at risk-free yields.

  In the case of the guaranteed renewable health contracts, the policy liabilities follows that of the short-term business liability as defined below.

3. **Significant accounting policies** (continued)

3.13 **Insurance contracts** (continued)

(iii) Insurance contract liabilities (continued)

Policy liabilities (continued)

- Investment-linked liability

  Investment-linked liability is determined in accordance with local regulations and generally accepted actuarial principles. The liability for investment-linked policies consists of the unit reserve, which is the value of the underlying assets backing units relating to these policies. Additional reserves are held against future expected payments, other than those relating to the unit reserves, arising from these policies.

- Short-term business liability

  Provision for premium liabilities

  Provision for unexpired risks includes provision for unearned premiums and a provision for premium deficiency. The provision for unearned premiums ("UPR") represents the relevant proportion of premiums received for risks that have not yet expired.

  UPR is calculated based on the 1/365th method or on a pro-rata basis over the premium term on gross written premiums during the year in respect of short-term insurance business.

  Additional provision for premium deficiency is made where the future claims costs and expenses and a provision for adverse deviation exceeds the provision for UPR.

  Provision for claims liabilities

  This provision is made at reporting date for the estimated ultimate cost of all claims not settled at such date, after the deduction of amounts already paid, whether arising from events occurring during the period or earlier periods.

3. Significant accounting policies (continued)

3.13 Insurance contracts (continued)

(iii) Insurance contract liabilities (continued)

Provision for claims liabilities (continued)

Provision for outstanding claims and its associated claims handling expenses are made for the full estimated cost of all claims notified, but not settled at the reporting date using the best available information at the time. Provision is also made for the estimated cost of claims incurred but not reported until after the year-end. Any difference between the estimated cost and subsequent settlement is adjusted in profit or loss of the year in which settlement takes place.

- Provision for adverse deviation

  Additional provision is made in the liability valuation assumptions to allow for adverse deviation from the best estimate experience and to reflect the inherent uncertainty of the best estimate of the insurance liabilities.

- Liability adequacy test

  At each reporting date, liability adequacy tests are performed to support the adequacy of insurance contract liabilities. In performing these tests for the Company, current best estimate of future cashflows and claims handling and administration expenses, as well as investment income from assets backing such liabilities, are used and any negative reserves are set to zero for prudence.

(iv) Reinsurance

The Company cedes insurance risk in the normal course of business. Reinsurance assets primarily include balances due from both insurance and reinsurance companies for ceded insurance liabilities. Assets, liabilities, income and expense arising from the reinsurance contracts are accounted for on the same basis as the related insurance contract balances and are presented separately from the assets, liabilities, income and expenses from the related insurance contracts.

Amounts recoverable under reinsurance contracts are assessed for impairment at each reporting date. Such assets are deemed impaired if there is objective evidence that the Company may not recover all amounts due from the reinsurer.

3. Significant accounting policies (continued)

3.14 Other revenue recognition

Investment income

Investment income comprises of dividend and interest income from financial assets and interest income on loans and bank deposits.

Dividend income on securities is recognised when the Company's right to receive payment is established.

Interest income is recognised using the effective interest method.

Fee and other income

Fee and other income comprises reinsurance commission income (including reinsurance profit commission income) and management and other fees.

Reinsurance commission income is recognised as revenue on a basis that is consistent with the recognition of the costs incurred on the acquisition of underlying insurance contracts.

Reinsurance profit commission income is recognised based on the terms of the underlying reinsurance contract, and when the amount of revenue and related cost of the reinsurance transaction can be reliably measured.

The items above relate to services embedded in insurance contracts and represent services rendered or cash flows arising from an insurance contract. The Company does not bifurcate these services from the host insurance contract and therefore such services are accounted for under FRS 104.

Realised gains and losses

Realised gains and losses on the sale of investments are calculated as the difference between net sales proceeds and the carrying amounts. Realised gains and losses are recognised in profit or loss when the sale transaction occur.

3. Significant accounting policies (continued)

3.15 Taxes

(i) Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance sheet date.

Current income tax is recognised on the chargeable income for the year. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

(ii) Deferred tax

Deferred tax is provided using the liability method on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax assets and liabilities are measured using the tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled based on tax rates enacted or substantively enacted by the balance sheet date.

Deferred tax assets are recognised for all deductible temporary differences, carry-forward of unabsorbed capital allowances and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, carry-forward of unabsorbed capital allowances and unused tax losses can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

Current and deferred tax are recognised as income or expense in profit or loss, except to the extent that the tax arises from a business combination or a transaction which is recognised directly in equity.

3. Significant accounting policies (continued)

3.15 Taxes (continued)

Current tax and deferred tax are charged or credited directly to equity if the tax relates to items that are credited or charged, in the same or a different period, directly to equity.

Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to set off current income tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

3.16 Employee benefits

Defined contribution plan

Defined contribution plans are post-employment benefit plans under which the Company pays fixed contributions into separate entities such as the Central Provident Fund ("CPF") on a mandatory, contractual or voluntary basis. The Company has no further payment obligations once the contributions have been paid. CPF contributions are recognised as an expense in profit or loss in the same period as the employment that gives rise to the contributions.

Employee leave entitlement

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the balance sheet date.

Termination benefits

Termination benefits are recognised as an expense when the Company is committed demonstrably, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognised as an expense if the Company has made an offer of voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably. If benefits are payable more than 12 months after the reporting date, then they are discounted to their present value.

3. Significant accounting policies (continued)

3.16 Employee benefits (continued)

<u>*Shared-based payments*</u>

Employees of the Company are entitled to share-based payments under the 3 schemes described below. The cost of equity-settled transactions with employees is measured by reference to the fair value at the date which they are granted. The cost of equity-settled transaction is recognised, together with a corresponding increase in share based compensation reserve within equity, over the period in which the performance conditions (if any) are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ("vesting date").

The ultimate holding company charges the Company for the equity they provide to the Company's employees. There is a clear link between the recharge amount from the ultimate holding company and the share based payment amount, therefore the Company offsets the recharge against the share based compensation reserve in the financial statements.

(i) Long-Term Incentive Plans ("LTIP")

The LTIP awards are Aviva plc share awards.

Of each grant, 50% of shares awarded are subject to a non-market based performance condition, with the rest being subject to a market based performance condition. The non-market based performance is measured in relation to the Return on Capital Employed ("ROCE").

The market-based performance is a Total Shareholder Return ("TSR") performance condition. The TSR growth over a three-year performance period is ranked against a comparator group of 14 companies. For grants prior to 2012, 15% of shares subject to the TSR performance condition vest at median performance, 50% of these shares vest at the upper quintile and there is straight line vesting in between. For grants made subsequent to 2012, 10% of shares subject to the TSR performance condition vest at median performance, 50% of these shares vest at the upper quintile and there is straight line vesting in between.

3. **Significant accounting policies** (continued)

3.16 **Employee benefits** (continued)

Shared-based payments (continued)

(ii) Restricted Share Units

This discretionary award is directed towards senior management group and high performing / high potential individuals amongst the level F (Head of Departments) population. The award vests after 3 years, not subject to any performance conditions, provided employees remain in the Company's employment (and are not under notice of termination) throughout that period up to the point of vesting.

(iii) Annual Bonus Plan

Part of the bonus award for the Senior Management team will be made in deferred Aviva shares. These shares will vest in 3 equal tranches over 3 years and are not subject to any performance conditions.

3.17 **Provisions**

Provisions are recognised when the Company has a present legal or constructive obligation as a result of a past event, it is more likely than not that an outflow of economic resources will be required to settle the obligation and the amount of the obligation has been estimated reliably.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed.

3.18 **Leases**

Accounting policy for leases before 1 January 2019

Payments made under operating leases (net of any incentives received from the lessors) are recognised in profit or loss on a straight-line basis over the term of the lease.

Accounting policy for leases from 1 January 2019 onwards

At the inception of the contract, the Company assesses if the contract contains a lease. A contract contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Reassessment is only required when the terms and conditions of the contract are changed.

3. Significant accounting policies (continued)

3.18 Leases (continued)

Accounting policy for leases from 1 January 2019 onwards (continued)

- Right-of-use assets

  The Company recognised a right-of-use asset and lease liability at the date which the underlying asset is available for use. Right-of-use assets are measured at cost which comprises the initial measurement of lease liabilities adjusted for any lease payments made at or before the commencement date and lease incentive received. Any initial direct costs that would not have been incurred if the lease had not been obtained are added to the carrying amount of the right-of-use assets.

  These right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

- Lease liabilities

  The initial measurement of lease liability is measured at the present value of the lease payments discounted using the implicit rate in the lease, if the rate can be readily determined. If that rate cannot be readily determined, the Company shall use its incremental borrowing rate.

  Lease payments include the following:

  - Fixed payment (including in-substance fixed payments), less any lease incentives receivables;
  - The exercise price of a purchase option if is reasonably certain to exercise the option; and
  - Payment of penalties for terminating the lease, if the lease term reflects the Company exercising that option.

3. Significant accounting policies (continued)

3.18 Leases (continued)

Accounting policy for leases from 1 January 2019 onwards (continued)

- Lease liabilities (continued)

  Lease liability is measured at amortised cost using the effective interest method. Lease liability shall be remeasured when:

  - There is a change in future lease payments arising from changes in an index or rate;
  - There is a changes in the Company's assessment of whether it will exercise an extension option; or
  - There are modification in the scope or the consideration of the lease that was not part of the original term.

  Lease liability is remeasured with a corresponding adjustment to the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

- Short term and low value leases

  The Company has elected to not recognise right-of-use assets and lease liabilities for short-term leases that have lease terms of 12 months or less and leases of low value leases. Lease payments relating to these leases are expensed to profit or loss on a straight-line basis over the lease term.

3.19 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new ordinary shares are deducted against the share capital account.

3.20 Dividends to Company's shareholders

Dividends to the Company's shareholders are recognised when the dividends are approved for payment.

3. Significant accounting policies (continued)

3.21 Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the Company prior to the end of financial year which are unpaid. They are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). Otherwise, they are presented as non-current liabilities.

Trade and other payables are initially recognised at fair value, and subsequently carried at amortised cost using the effective interest method.

4. Significant accounting judgements and estimates

Estimates, assumptions concerning the future and judgements are made in the preparation of the financial statements. They affect the application of the Company's accounting policies, reported amounts of assets, liabilities, income and expenses, and disclosures made. They are assessed on an on-going basis and are based on experience and relevant factors, including expectations of future events that are believed to be reasonable under the circumstances. Please see Note 21 for estimates, assumptions and judgements made over insurance contract liabilities and Note 28 on the valuation of financial instruments. Other significant accounting judgements and estimates used in this report are:

Income taxes

Significant judgement is required in determining the capital allowances and deductibility of certain expenses during the estimation of the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognised liabilities for anticipated tax issues based on its understanding of the current tax legislation and estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

5. Net investment and other income

	At fair value through profit or loss account $'000	Loans and receivables $'000	Others $'000	Total $'000
2019				
Dividend income	**54,753**	**-**	**-**	**54,753**
Interest income from:				
- Bonds and loan stocks	**79,061**	**-**	**-**	**79,061**
- Government and public authority securities	**41,980**	**-**	**-**	**41,980**
- Fixed deposits, discounted bills and loans	**-**	**4,063**	**-**	**4,063**
- Loan to a subsidiary	**-**	**120**	**-**	**120**
Exchange gain/(loss) – net	**3,111**	**-**	**(598)**	**2,513**
Other income	**-**	**-**	**7,862**	**7,862**
Gross investment and other income	**178,905**	**4,183**	**7,264**	**190,352**
Less: Investment expenses and other charges	**(20,357)**	**-**	**(361)**	**(20,718)**
Less: Interest expense	**(1,101)**	**-**	**-**	**(1,101)**
Net investment and other income	**157,447**	**4,183**	**6,903**	**168,533**

	At fair value through profit or loss account $'000	Loans and receivables $'000	Others $'000	Total $'000
2018				
Dividend income	59,106	-	-	59,106
Interest income from:				
- Bonds and loan stocks	86,269	-	-	86,269
- Government and public authority securities	36,447	-	-	36,447
- Fixed deposits, discounted bills and loans	-	4,838	-	4,838
- Loan to a subsidiary	-	120	-	120
Exchange gain/(loss) - net	1,678	-	(774)	904
Other income	-	-	10,793	10,793
Gross investment and other income	183,500	4,958	10,019	198,477
Less: Investment expenses and other charges	(22,816)	-	(768)	(23,584)
Net investment and other income	160,684	4,958	9,251	174,893

6. Other operating expenses

Other operating expenses comprise the following:

	2019 $'000	2018 $'000
Advertising and promotion expenses	**3,878**	2,623
Sales incentives	**22,005**	12,745
Directors' remuneration and fees	**264**	270
Allowance for impairment of insurance receivables (Note 16)	**265**	67
(Write-back)/ allowance for impairment of other receivables	**(1,320)**	2,326
Professional fees	**12,248**	9,318
Recharges from related companies	**40,710**	36,519
Recharges to related companies	**(6,199)**	(2,576)
Licence fees	**2,445**	1,889
Repairs and maintenance expenses	**3,348**	2,382
Bank charges	**663**	2,193
Printing and stationery	**2,451**	2,264
Postage, courier and telex charges	**1,233**	1,591
GST absorbed	**10,507**	8,465
Transaction processing fees	**2,211**	1,241
Donations and sponsorships	**5,235**	4,066
Office rental	**-**	5,080
Other expenses	**38**	2,208
Other operating expenses	**99,982**	92,671

7. Income tax expense/(credit)

(a) Major components of income tax expense/(credit)

The major components of income tax expense/(credit) for the financial years ended 31 December 2019 and 2018 are:

	2019 $'000	2018 $'000
Current income tax		
- Current taxation	**34,199**	11,420
- Overprovision in respect of prior years	**(7,905)**	-
Deferred income tax		
- Origination and reversal of temporary differences	**89,729**	(20,948)
Income tax expense/(credit) recognised in the statement of comprehensive income	**116,023**	(9,528)

7. Income tax expense/(credit) (continued)

(b) Relationship between tax expense/(credit) and accounting profit

The reconciliation between the tax expense/(credit) and the product of accounting profit multiplied by the applicable corporate tax rate for the years ended 31 December 2019 and 2018 is as follows:

	2019 **$'000**	2018 $'000
Accounting profit before tax	**232,178**	6,345
Tax expense on profit before tax at 17% (2018:17%)	**39,470**	1,079
Adjustments:		
Overprovision in respect of prior years	**(7,905)**	-
Non-deductible expenses	**1,772**	2,477
Income not subject to taxation	**(4,691)**	(4,686)
Effect of difference in tax basis on participating fund	**122**	13,384
Effect of applying 10% concessionary rate on income from qualifying debt securities	**(1,120)**	(1,053)
Tax expense/(credit) on undistributed surplus (Note 20(a))	**88,375**	(20,729)
Tax expense/(credit)	**116,023**	(9,528)

(c) Deferred tax

	Balance Sheet		Statement of Comprehensive Income	
	2019 **$'000**	2018 $'000	**2019** **$'000**	2018 $'000
Deferred tax liabilities				
• To be settled after one year	**367,056**	277,327	**89,729**	(20,948)
Net deferred tax liabilities	**367,056**	277,327		
Deferred tax expense			**89,729**	(20,948)

7. Income tax (credit)/expense (continued)

(c) Deferred tax (continued)

Deferred income tax liabilities consist primarily of temporary differences arising from future distributable surplus arising from the Life Participating fund. Movements in deferred income tax liabilities during the financial year are as follows:

	2019 **$'000**	2018 $'000
Beginning of financial year	**277,327**	298,275
Charged/(credited) to:		
- Profit or loss (Note 7(a))	**89,729**	(20,948)
End of financial year	**367,056**	277,327

(d) The Company has estimated its tax charge, tax provision and tax recoverable relating to the insurance business based on its understanding of the current legislation. These estimates may be different from the ultimate actual tax liability or refund.

8. Investments in subsidiaries

	2019 **$'000**	2018 $'000
Equity investments at cost		
Beginning of financial year	**16,200**	13,200
Movement during the year		
- Acquisitions	**5,044**	-
- Capital injection	**8,500**	3,000
End of financial year	**29,744**	16,200
Investments in subsidiaries - net	**29,744**	16,200

There was a capital injection of $3,000,000 (for 3,000,000 shares) into its wholly owned subsidiary, Aviva Financial Advisers Pte Ltd on 8 March 2018 in the form of cash. Subsequently on 18 February 2019, the Company injected another $3,500,000 into Aviva Financial Advisers Pte Ltd in the form of cash.

On 28 May 2019, the Company acquired Navigator Investment Services Limited from its immediate holding company, Aviva Group Holdings Limited, for a consideration of $5,044,430. These amounts were settled via an issue of the Company's shares to its immediate holding company (Note 23).

On 30 May 2019, the Company injected capital of $5,000,000 into Navigator Investment Services Limited in the form of cash.

8. Investments in subsidiaries (continued)

The Company had the following subsidiaries as at 31 December 2019 and 2018:

Name of companies	Principal activities	Country of business/ incorporation	Percentage of effective equity interest held by the Company	
			2019	2018
			%	%
Held by the Company				
Aviva Financial Advisers Pte Ltd	Provision of financial advisory services	Singapore	**100.00**	100.00
Professional Advisory Holdings Ltd	Investment holding	Singapore	**92.42**	92.42
Navigator Investment Services Limited	Investment portfolio administration and provision of investment advisory services	Singapore	**100.00**	-
Wholly held by Professional Advisory Holdings Ltd				
Professional Investment Advisory Services Pte Ltd	Provision of financial advisory services	Singapore		

9. Investment in associate

For the current financial year, the Company recognised its share of the associate's profit based on unaudited results available up to 31 December 2019. There are no contingent liabilities relating to the Company's interest in the associate.

9. Investment in associate (continued)

Details of the associate held by the Company is as follows:

	Country of incorporation	Principal activity	Percentage (%) of effective equity interest held by the Company	
			2019	2018
Lendlease Jem Partners Fund Limited	Bermuda	Investment Holding	**22.5**	22.5

	2019	2018
	$'000	$'000
Equity investment at cost	**51,215**	51,215
Share of profits after tax (cumulative)	**34,545**	29,330
Dividends received (cumulative)	**(13,922)**	(11,669)
Carrying amount at 31 December	**71,838**	68,876

The Company's share of profit after tax from the associate recognised for the current financial year is $5,215,233 (2018: $10,515,763).

The summarised financial information of the associate (presented in $million) for the financial year ended 31 December, not adjusted for the proportion of the ownership interest held by the Company, is as follows:

	2019	2018
	$million	$million
Current assets	**1.2**	1.3
Non-current assets	**318.6**	307.0
Total assets	**319.8**	308.3
Current liabilities	**0.5**	2.2
Non-current liabilities	**-**	-
Total liabilities	**0.5**	2.2
Net assets	**319.3**	306.1
Revenue	**23.6**	50.9
Profit before tax	**22.2**	46.6
Income tax expense	**-**	-
Profit after tax	**22.2**	46.6
Other comprehensive income	**-**	-
Total comprehensive income for the year	**22.2**	46.6

9. Investment in associate (continued)

Reconciliation of the summarised financial information (in $million) presented with the carrying amount of the Company's interest in the associate, is as follows:

	2019 $million	2018 $million
Net assets		
At 1 January	**306.1**	271.9
Profit after tax	**23.2**	46.6
Dividends declared	**(10.0)**	(12.4)
At 31 December	**319.3**	306.1
Carrying value of interest in associate (2019 and 2018: 22.5%)	**71.8**	68.9

10. Plant and equipment

	Office equipment $'000	Furniture and fittings $'000	Right-of-use assets $'000	Total $'000
Cost				
At 1 January 2018	**3,978**	**4,447**	**-**	**8,425**
Additions	-	25	-	25
At 31 December 2018	**3,978**	**4,472**	**-**	**8,450**
Adoption of FRS 116 (Note 3.1)	**-**	**-**	**46,708**	**46,708**
Additions	-	192	-	192
At 31 December 2019	**3,978**	**4,664**	**46,708**	**55,350**
Accumulated depreciation				
At 1 January 2018	**3,012**	**3,750**	**-**	**6,762**
Depreciation charge	849	280	-	1,129
At 31 December 2018	**3,861**	**4,030**	**-**	**7,891**
Adoption of FRS 116 (Note 3.1)	**-**	**-**	**31,695**	**31,695**
Depreciation charge	97	298	6,672	7,067
At 31 December 2019	**3,958**	**4,328**	**38,367**	**46,653**
Net book values				
At 31 December 2018	117	442	-	559
At 31 December 2019	**20**	**336**	**8,341**	**8,697**

10. Plant and equipment (continued)

The Company leases office space over an average period of 5 years for the purpose of its insurance operations. There are no externally imposed covenants on these lease arrangements.

(a) Carrying amounts right-of-use assets are pertaining only to the office space leased.

	31 December 2019 $'000	1 January 2019 $'000
Office lease	**8,341**	15,013

(b) Depreciation charge during the financial year

	2019 $'000
Office lease	**6,672**

(c) Interest expense

	2019 $'000
Interest expense on lease liabilities	**477**

(d) Lease expense not capitalised in lease liabilities

	2019 $'000
Lease expenses – low value leases	**158**

(e) Total cash outflow for all the leases in 2019 was $8,013,000

(f) Addition of ROU assets during the financial year was nil.

11. Intangible assets

(a) **Computer software licenses**

	2019 $'000	2018 $'000
Cost:		
Balance at 1 January	**23,447**	20,948
Additions	**9,960**	2,499
Balance at 31 December	**33,407**	23,447
Accumulated amortisation:		
Balance at 1 January	**11,518**	7,975
Amortisation recognised during the year	**3,033**	3,543
Balance at 31 December	**14,551**	11,518
Net book value at 31 December	**18,856**	11,929

The Company has recognised costs incurred in relation to ongoing projects as Work-in-progress ("WIP") under Computer software licenses. The amount recognised as WIP for 2019 was $6,643,000 (2018: $6,120,911). Amortisation of these costs will only begin once the project goes live.

(b) **Distribution rights**

	2019 $'000	2018 $'000
Cost:		
Balance at 1 January	**3,500**	1,600
Additions	**800**	1,900
Balance at 31 December	**4,300**	3,500
Accumulated amortisation:		
Balance at 1 January	**2,009**	866
Amortisation recognised during the year	**1,558**	1,143
Balance at 31 December	**3,567**	2,009
Net book value at 31 December	**733**	1,491
Net book value of intangible assets	**19,589**	13,420

12. Cash and cash equivalents

	2019 **$'000**	2018 $'000
Cash and bank balances	**209,005**	197,775

As at 31 December 2019, the Company pledged cash collaterals of $150,000 (2018: nil) for liabilities and held cash collaterals of $645,000 (2018: nil) for assets in respect of derivative transactions. The Company did not repledge collaterals received.

13. Investments at fair value through profit or loss

Investments designated at fair value through profit or loss:

	2019 **$'000**	2018 $'000
Equity securities:		
Quoted	**3,963,371**	3,780,599
Unquoted	**314,285**	47,811
	4,277,656	3,828,410
Debt securities:		
Quoted	**4,633,285**	4,209,687
Unquoted	**71,603**	199,077
	4,704,888	4,408,764
Investments at fair value through profit or loss	**8,982,544**	8,237,174
Current:		
Equity securities	**4,277,656**	3,828,410
Debt securities	**912,883**	1,085,442
	5,190,539	4,913,852
Non-current:		
Debt securities	**3,792,005**	3,323,322
Investments at fair value through profit or loss	**8,982,544**	8,237,174

13. Investments at fair value through profit or loss (continued)

Singapore government securities of $1,159,000 (2018: $24,353,000) (Note 14) have been pledged to swap and forward counterparties in respect of the derivative agreements (Note 14). The pledged securities are managed daily and the derivative counterparties have the right to receive them when there is an increase in credit risk of the Company.

14. Derivative financial instruments

In connection with the derivative agreements with counterparties, the Company posted restricted securities of $1,159,000 (2018: $24,353,000) (Note 13) as collateral to these counterparties at the reporting date.

The Company also held security collateral of $32,049,000 (2018: $3,505,000) in the form of US government securities and Singapore government securities at the reporting date. The Company has the right to receive them when there is an increase in credit risk from counterparties. Therefore, these are not included in the Company's investments.

Derivative financial instruments included in the balance sheet as at 31 December are as follows:

	Contract/ notional amount	Fair value	
		Assets	Liabilities
	$'000	$'000	$'000
2019			
Currency swaps	**127,868**	**7,668**	**(1,041)**
Interest rate swaps	**17,374**	**1,325**	**-**
Currency forward contracts	**5,385,500**	**60,464**	**(9,076)**
Total held for trading assets/(liabilities)		**69,457**	**(10,117)**
2018			
Currency swaps	466,504	14,526	(17,041)
Interest rate swaps	36,374	105	(63)
Currency forward contracts	5,250,276	26,367	(21,546)
Total held for trading assets/(liabilities)		40,998	(38,650)

15. Available-for-sale financial assets

	2019	2018
	$'000	$'000
Unquoted equity securities		
At 1 January	**5,518**	7,783
Movement during the year		
- Allowance for impairment	**(1,511)**	(2,265)
At 31 December	**4,007**	5,518

Fair value information has not been disclosed for the Company's investment in unquoted equity securities of $4,007,000 (2018: $5,518,000) that are carried at cost because their fair values cannot be measured reliably using valuation techniques supported by observable market data. These equity securities represent a minority interest in Aviva Vietnam Life Insurance Company Limited by way of a share contribution and are not quoted in any market and do not have any comparable industry peers that are listed. Aviva Vietnam Life Insurance Company Limited is a fully owned subsidiary of Aviva Group since 1 June 2017 and was a jointly controlled entity of the Aviva Group but not at the Company level prior to that date.

The Company recognised an impairment loss of $1,511,000 (2018: $2,265,000) against the said equity securities during the financial year.

16. Loans and receivables

	2019	2018
	$'000	$'000
Insurance receivables	**129,979**	114,431
Less: Allowance for impairment	**(489)**	(422)
	129,490	114,009
Due from reinsurers	**9,646**	6,754
Total insurance receivables	**139,136**	120,763
Cash and cash equivalents (Note 12)	**209,005**	197,775
Other receivables (Note 17)	**82,819**	73,346
Policy loans (non-current)	**60,346**	61,097
Total loans and receivables	**491,306**	452,981

16. Loans and receivables (continued)

Insurance receivables are non-interest bearing and are generally on 0 to 90 days credit term. The carrying amounts disclosed above reasonably approximate fair values at year-end.

	2019	2018
	$'000	$'000
Movement in allowance accounts:		
At 1 January	**(422)**	(468)
Charge for the year (Note 6)	**(265)**	(67)
Written-off	**198**	113
At 31 December	**(489)**	(422)

Insurance receivables that are individually determined to be impaired at the reporting date relate to debtors that are in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

Insurance receivables that are neither past due nor impaired

Insurance receivables that are neither past due nor impaired are mainly due from debtors with a good collection track record with the Company.

Insurance receivables that are past due but not impaired

The Company has trade receivables amounting to $1,394,875 (2018: $13,481,039) that are past due by more than 180 days at the reporting date but not impaired. These receivables are unsecured.

Policy loans are secured by the cash value of the life policy and bear interest at a weighted average rate of 6.5% (2018: 6.5%) per annum. Policy loans have no fixed terms of repayment.

17. Other receivables

	2019 **$'000**	2018 $'000
Deposits	**4,178**	4,575
Accrued interest receivable	**35,299**	37,206
Dividends receivable	**2,986**	3,955
Amounts due from related companies	**25,560**	14,608
Loan to a subsidiary	**3,000**	3,000
Other receivables	**11,917**	12,449
Less: Allowance for impairment	**(121)**	(2,447)
	82,819	73,346

Amounts due from related companies relates to back-office services provided by the Company. The amount is unsecured, interest-free and is expected to be settled within the next twelve months. The carrying amounts disclosed above reasonably approximate fair values at year-end.

The loan to a subsidiary, Professional Advisory Holdings Ltd, is unsecured and repayable in full by 1 January 2021. Interest is fixed at 4% per annum.

18. Financial liabilities carried at amortised cost

	2019 **$'000**	2018 $'000
Amounts due to agents, brokers and policyholders	**51,075**	41,464
Amounts due to reinsurers	**105,543**	97,474
Premium deposits	**207,519**	208,940
Advance premiums	**63,729**	97,172
Total insurance payables	**427,866**	445,050
Add: Other payables (Note 19)	**401,962**	305,937
Total financial liabilities carried at amortised cost	**829,828**	750,987

Insurance payables are non-interest bearing, except for premium deposits and advance premiums which bear an interest rate of 0.8% (2018: 0.8%) per annum. The carrying amounts disclosed above reasonably approximate fair values at year-end.

19. Other payables

	2019 **$'000**	2018 $'000
Accrued operating expenses	**60,419**	45,164
Amounts due to related companies	**184**	18
Sundry creditors	**5,890**	5,491
Amount due to Ministry of Health ("MOH") (Note 34)	**335,469**	255,264
	401,962	305,937

Amounts due to related companies relates to services provided to the Company. The amount is unsecured, interest-free and is expected to be settled within the next twelve months. The carrying amounts disclosed above reasonably approximate fair values at year-end.

20. Insurance contract liabilities

2019	Notes	Insurance contract liabilities $'000	Reinsurers' share of insurance contract liabilities $'000	Net $'000
Policy liabilities	(a)	**7,984,704**	**(469,501)**	**7,515,203**
Provision for unearned premiums and unexpired insurance risks	(b)	**207,929**	**(9,736)**	**198,193**
Provision for claims reported by policyholders	(c)	**131,895**	**(61,926)**	**69,969**
Provision for claims incurred but not reported ("IBNR")	(c)	**97,304**	**(26,520)**	**70,784**
Total insurance contract liabiliti–s - Net		**8,421,832**	**(567,683)**	**7,854,149**
Current		**1,170,421**	**(98,169)**	**1,072,252**
Non-current		**7,251,411**	**(469,514)**	**6,781,897**
Total insurance contract liabilities - Net		**8,421,832**	**(567,683)**	**7,854,149**

20. Insurance contract liabilities (continued)

2018	Notes	Insurance contract liabilities $'000	Reinsurers' share of insurance contract liabilities $'000	Net $'000
Policy liabilities	(a)	7,140,126	(221,038)	6,919,088
Provision for unearned premiums and unexpired insurance risks	(b)	171,636	(10,815)	160,821
Provision for claims reported by policyholders	(c)	118,226	(43,927)	74,299
Provision for claims incurred but not reported ("IBNR")	(c)	83,409	(20,817)	62,592
Total insurance contract liabilities - Net		7,513,397	(296,597)	7,216,800
Current		1,046,353	(73,089)	973,264
Non-current		6,467,044	(223,508)	6,243,536
Total insurance contract liabilities - Net		7,513,397	(296,597)	7,216,800

20. Insurance contract liabilities (coned)

(a) The movement in the net policy liabilities for Life and Group business is as follows:

	2019 **$'000**	2018 $'000
At 1 January	**6,919,088**	6,595,075
Changes in net policy liabilities:		
New business reserves	**201,264**	141,107
(Decrease)/increase in liabilities	**(211,319)**	393,929
Benefit and claim experience variation	**118,489**	171,173
Impact of financially motivated reinsurance	**-**	147,197
Changes in unit price for linked fund	**56,104**	(47,634)
Changes in assumptions	**(150,422)**	(183,408)
Movement in excess of policy assets over policy liabilities	**670,374**	(319,080)
Tax on undistributed surplus (Note 7(b))	**(88,375)**	20,729
At 31 December	**7,515,203**	6,919,088

(b) Provision for net unearned premiums and unexpired insurance risks may be analysed as follows:

	2019 **$'000**	2018 $'000
At 1 January	**160,821**	139,428
Increase in provision for unearned premiums	**37,372**	21,393
At 31 December	**198,193**	160,821

(c) Provision for net claims reported and not reported by policyholders may be analysed as follows:

	2019 **$'000**	2018 $'000
At 1 January	**136,891**	138,940
Change in outstanding claims	**1,589,712**	835,861
Movement in IBNR	**8,192**	3,084
Claims paid during the year	**(1,594,041)**	(840,994)
At 31 December	**140,754**	136,891

21. Insurance contract liabilities and reinsurance assets - Assumptions and sensitivities

Integrated Shield products such as MyShield and MyShieldPlus are valued at the higher of the long term or short term insurance provision bases as highlighted below. These are currently valued using the short term insurance provision (2018: short term) basis.

(a) Long term insurance provision

Major classes of business written under this category include individual life and retail health (guaranteed renewability) business.

For long term insurance contracts, economic assumptions are continually reviewed and updated. Non-economic assumptions are reviewed at least annually. Non-economic assumptions are presented to the Company's Assumptions Committee and are subject to the committee's approval before these assumptions are adopted in the valuation of the Company's liabilities. Key assumptions are highlighted below:

<u>Mortality and morbidity rates</u>

Mortality and morbidity assumptions will have regard to the Company's and industry's historical experience and rates recommended by reinsurers, where available, and are generally differentiated by sex and policy type.

In general, higher mortality and morbidity assumptions will lead to higher expected claims outgo, which in turn, will lead to an increase in policy liabilities.

Annuity and long term contracts, on the other hand, are sensitive to longevity risks, such that a lower mortality assumption would result in an increase in expected annuity payments, therefore increasing policy liabilities.

<u>Valuation interest rates</u>

The valuation interest rate assumption is the underlying interest rate at which future cash flows are discounted in determining insurance contract liabilities. In calculating the liability for the Minimum Condition Liability of the Company's Participating and Non-participating business and non-unit reserves of Investment-Linked funds, future expected cash flows are discounted at risk-free rates as prescribed under MAS 319. In calculating the Company's Participating Fund liabilities, future cash flows are discounted using the Company's best estimate long-term investment return it expects to earn on its Participating Fund assets.

21. Insurance contract liabilities and reinsurance assets - Assumptions and sensitivities (continued)

(a) ***Long term insurance provision*** (continued)

Expenses and commission rates

Expense studies are conducted regularly and the expense assumptions will reflect both the Company's actual expenses as well as budgeted expenses based on the Company's business plan. Any recommendations resulting from these studies will be reflected in the valuation of policy liabilities subject to the approval of the Company's Assumption Committee.

Commission rates are assumed to be the same as those contracted with the various channels. Higher expense and commission assumptions will increase policy liabilities.

Surrender rates

Surrender rates assumed in the calculation of policy liabilities will reflect the Company's historical experience and are differentiated by duration in-force and policy type.

Higher surrender rates would tend to lead to a decrease in policy liabilities. However, the impact on policy liabilities will depend on the product design, and whether the surrender value is high relative to other benefits available under the policy.

Bonus rates

Future bonus rates are assumed to be the same as those declared in the latest bonus declaration, with suitable adjustments where necessary to ensure that bonus rates continue to be in line with the Company's Internal Governance Policy on the management of its Participating Fund under changing investment conditions.

21. Insurance contract liabilities and reinsurance assets - Assumptions and sensitivities (continued)

(a) ***Long term insurance provision*** (continued)

Inflation rates

Inflation rates assumption is set to reflect long-term inflation expectations, allowing for the proportion of staff and non-staff expenses.

In general, higher inflation assumptions will lead to higher expected expenses outgo which in turn, will lead to an increase in policy liabilities.

Assumptions

Mortality	Mortality assumptions are expressed as a percentage of standard industry experience tables. Appropriate adjustments were made to the industry table to reflect the expected risk and experience of the respective target segments. An allowance is made for expected improvement in mortality.
Morbidity	Morbidity assumptions are expressed as a percentage of reinsurer rates or past experience. Medical inflation was allowed for certain line of business.
Discount rate (best estimate)	Par Others: Yield curve, with long term rate of 4.75% Par Investment Pool: Yield curve, with long term rate of 5.25% Par (AP): Yield curve, with matching strategy against the fund's liabilities Big5 and MyPrestigePlan: Based on the Yield to Maturity of the underlying assets MyIncomePlus: Based on pricing estimate return assumption.
Risk-free discount rate	Derived based on MAS Notice 319 Annex A - Determination of Risk-free Discount Rate.
Persistency	Based on persistency study of Company's past experience.
Acquisition/Maintenance expenses	Based on past actual experience, expressed as unit costs per in-force policy and percentage of premiums.
Distribution expenses	Based on past actual experience, expressed as unit costs per percentage of premiums.
Expense inflation rate	The allowance of the expected long term expenses inflation is taken into consideration.

21. Insurance contract liabilities and reinsurance assets - Assumptions and sensitivities (continued)

(a) *Long term insurance provision* (continued)

Sensitivities

	Increase/ (decrease) from Base		
Sensitivity of Policy Liabilities	Non-Participating Fund $'000	Unit-Linked Fund $'000	Total $'000
2019			
Mortality and Morbidity – Non-annuities			
+ 5%	**4,052**	-	**4,052**
- 5%	**(2,936)**	1	**2,935**
Mortality and Morbidity – Annuities			
+ 5%	**(1,556)**	-	**(1,556)**
- 5%	**1,650**	-	**1,650**
Expenses			
+ 10%	**968**	**347**	**1,315**
- 10%	**(920)**	**(313)**	**(1,233)**
Surrender			
+ 10%	**(2,515)**	**(106)**	**(2,621)**
- 10%	**5,590**	**124**	**5,714**
Interest rate			
+ 1%	**(18,525)**	**(70)**	**(18,595)**
- 1%	**21,274**	**77**	**21,351**
2018			
Mortality and Morbidity – Non-annuities			
+ 5%	1,307	71	1,378
- 5%	(1,158)	(63)	(1,221)
Mortality and Morbidity – Annuities			
+ 5%	(1,526)	-	(1,526)
- 5%	1,617	-	1,617
Expenses			
+ 10%	1,056	380	1,436
- 10%	(995)	(325)	(1,320)
Surrender			
+ 10%	(561)	(195)	(756)
- 10%	924	227	1,151
Interest rate			
+ 1%	(19,138)	(11)	(19,149)
- 1%	21,410	30	21,440

21. Insurance contract liabilities and reinsurance assets - Assumptions and sensitivities (continued)

(a) ***Long term insurance provision*** (continued)

Sensitivities (continued)

In accordance with the regulations, the Company values the liabilities of the participating fund based on the value of policy assets of the fund. The above changes in the stated variables will have no impact on the participating fund policy liabilities because the change in assumptions would not cause the policy liabilities to be greater than the policy assets of the fund.

(b) ***Short term insurance provision***

The major classes of business written under this category can be classified broadly into Group Life, Group Accident and Health, yearly (non-guaranteed) renewable Retail Health and General Insurance.

Group Life business includes group term life, group living care and group disability income business. Group Accident and Health business includes group personal accident, group in-patient medical plans and group outpatient medical plans. These risks may be written locally or overseas. Retail Health includes yearly (non-guaranteed) renewable individual medical expense insurance. General Insurance includes motor, travel home content, personal accident and gadget products.

For these contracts, claims provisions (comprising outstanding claims and claims incurred but not reported) are established to cover the ultimate cost of settling the liabilities in respect of claims that have occurred, according to insurance regulations and guidelines.

Outstanding claims provisions are reviewed on a monthly basis and comprise claims reported by policyholders. Claims incurred but not reported provisions are reviewed on a quarterly basis and are updated to reflect the development of claims experience over the quarter, including settlement of claims and new claims reported. Claims provisions are not discounted for future time value of money.

Future claims costs are projected through the use of generally accepted actuarial techniques namely, the Chain Ladder and Bornhuetter Ferguson methods. As prescribed under the local regulations, provisions for adverse deviation is made to provide for claims liabilities at a 75% confidence level. This is determined using Bootstrapping or Mack's method.

21. Insurance contract liabilities and reinsurance assets - Assumptions and sensitivities (continued)

(b) ***Short term insurance provision*** (continued)

Assumptions

The principal assumption underlying the Chain Ladder method is that the development of historical claims pattern will be expected to continue in the future.

The assumptions underlying the Bornhuetter Ferguson method is that the development of historical claims pattern will be expected to continue in the future and the assumed loss ratios are reflective of future claims experience.

No discounting is applied to the claims provisions and hence, no interest assumption is required.

Sensitivities

The claims provision is sensitive to the delays that arise between occurrence of a claim and its subsequent notification and eventual settlement.

Reinsurance

The Company limits its exposure to loss within its insurance operations through the use of reinsurance arrangements. The business ceded is placed on both quota share and surplus basis with retention limits varying by product line and territory. Amounts recoverable from reinsurers are calculated in a manner consistent with the assumptions used for ascertaining policy benefits.

22. Deferred acquisition costs

	2019	2018
	$'000	$'000
Beginning of financial year	**18,860**	16,145
Change in deferred acquisition costs	**(1,338)**	2,715
End of financial year	**17,522**	18,860

The Company has conducted an impairment assessment on the deferred acquisition costs and is of the view that these amounts can be utilised against the profits of the underlying insurance contracts as at 31 December 2019 and 2018.

23. Equity

Share capital	2019		2018	
	No. of shares ’000	**$’000**	No. of shares ’000	$’000
Beginning of financial year	**97,708**	**98,149**	97,708	98,149
Shares issued	**5,044**	**5,044**	-	-
End of financial year	**102,752**	**103,193**	97,708	98,149

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restriction. The ordinary shares have no par value.

On 28 May 2019, the Company issued 5,044,430 shares for a consideration of $5,044,430 in exchange for 100% of the shareholdings of Navigator Investment Services Limited (Note 8). These new shares were fully subscribed by Aviva Group Holdings Limited. The newly issued ordinary shares rank pari passu in all respects with previously issued ordinary shares.

Share-based remuneration
The total share-based remuneration expenses charged to profit or loss was $1,366,103 (2018: $2,483,933).

The average fair value of each share granted at grant date was GBP 4.09 (2018: GBP 4.585).

24. Dividends

	2019 $’000	2018 $’000
Interim dividend paid in respect of current financial year of 77.86 cents (2018: 10.23 cents) per share	**80,000**	10,000

25. Commitments

Operating lease commitments - as lessee

The Company has entered into property leases on its office premise. These non-cancellable leases have a remaining non-cancellable lease term of less than 5 years.

Minimum lease payments recognised as an expense in profit and loss for the year amounted to nil (2018: $5,080,000).

25. Commitments (continued)

Operating lease commitments - as lessee (continued)

As at 31 December 2018, the future minimum lease payments payable under non-cancellable operating leases contracted for but not recognised as liabilities, are as follows:

	2018 $'000
Not later than one year	7,999
Later than one year but not later than five years	9,952
	17,951

As disclosed in Note 3.1, the Company has adopted FRS 116 on 1 January 2019. These lease payments have been recognised as ROU assets and lease liabilities on the balance sheet as at 31 December 2019, except for short-term and low value leases.

26. Related party transactions

In addition to the related party information disclosed elsewhere in the financial statements, the following significant transactions between the Company and the related parties took place at terms agreed between the parties:

(a) Sales and purchases of services

	2019 **$'000**	2018 $'000
Commission paid to related companies	**(142,803)**	(71,079)
Management expenses paid to related company	**(60,134)**	(58,023)
Dividends paid to immediate holding company	**(80,000)**	(10,000)
Investment related fees paid to related company	**(15,981)**	(14,901)
Rental and other expenses paid on behalf and reimbursed by related companies	**16,762**	13,934
Management fees received from related companies	**502**	661
Fund accounting fees reimbursed from related company	**521**	-

26. Related party transactions (continued)

(b) Key management personnel compensation

	2019 **$'000**	2018 $'000
Short-term employee benefits	**1,700**	1,710
Share based payment	**702**	609
	2,402	2,319

The number of shares granted to key management personnel during the year was 96,728 (2018: 81,327)

27. Offsetting financial assets and financial liabilities

The disclosures set out in the tables below include financial assets and financial liabilities that are offset in the balance sheet. The Company has not entered into any master netting arrangement.

	Gross amounts - financial assets $'000	Gross amounts - financial liabilities $'000	Net amounts - financial assets presented in the balance sheet $'000	Related amounts not offset in the balance sheet - financial assets/ (liabilities) $'000	Net amount $'000
2019					
Types of financial assets					
Amount due from related companies	**25,645**	**(85)**	**25,560**	**-**	**25,560**
Loan to a subsidiary	**3,000**	**-**	**3,000**	**-**	**3,000**
Types of financial liabilities					
Amount due to related companies	**(269)**	**85**	**(184)**	**-**	**(184)**
2018					
Types of financial assets					
Amount due from related companies	14,659	(51)	14,608	-	14,608
Loan to a subsidiary	3,000	-	3,000	-	3,000
Types of financial liabilities					
Amount due to related companies	(69)	51	(18)	-	(18)

27. Offsetting financial assets and financial liabilities (continued)

The gross amounts of financial assets and financial liabilities and their net amounts as presented in the balance sheet that are disclosed in the above tables are measured in the balance sheet on the following basis:

- Trade and other receivables and payables – amortised cost.

The tables below reconcile the 'net amounts of financial assets and financial liabilities presented in the balance sheet', as set out above, to the line items presented in the balance sheet.

31 December 2019	Net amounts $'000	Line item in balance sheet	Carrying amount in the balance sheet $'000	Financial assets/ (liabilities) not in scope of offsetting disclosures $'000	Note
Types of financial assets					
Loan to a subsidiary	3,000				
Amount due from related companies	25,440	Other receivables	86,063	57,623	17
Types of financial liabilities					
Amount due to related companies	(64)	Other payables	(401,962)	(401,898)	19
31 December 2018					
Types of financial assets					
Loan to a subsidiary	3,000				
Amount due from related companies	14,608	Other receivables	73,346	55,738	17
Types of financial liabilities					
Amount due to related companies	(18)	Other payables	(305,937)	(305,919)	19

28. Fair value of financial instruments

(a) *Fair value of financial instruments that are carried at fair value*

The following table shows an analysis of financial instruments carried at fair value by level of fair value hierarchy:

2019	Quoted prices in active markets for identical instruments (Level 1) $'000	Significant other observable inputs (Level 2) $'000	Significant un-observable inputs (Level 3) $'000	Total $'000
Financial assets:				
Equity securities				
Quoted	**3,963,371**	**-**	**-**	**3,963,371**
Unquoted	**-**	**-**	**314,285**	**314,285**
Debt securities				
Quoted	**-**	**4,704,888**	**-**	**4,704,888**
Unquoted	**-**	**-**	**-**	**-**
Derivatives				
Currency swaps	**-**	**7,668**	**-**	**7,668**
Currency forward contracts	**-**	**60,464**	**-**	**60,464**
Interest rate swaps	**-**	**1,325**	**-**	**1,325**
Available-for-sale financial assets	**-**	**-**	**4,007**	**4,007**
At 31 December 2019	**3,963,371**	**4,774,345**	**318,292**	**9,056,008**
Financial liabilities:				
Derivatives				
Currency swaps	**-**	**(1,041)**	**-**	**(1,041)**
Currency forward contracts	**-**	**(9,076)**	**-**	**(9,076)**
Interest rate swaps	**-**	**-**	**-**	**-**
At 31 December 2019	**-**	**(10,117)**	**-**	**(10,117)**

2018	Quoted prices in active markets for identical instruments (Level 1) $'000	Significant other observable inputs (Level 2) $'000	Significant un-observable inputs (Level 3) $'000	Total $'000
Financial assets:				
Equity securities				
Quoted	3,780,599	-	-	3,780,599
Unquoted	-	-	47,811	47,811
Debt securities				
Quoted	-	4,408,764	-	4,408,764
Unquoted	-	-	-	-
Derivatives				
Currency swaps	-	14,526	-	14,526
Currency forward contracts	-	26,367	-	26,367
Interest rate swaps	-	105	-	105
Available-for-sale financial assets	-	-	5,518	5,518
At 31 December 2018	3,780,599	4,449,762	53,329	8,283,690
Financial liabilities:				
Derivatives				
Currency swaps	-	(17,041)	-	(17,041)
Currency forward contracts	-	(21,546)	-	(21,546)
Interest rate swaps	-	(63)	-	(63)
At 31 December 2018	-	(38,650)	-	(38,650)

During the year, the Company has no transfers (2018: $12,800,000) from Level 2 to Level 3.

28. Fair value of financial instruments (continued)

(a) Fair value of financial instruments that are carried at fair value (continued)

Fair value hierarchy

The Company classifies fair value measurement using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- Level 3 - Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Company has an established control framework with respect to the measurement of fair values. This framework includes an investment accounting team that reports to the Chief Financial Officer, and has overall responsibility for all significant fair value measurements.

The investment accounting team regularly reviews the fair values of the investments held. If third party information, such as broker quotes or pricing services, is used to measure fair value, then the investment accounting team documents the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of FRS, including the level in the fair value hierarchy the resulting fair value estimates should be classified.

Determination of fair value

Quoted equity and debt securities (Note 13): Fair value is determined directly by reference to their published closing prices from established pricing sources at the reporting date.

Unquoted equity and debt securities (Note 13): Fair value is determined directly by reference to latest Net Asset Value provided by fund administrator and third party broker quotes.

Derivatives (Note 14): Derivative financial instruments are valued at market prices provided by counterparties, determined by reference to market values for similar instruments.

28. Fair value of financial instruments (continued)

(b) Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value

Loans and receivables (Notes 16 and 17), and financial liabilities carried at amortised cost (Notes 18 and 19).

The carrying amounts of these financial assets and liabilities are a reasonable approximation of fair values due to their short-term nature. Fair value is determined at initial recognition and, for disclosure purposes, at each annual reporting date.

29. Risk management policies

Financial risk management objectives and policies

Investment objective

The Company's investment objective is to optimise investment returns whilst ensuring that sufficient assets are held to meet future liabilities and regulatory requirements. The aim is to match the investments held to support a line of business to the nature of the underlying liabilities, whilst at the same time considering local regulatory requirements, the level of risk inherent within different investments, and the desire to generate superior investment returns, where compatible with this stated strategy and risk appetite.

Assets must be managed in a sound and prudent manner taking into account the profile of the liabilities of each fund and the impact on its solvency position. Investments are made in compliance with the prevailing regulatory requirements with due consideration given to the exposures arising from the various financial risks.

An important part of the Company's business activities involves investing policyholders' and shareholder's funds in permitted financial instruments, including equities and permitted debt instruments.

Equity exposures are managed within the approved Strategic Asset Allocation that are set with reference to the overall appetite for market risk. The credit quality of the underlying debt securities within investment vehicles is managed by the safeguards built into the investment mandates for these funds which determine the funds' risk profiles.

29. Risk management policies (continued)

Financial risk management objectives and policies (continued)

Investment objective (continued)

The Company uses derivative financial instruments to mitigate the impact of adverse market movement and facilitate efficient portfolio management. The Company does not hold derivative financial instruments for speculative purposes.

Derivative financial instruments are classified as held for trading and accounted for at fair value through profit or loss.

Policies and process

The Company's investment activities are managed in accordance to the Company's Board of Directors (the "Board") approved Investment Policy, which provides guidelines for decision-making regarding the investment of funds in a manner to ensure safety of investments, while managing liquidity to meet the business requirements and policyholder obligations and providing adequate investment return using authorised instruments.

The Board delegates the authority to make all investment decisions to the Asset and Liability Committee/Investment Committee ("ALCO/IC"). The ALCO/IC meet on a regular basis, at least quarterly, and report to the Board all material investment decisions.

The role of the ALCO/IC is to review and approve the asset allocation of non-linked funds, ensure that the investment policy is consistent with the asset-liability management strategies, ensure investment limits are complied with, decide on whether any investments are inappropriate and ensure that adequate resources are dedicated to the investment functions.

The following sections provide details regarding the Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

As the impact of the above-mentioned financial risks on the unit-linked fund (unitised portion) is borne by the policyholders and that the impact on the assets of the participating fund will be offset by a corresponding change in the policy liabilities, the net impact to the Company is assessed to be insignificant. Therefore, the analysis in the following sections will not include these funds.

29. Risk management policies (continued)

Interest rate risk

The Company's core insurance and investment activities are inherently exposed to interest rate risk, which arises principally from differences in maturities or re-pricing of invested assets and long-term policyholders' liabilities. In dealing with this risk, the Company adopts an approach of focusing on an appropriate asset-liability management strategy to achieve a desired overall interest rate profile, which may change over time, based on the profile of the policyholders' liabilities, taking into consideration the longer-term view of interest rates and economic conditions.

Sensitivities

2019	Fixed rate	Floating rate	Non-interest sensitive	Par	Unit-linked	Total	10 basis points higher: Impact on profit or loss	10 basis points higher: Impact on equity	10 basis points lower: Impact on profit or loss	10 basis points lower: Impact on equity
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Financial assets										
Investments at fair value through profit or loss	1,486,720	14,886	132,114	6,771,586	577,238	8,982,544	(7,724)	-	7,724	-
Available-for-sale financial assets	-	-	4,007	-	-	4,007	-	-	-	-
Derivative financial assets	-	1,325	8,015	60,093	24	69,457	-	-	-	-
Reinsurers' share of insurance contract liabilities		514,088	9,736	43,839	20	567,683	-	-	-	-
Insurance receivables	-	-	130,104	8,723	309	139,136	-	-	-	-
Other receivables	-	89	46,360	29,409	6,961	82,819	-	-	-	-
Policy loans	-	-	2,546	48,069	9,732	60,347	-	-	-	-
Cash and cash equivalents	-	-	141,145	47,584	20,276	209,005	-	-	-	-
Financial liabilities										
Insurance contract liabilities	-	1,365,749	207,929	6,494,024	571,794	8,639,497	1,640	-	(1,662)	-
Insurance payables	-	-	177,744	239,241	10,881	427,866	-	-	-	-
Derivative financial liabilities	-	-	728	9,389	-	10,117	-	-	-	-
Other payables	9	-	381,055	6,091	14,807	401,962	-	-	-	-

29. Risk management policies (continued)

Interest rate risk (continued)

Sensitivities (continued)

2018	Fixed rate	Floating rate	Non-interest sensitive	Par	Unit-linked	Total	10 basis points higher: Impact on profit or loss	10 basis points higher: Impact on equity	10 basis points lower: Impact on profit or loss	10 basis points lower: Impact on equity
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Financial assets										
Investments at fair value through profit or loss	1,311,590	9,665	174,868	6,084,271	656,780	8,237,174	(9,104)	-	9,258	-
Available-for-sale financial assets	-	-	5,518	-	-	5,518	-	-	-	-
Derivative financial assets	-	-	4,310	36,646	42	40,998	-	-	-	-
Reinsurers' share of insurance contract liabilities	-	284,246	10,815	1,471	65	296,597	-	-	-	-
Insurance receivables	-	-	113,051	7,341	371	120,763	-	-	-	-
Other receivables	-	89	142,242	8,723	309	151,364	-	-	-	-
Policy loans	-	-	3,202	45,373	12,522	61,097	-	-	-	-
Cash and cash equivalents	-	-	130,603	51,361	15,811	197,775	-	-	-	-
Financial liabilities										
Insurance contract liabilities	-	929,260	171,636	5,758,351	654,150	7,513,397	1,670	-	(1,689)	-
Insurance payables	-	-	172,770	265,132	7,148	445,050	-	-	-	-
Derivative financial liabilities	-	-	728	9,389	-	10,117	-	-	-	-
Other payables	9	-	442,855	13,193	14,807	470,864	-	-	-	-

29. Risk management policies (continued)

Foreign currency risk

Foreign currency exposures arising from foreign currency denominated assets such as bonds, equities and money market instruments are managed and usually hedged through the use of financial derivatives such as currency swaps and forwards.

	SGD	USD	AUD	HKD	JPY	Others	Par	Unit Linked	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
2019									
Financial assets									
Investments at fair value through profit or loss	1,191,296	442,424	-	-	-	-	6,771,586	577,238	8,982,544
Available-for-sale financial assets	-	-	-	-	-	4,007	-	-	4,007
Reinsurers' share of insurance contract liabilities	523,843	-	-	-	-	-	43,840	-	567,683
Insurance receivables	121,761	8,308	-	-	-	35	8,723	309	139,136
Other receivables	43,995	2,454	-	-	-	-	29,409	6,961	82,819
Policy loans	2,545	-	-	-	-	-	48,069	9,732	60,346
Cash and cash equivalents	135,225	5,920	-	-	-	-	47,584	20,276	209,005
Financial liabilities									
Insurance contract liabilities	1,311,468	54,115	58	53	30	-	6,487,046	569,062	8,421,832
Insurance payables	176,246	1,493	-	-	-	6	239,240	10,881	427,866
Other payables	381,709	-	-	-	-	-	5,446	14,807	401,962

29. Risk management policies (continued)

Foreign currency risk (continued)

	SGD	USD	AUD	HKD	JPY	Others	Par	Unit Linked	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
2018									
Financial assets									
Investments at fair value through profit or loss	923,517	496,090	25,112	22,609	14,807	13,988	6,084,271	656,780	8,237,174
Available-for-sale financial assets	-	-	-	-	-	5,518	-	-	5,518
Reinsurers' share of insurance contract liabilities	295,589	-	-	-	-	-	1,008	-	296,597
Insurance receivables	108,721	4,244	-	-	-	86	7,341	371	120,763
Other receivables	33,028	3,012	23	166	-	295	30,170	6,632	73,326
Policy loans	3,200	-	-	-	-	-	45,374	12,523	61,097
Cash and cash equivalents	98,410	3,360	-	-	-	28,832	51,362	15,811	197,775
Financial liabilities									
Insurance contract liabilities	1,060,559	47,521	1	-	-	27	5,753,498	1,791	7,513,397
Insurance payables	171,643	1,116	-	-	-	11	265,132	7,148	445,050
Other payables	244,833	-	-	-	-	-	48,053	13,051	305,937

29. Risk management policies (continued)

Foreign currency risk (continued)

Sensitivities

	If USD/RMB/JPY/HKD strengthens by 10% against SGD				If USD/RMB/JPY/HKD weakens by 10% against SGD			
	Impact on profit or loss				Impact on profit or loss			
	USD	**GBP**	**AUD**	**JPY**	**USD**	**GBP**	**AUD**	**JPY**
2019	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Financial assets								
Investments at fair value through profit or loss (net of foreign exchange hedges)	-	-	-	-	-	-	-	-
Reinsurers' share of insurance contract liabilities	-	-	-	-	-	-	-	-
Insurance receivables	831	-	-	-	(831)	-	-	-
Other receivables	245	-	-	-	(245)	-	-	-
Policy loans	-	-	-	-	-	-	-	-
Cash and cash equivalents	592	-	-	-	(592)	-	-	-
Financial liabilities								
Insurance contract liabilities	(4,492)	(5)	(4)	(3)	4,492	5	4	3
Insurance payables	149	-	-	-	(149)	-	-	-
Other payables	-	-	-	-	-	-	-	-

29. Risk management policies (continued)

Foreign currency risk (continued)

Sensitivities (continued)

	If USD/RMB/JPY/HKD strengthens by 10% against SGD				If USD/RMB/JPY/HKD weakens by 10% against SGD			
	Impact on profit or loss				Impact on profit or loss			
	USD	**RMB**	**HKD**	**JPY**	**USD**	**RMB**	**HKD**	**JPY**
2018	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Financial assets								
Investments at fair value through profit or loss (net of foreign exchange hedges)	-	-	-	-	-	-	-	-
Reinsurers' share of insurance contract liabilities	-	-	-	-	-	-	-	-
Insurance receivables	424	-	-	-	(424)	-	-	-
Other receivables	301	-	17	-	(301)	-	(17)	-
Policy loans	-	-	-	-	-	-	-	-
Cash and cash equivalents	336	-	-	-	(336)	-	-	-
Financial liabilities								
Insurance contract liabilities	(3,944)	-	-	-	3,944	-	-	-
Insurance payables	-	-	-	-	-	-	-	-
Other payables	(112)	-	-	-	112	-	-	-

29. Risk management policies (continued)

Equity price risk

Investments in equities are subject to considerations of risk adjusted returns, taking into account the risk requirements as prescribed by the Insurance (Valuation and Capital) Regulations 2004. The Company relies on external fund managers to monitor equity price risk.

					10% increase in the underlying equity price		10% decrease in the underlying equity price	
	Par	**Unit linked**	**Others**	**Total**	**Impact on profit or loss**	**Impact on equity**	**Impact on profit or loss**	**Impact on equity**
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
2019								
Financial assets								
Investments at fair value through profit or loss	3,579,022	566,520	132,114	4,277,656	13,211	-	(13,211)	-
2018								
Financial assets								
Investments at fair value through profit or loss	3,005,851	647,691	174,868	3,828,410	17,487	-	(17,487)	-

29. Risk management policies (continued)

Credit risk

Credit risk is the risk of loss as a result of the default of an issuer of debt securities or a counterparty failing to perform its contractual obligations. Exposure to credit risk arises primarily from investing activities and, to a lesser extent, derivative activities. Counterparty limits are imposed and monitored at fund level. At the reporting date, there was no significant concentration of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheet.

	Investment Grade (BBB and above)	Non Investment Grade (below BBB)	Not rated	Unit-linked	Total
	$'000	$'000	$'000	$'000	$'000
2019					
Investments at fair value through profit or loss	4,218,473	-	475,696	10,718	4,704,887
Derivative financial assets	69,433	-	-	24	69,457
Reinsurers' share of insurance contract liabilities	567,663	-	-	20	567,683
Insurance receivables	-	-	138,827	309	139,136
Other receivables	28,762	-	47,096	6,961	82,819
Cash and cash equivalents	188,729	-	-	20,276	209,005
2018					
Investments at fair value through profit or loss	4,015,708	-	383,967	9,089	4,408,764
Derivative financial assets	40,956	-	-	42	40,998
Reinsurers' share of insurance contract liabilities	296,532	-	-	65	296,597
Insurance receivables	-	-	120,392	371	120,763
Other receivables	32,279	-	35,435	6,632	74,346
Cash and cash equivalents	181,964	-	-	15,811	197,775

The maximum exposure to derivative financial assets is mitigated by the security collaterals held from counterparties as disclosed in Note 14. Information regarding financial assets that are either past due or impaired is disclosed in Note 16 (Loans and receivables).

29. Risk management policies (continued)

Liquidity risk

Liquidity risk is the risk where a company is unable to meet its obligations at reasonable cost or at any time. The Company manages this risk by monitoring daily and monthly projected and actual cash inflows and outflows and by ensuring that a reasonable amount of financial assets are kept in liquid instruments at all times.

The table below analyses the undiscounted contractual cash flows in relation to the financial liabilities of the Company into their relevant maturity based on the remaining period at the reporting date to their contractual maturity or expected repayment dates.

	Less than 1 year	1 to 5 years	More than 5 years	Unit-linked	Total
	$'000	$'000	$'000	$'000	$'000
2019					
Financial liabilities					
Insurance contract liabilities	1,170,421	1,729,118	4,953,231	569,062	8,421,832
Insurance payables	416,985	-	-	10,881	427,866
Derivative financial liabilities	9,202	25	890	-	10,117
Lease liabilities	9,454	-	-	-	9,454
Other payables	387,155	-	-	14,807	401,962
2018					
Financial liabilities					
Insurance contract liabilities	1,046,365	1,378,665	4,436,576	651,791	7,513,397
Insurance payables	437,902	-	-	7,148	445,050
Derivative financial liabilities	37,587	241	764	58	38,650
Other payables	292,886	-	-	13,051	305,937

29. Risk management policies (continued)

Insurance risks

The insurance risks that the Company faces are a result of the uncertainty surrounding the amounts and timing of future policyholder claims.

To the extent that the sums assured by the Company exceed the reserves set aside to meet future claims, there is a risk that claim payments will exceed the reserves held, potentially having a negative impact on the Company's financial statements.

To manage this risk, the Company includes margins of prudence in determining the amounts set aside to meet future claims to ensure that this will be sufficient to meet the Company's liabilities to its policyholders under a range of circumstances in accordance with MAS regulations. In addition, the Company continues to hold capital in excess of the minimum regulatory requirements.

The Company also manages its insurance risks through the use of underwriting and reinsurance. Underwriting is used to ensure that the premiums charged by the Company are commensurate with the insurance risk it is taking on, while reinsurance can be used to manage the amount and volatility of claims.

The Company has an established underwriting process and proper internal controls to assess the quality of incoming businesses. All sums assured above the treaty limits will be referred to the respective reinsurers for their opinion and final decision. In addition, each underwriter is assigned with an underwriting authority (both in terms of sums assured and additional mortality risk) according to his or her experience and job level.

The Company’s insurance risks, based on geographical locations of life insurance premiums, are significantly limited to Singapore.

The Company has an active reinsurance strategy and work with reinsurers with excellent credit rating in managing its insurance risks. In the event of a failure of recovery of claims ceded to a reinsurer, the Company will still be liable for claims made by the Company’s policyholders.

The Company is exposed to concentrations of risk with individual reinsurers due to the nature of the reinsurance market and the restricted range of reinsurers that have acceptable credit ratings. The Company operates a policy to manage its reinsurance counterparty exposures by limiting the reinsurers that may be used. Reinsurance exposures are aggregated with other exposures to ensure that the overall risk is within appetite. For the year ended 31 December 2019, 98% of the net reinsurance balances are with 4 major reinsurers with credit ratings above A- (2018: 93% of the net reinsurance balances are with 4 major reinsurers with credit ratings above A-).

30. Capital management

The primary objective of the Company's capital management is to safeguard the Company's ability to continue as a going concern and to ensure efficient management of capital that will optimise returns to shareholders in the context of the Company's risk appetite. The Company's risk appetite includes consideration of the interests of the Company's policyholders as well as management of the regulatory requirements of the Company.

The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions and the expected new business strain. The Company manages its capital position to maintain a balance between investment return, business growth and security for solvency. The Company actively involves the shareholders in this process.

In managing the Company's capital resources, a range of key capital metrics are managed and monitored regularly in accordance with the Company's risk appetite and statutory requirements. These include the Capital Adequacy Ratio ("CAR") of the Company and the Fund Solvency Ratios ("FSR") of the respective insurance funds operated by the Company. Regular reporting and assessment of the liquidity and solvency positions are carried out and tracked, as part of the Monthly Information (MI) report. To ensure continued solvency, the Company monitors the solvency position at least monthly and ensures the level of surplus is kept at an adequate level.

Solvency position is also monitored as part of the Company's internal forecasting process and annual stress test required by the regulator. The level of surplus is kept at an adequate level to support the expected new business growth and to withstand a range of possible adverse market scenarios. For instance, with the current global pandemic in 2020 that has brought about an economic shock to global markets, the Company is closely monitoring its asset and liability position as well as its solvency position, and coming up with measures to maintain the capital adequacy of the insurance funds, particularly that of the participating fund.

Capital resources the Company manages include the Company's net assets, excluding intangibles, deferred tax assets and any financial resource adjustments as prescribed by the MAS. In the case of the Participating Fund operated by the Company, capital resources include an allowance for future non-guaranteed benefits it expects to pay to its participating policyholders.

There were no changes in the Company's approach to capital management during the year. The Company is in compliance with all externally imposed capital requirements during the year.

31. Interests in unconsolidated structured entities

Unconsolidated structured entities refer to structured entities that are not controlled by the Company. The Company has determined that all of its investments in other funds (“Investee Funds”) are investments in unconsolidated structured entities.

The Company’s transactions in these structured entities are for investment opportunities as well as to facilitate client transactions, whose objectives range from achieving medium to long term capital growth. The Investee Funds are managed by related asset managers and apply various investment strategies to accomplish their respective investment objectives.

The Company holds redeemable shares/units in each of its Investee Funds. There is a dedicated team in the Company to perform due diligence of the underlying fund, its strategy and the overall quality of the underlying fund’s manager before making investment decisions and introducing to policyholders, in the case of the investment-linked fund. All of the Investee Funds in the investment portfolio are managed by portfolio managers who are compensated by the respective Investee Funds for their services. Such compensation generally consists of an asset based fee and is reflected in the valuation of the Company’s investment in each of the Investee Funds.

The Company’s maximum exposure to loss from its interests in Investee funds is equal to the total fair value of its investments in investee funds, less policy liabilities, in the case of the investment-linked fund.

The Company does not provide financial or other support to any Investee Funds.

The following table summarises the carrying value of the assets recognised in the Company’s financial statements relating to the interest in unconsolidated structured entities in the various insurance funds:

Investments at fair value through profit or loss	**2019** **$’000**	2018 $’000
Participating fund	**2,610,939**	1,951,836
Non-participating fund	**132,114**	174,868
Unit-linked	**566,520**	647,691
	3,309,573	2,774,395

32. Contingent liabilities

As at 31 December 2019, the Company had obligations to banks for bankers' guarantees issued by the banks to third parties as collateral for the lease of office premises of $848,163 (2018: $848,163), $250,000 (2018: $250,000) to the Ministry of Health for the Eldershield Scheme, $754,083 (2018: $580,083) to the Ministry of Defence and Ministry of Home Affairs for the MINDEF and MHA Group Insurance Scheme and $29,000 (2018: NIL) for commercial insurance scheme.

33. Disclosure on temporary exemption from FRS 109

According to FRS 104 Amendments, the Company made the assessment based on the financial position as at 31 December 2015, concluding that the carrying amount of the Company's liabilities arising from contracts within the scope of FRS 104 was significant compared to the total carrying amount of all its liabilities. And the percentage of the total carrying amount of its liabilities connected with insurance relative to the total carrying amount of all its liabilities is greater than 90 percent. There had been no significant change in the activities of the Company since then that requires reassessment. Therefore, the Company's activities are predominantly connected with insurance, meeting the criteria to apply temporary exemption from FRS 109.

(a) The table below presents the fair value of the following groups of financial assets under FRS 109 as at 31 December 2019 and fair value changes for the year ended 31 December 2019:

	Fair value as at 31 December 2019 $'000	**Fair value changes for the year ended 31 December 2019 $'000**
Financial assets that are managed and whose performance are evaluated on a fair value basis	**8,982,544**	615,210
Financial assets that met SPPI criteria and not held for trading of managed on a fair value basis	**1,058,988**	-
Other financial assets	**73,464**	(28,459)
	10,114,996	586,752

As the entire investment portfolio is managed and its performance is evaluated on a fair value basis, none of the debt securities was classified as Solely Payments of Principal and Interest.

34. Amount due to MOH

In 2018 the Company entered into an Agreement To Transfer with the MOH to transfer the ElderShield portfolio (both liabilities and the corresponding assets backing these liabilities) to the Ministry of Health at a later date. The transaction was accounted for as a 100% quota share reinsurance arrangement from 1 January 2018.

35. Events occurring after balance sheet date

On 24 February 2020, the Company injected additional capital of $3,000,000 (for 3,000,000 shares) and $10,000,000 (for 10,000,000 shares) in cash into its wholly owned subsidiaries, Navigator Investment Services Limited and Aviva Financial Advisers Pte Ltd respectively.

On 24 February 2020, the Company issued 1,797,750 shares for a consideration of $1,797,750 for the purpose of capital injection into Aviva Vietnam Life Insurance Company Limited. The newly issued ordinary shares rank pari passu in all respects with the previously issued ordinary shares.

36. Authorisation of financial statements

The financial statements for the financial year ended 31 December 2019 were authorised for issue in accordance with a resolution of the Board of Directors of Aviva Ltd on 27 March 2020.

AVIVA LTD

(Incorporated in Singapore. Registration Number: 196900499K)

ANNUAL REPORT

For the financial year ended 31 December 2018

AVIVA LTD
(Incorporated in Singapore. Registration Number: 196900499K)

ANNUAL REPORT
For the financial year ended 31 December 2018

Contents

DIRECTORS' STATEMENT
For the financial year ended 31 December 2018

The directors present their statement to the shareholder together with the audited financial statements of Aviva Ltd (the "Company") for the financial year ended 31 December 2018.

In the opinion of the directors,

(i) the financial statements as set out on pages 6 to 81 are drawn up so as to give a true and fair view of the financial position of the Company as at 31 December 2018 and the financial performance, changes in equity and cash flows of the Company for the financial year covered by the financial statements; and

(ii) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

Directors

The directors of the Company in office at the date of this statement are:

Christopher Brian Wei	- Chairman
Nishit Majmudar	- Chief Executive Officer
Lim Sook Mee	
Foong Soo Hah	
Justin Paul Breheny	

Arrangements to enable directors to acquire shares and debentures

Certain directors are entitled to participate in bonus plans operated by the Ultimate Holding Company, Aviva plc. Under these arrangements, participants may be awarded shares and/or options to acquire shares of Aviva plc.

Other than the above, neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose object was to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

DIRECTORS' STATEMENT

For the financial year ended 31 December 2018

Directors' interests in shares or debentures

According to the register of directors' shareholdings, none of the directors holding office at the end of the financial year had any interest in the shares or debentures of the Company or its related companies, except as follows:

Name of director	At 31.12.2018	At 1.1.2018
Aviva plc		
(Ordinary shares of £0.25 each)		
Christopher Brian Wei	1,252,392	1,223,168
Nishit Majmudar	255,052	257,916
Foong Soo Hah	45,000	25,000

Share options

There were no options granted during the financial year to subscribe for unissued shares of the Company. No shares have been issued during the financial year by virtue of the exercise of options to take up unissued shares of the Company. There were no unissued shares of the Company under option at the end of the financial year.

Independent auditor

The independent auditor, PricewaterhouseCoopers LLP, has expressed its willingness to accept re-appointment.

On behalf of the directors,

Nishit Majmudar
Director

Christopher Brian Wei
Director

28 March 2019

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDER OF AVIVA LTD
For the financial year ended 31 December 2018

Report on the Audit of the Financial Statements

Our opinion

In our opinion, the accompanying financial statements of Aviva Ltd (the "Company") are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the "Act") and Financial Reporting Standards in Singapore ("FRSs") so as to give a true and fair view of the financial position of the Company as at 31 December 2018 and of the financial performance, changes in equity and cash flows of the Company for the year ended on that date.

What we have audited

The financial statements of the Company comprise:
- the statement of comprehensive income for the year ended 31 December 2018;
- the balance sheet as at 31 December 2018;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, including a summary of significant accounting policies.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the Accounting and Corporate Regulatory Authority Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code.

Other information

Management is responsible for the other information. The other information comprises the Directors' Statement but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDER OF AVIVA LTD (continued)
For the financial year ended 31 December 2018

Responsibilities of Management and Directors for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and FRSs, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDER OF AVIVA LTD (continued)
For the financial year ended 31 December 2018

Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

PricewaterhouseCoopers LLP

Public Accountants and Chartered Accountants

Singapore,
28 March 2019

AVIVA LTD

STATEMENT OF COMPREHENSIVE INCOME
For the financial year ended 31 December 2018

	Note	2018 $'000	2017 $'000
Gross premiums written		**1,844,840**	1,652,613
Outward reinsurance premiums		**(291,573)**	(212,788)
Net premiums written		**1,553,267**	1,439,825
Gross change in unearned premiums and unexpired insurance risks		**(24,891)**	(20,970)
Reinsurers' share of change in unearned premiums and unexpired insurance risks		**3,498**	(1,900)
Net premiums earned		**1,531,874**	1,416,955
Net investment and other income	5	**174,893**	170,283
Share of profit of an associate	9	**10,516**	6,135
Net realised gain on sale of investments at fair value through profit or loss		**179,838**	117,532
Net fair value (loss)/gain on investments at fair value through profit or loss		**(426,350)**	143,459
Impairment loss on available-for-sale financial assets	15	**(2,265)**	(7,709)
Net realised (loss)/gain on derivatives		**(34,240)**	80,820
Net fair value (loss)/gain on derivatives		**(44,562)**	140,010
Total income		**1,389,704**	2,067,485
Gross insurance contract benefits and claims paid		**(906,970)**	(723,461)
Reinsurers' share of insurance contract benefits and claims paid		**71,110**	78,009
Gross change in insurance contract liabilities		**(218,576)**	(1,021,398)
Reinsurers' share of change in insurance contract liabilities		**(103,388)**	31,282
Net insurance contract benefits and claims incurred		**(1,157,824)**	(1,635,568)
Commission expense		**(240,073)**	(187,251)
Reinsurance commission income		**183,508**	49,356
Net commission expense		**(56,565)**	(137,895)
Staff costs:			
- Salaries, bonuses and other employee benefits		**(61,533)**	(57,035)
- Central Provident Fund contributions		**(6,467)**	(6,003)
- Share-based payments expenses	23	**(2,484)**	(1,147)
Depreciation of plant and equipment and amortisation of intangible assets	10,11	**(5,815)**	(4,046)
Other operating expenses	6	**(92,671)**	(82,945)
Other expenses		**(168,970)**	(151,176)
Total expenses		**(1,383,359)**	(1,924,639)
Profit before tax		**6,345**	142,846
Tax attributable to policyholders' returns		**14,842**	(41,822)
Profit before tax attributable to shareholder		**21,187**	101,024
Tax credit/(expense)	7(a)	**9,528**	(67,304)
Less: Tax attributable to policyholders' returns		**(14,842)**	41,822
Tax attributable to shareholder's profits		**(5,314)**	(25,482)
Net profit for the financial year		**15,873**	75,542

The accompanying notes form an integral part of these financial statements.

STATEMENT OF COMPREHENSIVE INCOME (continued)

For the financial year ended 31 December 2018

	2018 $'000	2017 $'000
Net profit	**15,873**	75,542
Other comprehensive income for the financial year, net of income tax	-	-
Total comprehensive income for the financial year	**15,873**	75,542

The accompanying notes form an integral part of these financial statements.

AVIVA LTD

BALANCE SHEET
As at 31 December 2018

	Note	2018 $'000	2017 $'000
Non-current assets			
Investments in subsidiaries	8	**16,200**	13,200
Investment in associate	9	**68,876**	61,177
Plant and equipment	10	**559**	1,663
Intangible assets	11	**13,420**	13,707
Policy loans	16	**61,097**	61,582
Investments at fair value through profit or loss	13	**3,323,322**	3,458,188
Reinsurers' share of insurance contract liabilities	20	**221,045**	329,355
		3,704,519	3,938,872
Current assets			
Cash and cash equivalents	12	**197,775**	171,542
Investments at fair value through profit or loss	13	**4,913,852**	4,200,792
Available-for-sale financial assets	15	**5,518**	7,783
Derivative financial assets	14	**40,998**	74,445
Insurance receivables	16	**120,763**	94,638
Other receivables	17	**73,346**	75,730
Reinsurers' share of insurance contract liabilities	20	**75,552**	67,131
Prepayments		**44,992**	47,482
Deferred acquisition cost	22	**18,860**	16,145
		5,491,656	4,755,688
Current liabilities			
Insurance payables	18	**445,050**	434,105
Derivative financial liabilities	14	**38,650**	27,535
Other payables	19	**305,937**	46,838
Insurance contract liabilities	20	**1,046,365**	654,092
Current tax payable		**18,552**	27,602
		1,854,554	1,190,172
Net current assets		**3,637,102**	3,565,516
Non-current liabilities			
Insurance contract liabilities	20	**6,467,032**	6,615,837
Deferred tax liabilities	7(c)	**277,327**	298,275
		6,744,359	6,914,112
Net assets		**597,262**	590,276
Equity			
Share capital	23	**98,149**	98,149
Share based compensation reserve		**4,615**	3,502
Retained profits		**494,498**	488,625
Total equity		**597,262**	590,276

The accompanying notes form an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

For the financial year ended 31 December 2018

	Note	Share capital $'000	Share based compensation reserve $'000	Retained profits $'000	Total equity $'000
At 1 January 2018		98,149	3,502	488,625	590,276
Total comprehensive income for the financial year		-	-	15,873	15,873
Dividend paid	24	-	-	(10,000)	(10,000)
Employee share plan					
- Value of employee services		-	2,484	-	2,484
- Settlement with Group		-	(1,371)	-	(1,371)
At 31 December 2018		**98,149**	**4,615**	**494,498**	**597,262**
At 1 January 2017		87,482	2,355	413,083	502,920
Total comprehensive income for the financial year		-	-	75,542	75,542
Issue of shares	23	10,667	-	-	10,667
Employee share plan					
- Value of employee services		-	1,147	-	1,147
At 31 December 2017		**98,149**	**3,502**	**488,625**	**590,276**

The accompanying notes form an integral part of these financial statements.

STATEMENT OF CASH FLOWS
For the financial year ended 31 December 2018

	Note	2018 $'000	2017 $'000
Cash flows from operating activities			
Profit after tax		15,873	75,542
Adjustments for:			
Income tax (credit)/expense		(9,528)	67,304
Impairment loss on available-for-sale financial assets		2,265	7,709
Allowance for impairment of insurance and other receivables		2,393	90
Net change in unearned premiums and unexpired insurance risk	20(b)	21,393	22,870
Net insurance contract benefits and claims		321,964	990,114
Depreciation of plant and equipment and amortisation of intangible assets	10,11	5,815	4,046
Share of profit of an associate		(10,516)	(6,135)
Net realised gain on sale of derivatives and investments at fair value through profit or loss		(145,598)	(198,352)
Net fair value loss/(gain) on derivatives and investments at fair value through profit or loss		470,912	(283,469)
Share-based payments expense		1,113	1,147
Interest income	5	(127,674)	(124,404)
Interest expense		2,433	3,337
Dividend income	5	(59,106)	(64,192)
Unrealised currency translation loss		-	-
Operating cash flows before changes in operating assets/liabilities		491,739	495,607
Decrease in policy loans		485	1,751
Increase in insurance receivables and deferred acquisition cost		(28,907)	(10,882)
Decrease/(Increase) in other receivables and prepayments		5,287	(40,514)
Decrease in insurance payables		10,945	11,897
Decrease in other payables		259,080	5,324
Cash generated from operating activities		738,629	463,183
Income tax paid		(20,470)	(8,852)
Interest paid		(2,414)	(3,751)
Net cash generated from operating activities		715,745	450,580
Cash flows from investing activities			
Capital injection into a subsidiary	8	(3,000)	-
Interest income received		125,193	128,098
Dividends received		61,665	64,441
Purchase of plant and equipment	10	(25)	(390)
Purchase of intangible asset	11	(4,399)	(7,542)
Purchase of investments		(5,120,408)	(5,605,219)
Proceeds from sale of investments		4,261,462	4,890,784
Net cash flows used in investing activities		(679,512)	(529,828)
Cash flows from financing activities			
Proceeds from issuance of ordinary shares	23	-	10,667
Dividends paid on ordinary shares	24	(10,000)	-
Net cash generated from/(used in) financing activities		(10,000)	10,667
Net increase/(decrease) in cash and cash equivalents		26,233	(68,581)
Cash and cash equivalents at the beginning of the year	12	171,542	240,123
Effect of currency translation on cash and cash equivalents		-	-
Cash and cash equivalents at the end of the year	12	197,775	171,542

The accompanying notes form an integral part of these financial statements.

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

1. Corporate information

The Company is a limited liability company incorporated and domiciled in Singapore. The Company's immediate holding company and ultimate holding company are Aviva Group Holdings Limited and Aviva plc respectively. Both the immediate holding company and ultimate holding company are incorporated in the United Kingdom.

The address of the Company's registered office and principal place of business is:
4 Shenton Way
#01-01 SGX Centre 2
Singapore 068807

The principal activities of the Company consist of transacting general and life insurance businesses.

2. Basis of preparation

2.1 Statement of compliance

The financial statements have been prepared in accordance with Singapore Financial Reporting Standards ("FRS").

The financial statements are prepared in accordance with the historical cost convention, except as disclosed in the accounting policies below.

2.2 Functional and presentation currency

The financial statements are presented in Singapore Dollars ($), the functional currency of the Company and all values are rounded to the nearest thousand ($'000) except when otherwise indicated.

2.3 Use of estimates and judgements

The preparation of financial statements in conformity with FRS requires management to exercise its judgement in the process of applying the Company's accounting policies. It also requires the use of certain critical accounting estimates and assumptions. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimates are revised and in any future periods affected.

2. **Basis of preparation** (continued)

2.3 **Use of estimates and judgements** (continued)

The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are described in Note 4.

3. **Significant accounting policies**

The accounting policies have been consistently applied by the Company and are consistent with those used in the previous financial year, except as set out in Note 3.1 below.

3.1 **Changes in accounting policies**

On 1 January 2018, the Company adopted the new or amended FRS and Interpretations to FRS ("INT FRS") that are mandatory for application for the financial year. Changes to the Company's accounting policies have been made as required, in accordance with the transitional provisions in the respective FRS and INT FRS.

The adoption of these new or amended FRS and INT FRS did not result in substantial changes to the Company's accounting policies and had no material effect on the amounts reported for the current or prior financial years.

Of the new or amended FRS and INT FRS that are effective in the current accounting period, the following developments are relevant to the Company's financial statements:

(a) Temporary exemption on adoption of FRS 109 Financial Instruments

FRS 109 replaces FRS 39 Financial instruments: Recognition and Measurement and its relevant interpretations.

FRS 109 addresses the classification, measurement and recognition of financial assets and financial liabilities. FRS 109 requires financial assets to be classified into separate measurement categories: those measured as at fair value with changes either recognised in profit or loss or in other comprehensive income and those measured at amortised cost. The determination is made at initial recognition depending on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. In addition, a revised expected credit loss model will replace the incurred loss impairment model in FRS 39.

3. **Significant accounting policies** (continued)

3.1 **Changes in accounting policies** (continued)

(a) Temporary exemption on adoption of FRS 109 Financial Instruments (continued)

For financial liabilities, the standard retains most of the FRS 39 requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, part of the fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than profit or loss, unless this creates an accounting mismatch. In addition, the new standard revises the hedge accounting model to more closely align with the entity's risk management strategies. The IASB made further changes to two areas of FRS 109. Financial assets containing prepayment features with negative compensation can be measured at amortised cost or at fair value through other comprehensive income if the cash flow represents solely payments of principle and interest. Non-substantial modifications or exchange of financial liabilities that do not result in derecognition will be required to be recognised in profit or loss.

The standard is mandatorily effective for financial periods beginning on or after 1 January 2018 (except for prepayment features with negative compensation and modifications or exchange of financial liabilities that do not result in derecognition which will become effective for financial periods beginning on or after 1 January 2019), but the Company qualifies for a temporary exemption as explained in Note 3.1(b).

Additional disclosures required by FRS 109 is made in Note 33.

(b) Applying FRS 109 Financial Instruments with FRS 104 Insurance Contracts (Amendments to FRS 104)

As stated in Note 3.1(a), these amendments provide a temporary option for companies whose activities are predominantly connected with insurance to defer the effective date of FRS 109 until the earlier of the effective date of FRS 117 and financial reporting periods beginning on or after 1 January 2021 (please note below that the IASB is proposing to defer the effective date of FRS 117 to 1 January 2022), as well as an approach that allows an entity to remove from profit or loss the effects of certain accounting mismatches that may occur before FRS 117 is applied. Based on the amendments to FRS 104, the Company is eligible for and will elect to apply the temporary option to defer the effective date of FRS 109 in order to implement the changes in parallel with FRS 117.

3. Significant accounting policies (continued)

3.1 Changes in accounting policies (continued)

(c) Deferral for FRS 117 Insurance Contracts

FRS 117 Insurance Contracts will replace the current FRS 104 Insurance Contracts standard. FRS 117 includes some fundamental differences to current accounting in both insurance contract measurement and profit recognition. The general model is based on a discounted cash flow model with a risk adjustment and deferral of unearned profits. A separate approach applies to insurance contracts that are linked to returns on underlying items and meet certain requirements. Additionally, FRS 117 requires more granular information and a new presentation format for the statement of comprehensive income as well as extensive disclosures. In November 2018, IASB proposed to defer FRS 117 and the temporary FRS 109 exemption available to insurers until the financial period beginning on or after 1 January 2022. The proposed deferral is subject to public consultation, which is expected in 2019.

(d) Adoption of FRS 115 Revenue from Contracts with Customers

In accordance with the requirements of IAS 1, the Company adopted FRS 115 retrospectively. The adoption of FRS 115 did not result in substantial changes to the accounting policies of the Company and had no material effect on the amounts reported for the current or prior financial years. The revenue recognition of fee and other income as disclosed in Note 3.15 does not change under FRS 115.

3.2 New or revised accounting standards and interpretations

Below are the mandatory standards, amendments and interpretations to existing standards that have been published, and are relevant for the Company's accounting periods beginning on or after 1 January 2019 and which the Company has not early adopted:

- FRS 116 Leases
  (effective for annual periods beginning on or after 1 January 2019)

  FRS 116 will result in almost all leases being recognised on the balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases. The accounting for lessors will not change significantly.

3. Significant accounting policies (continued)

3.2 New or revised accounting standards and interpretations (continued)

- FRS 116 Leases
(effective for annual periods beginning on or after 1 January 2019) (continued)

  The Company will apply the standard from its mandatory adoption date of 1 January 2019. The Company intends to apply the simplified transition approach and will not restate comparative amounts for the year prior to first adoption. Right-of-use assets for property leases will be measured on transition as if the new rules had always been applied. All other right-of-use assets will be measured at the amount of the lease liability on adoption (adjusted for any prepaid or accrued lease expenses).

  The company has performed an assessment to the impact to the net profit after tax and the cash flows, and the impact is assessed to be immaterial.

3.3 Currency translation

Transactions in a currency other than the functional currency ("foreign currency") are translated to the functional currency using exchange rates at the dates of transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to Singapore Dollars at the exchange rates at that date. Currency translation differences resulting from the settlement of such transactions and the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the reporting date are recognised in profit or loss.

Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rates as at the date of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair values were determined.

3.4 Group accounting

(a) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Company has control. The Company controls an entity when the Company is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

Investments in subsidiaries are stated at cost less accumulated impairment losses (Note 3.13) in the Company's balance sheet. On disposal of investments in subsidiaries, the difference between net disposal proceeds and the carrying amount of the investment is recognised in profit or loss.

3. Significant accounting policies (continued)

3.4 Group accounting (continued)

(b) Associates (equity-accounted investee)

An associate is an entity over which the Company has significant influence, but not control, generally accompanied by a shareholding giving rise to voting rights of 20% or above but not exceeding 50%.

Investments in associates are accounted for using the equity accounting method less impairment losses, if any.

(i) Acquisition

Investments in associates are initially recognised at cost. The cost of an acquisition is measured at the fair value of the assets given, equity instruments issued or liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition.

(ii) Equity method of accounting

In applying the equity method of accounting, the Company's share of its associate's post-acquisition profits or losses are recognised in profit or loss and its share of post-acquisition other comprehensive income is recognised in other comprehensive income. These post-acquisition movements and distributions received from the associate are adjusted against the carrying amount of the investments. When the Company's share of losses in an associate equals to or exceeds its interest in the associate, the Company does not recognise further losses, unless it has legal or constructive obligations to make, or has made, payments on behalf of the associate. If the associate subsequently reports profits, the Company resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

Unrealised gains on transactions between the Company and its associate are eliminated to the extent of the Company's interest in the associate. Unrealised losses are also eliminated unless the transactions provide evidence of impairment of the assets transferred. The accounting policies of associates are changed where necessary to ensure consistency with the accounting policies adopted by the Company.

Dividend income from the associate is recognised as a reduction from the carrying amount of the investment.

3. **Significant accounting policies** (continued)

3.4 **Group accounting** (continued)

(b) *Associates (equity-accounted investee)* (continued)

(iii) *Disposals*

Investments in associates are derecognised when the Company loses significant influence. If the retained equity interest in the former associate is a financial asset, the retained equity interest is measured at fair value. The difference between the carrying amount of the retained interest at the date when significant influence is lost, and its fair value and any proceeds on partial disposal, is recognised in profit or loss.

(c) *Separate financial statements*

These financial statements are the separate financial statements of the Company. The Company is exempted from the preparation of consolidated financial statements as the Company is a wholly-owned subsidiary of Aviva plc, a United Kingdom-incorporated company which produces consolidated financial statements available for public use. The registered office of Aviva plc is as follows: St Helen's, 1 Undershaft, London, EC3P 3DQ, United Kingdom.

3.5 **Interests in unconsolidated structured entities**

A structured entity is an entity in which voting or similar rights are not the dominant factor in deciding control and is generally established for a narrow and well-defined objective.

3. Significant accounting policies (continued)

3.6 Financial assets and financial liabilities

(a) *Classification*

The Company classifies its financial assets and liabilities in the following categories: at fair value through profit or loss, available-for-sale, loans and receivables and financial liabilities measured at amortised cost.

(i) Financial assets at fair value through profit or loss

The Company classifies its investments within the scope of FRS 39 as financial assets at fair value through profit or loss.

Financial assets at fair value through profit or loss can be sub-categorised as either financial assets held for trading or designated at fair value through profit or loss at inception. Derivative financial instruments are classified as financial assets held for trading. Assets in this category are presented as current assets if they are either held for trading or are expected to be realised within 12 months after the balance sheet date.

Financial assets designated as fair value through profit or loss at inception are those that are:

- part of those portfolios held in internal funds to match insurance contract liabilities that are linked to the changes in fair value of these assets. The designation of these assets to be at fair value through profit or loss eliminates or significantly reduces a measurement or recognition inconsistency (sometimes referred to as "an accounting mismatch") that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases.

- managed and whose performance is evaluated on a fair value basis. Information about these financial assets is provided internally on a fair value basis to the Company's key management personnel. The Company's investment strategy is to invest in equity and debt securities, and to evaluate them at fair value through profit or loss.

3. **Significant accounting policies** (continued)

3.6 **Financial assets and financial liabilities** (continued)

(a) *Classification* (continued)

(ii) Loans and receivables

Non-derivative financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. They are presented as current assets, except for those expected to be realised later than 12 months after the balance sheet date which are presented as non-current assets. Loans and receivables include cash and cash equivalents, amounts due from policyholders and reinsurers, policy loans and other receivables.

(iii) Available-for-sale financial assets

Non-derivative financial assets that are either designated in this category or not classified in any of the other categories. They are presented as non-current assets unless the management intends to dispose of the assets within 12 months after the balance sheet date.

(iv) Financial liabilities measured at amortised cost

Financial liabilities are measured at amortised cost, except for instruments that are designated at fair value through profit or loss at inception or held for trading. Financial liabilities comprise insurance payables, amount due to related companies and other creditors.

(b) *Recognition and derecognition*

The Company determines the classification of its financial assets and liabilities at initial recognition and evaluates this designation at every reporting date.

Financial assets and liabilities are recognised on the balance sheet on the date at which they are originated or the trade date at which the Company becomes a party to the contractual provisions of the financial instrument.

3. **Significant accounting policies** (continued)

3.6 **Financial assets and financial liabilities** (continued)

(b) *Recognition and derecognition* (continued)

All regular way purchases and sales of financial assets are recognised on the trade date i.e. the date that the Company commits to purchase or sell the asset.

A financial asset is derecognised when the contractual right to receive cash flows have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership of the assets. On disposal of the financial asset, the difference between the carrying amount and the sale proceeds is recognised in profit or loss. Any amount previously recognised in other comprehensive income relating to the asset is reclassified to profit or loss.

(c) *Initial measurement*

Financial assets are initially recognised at fair value plus transaction costs except for financial assets at fair value through profit or loss, which are recognised at fair value. Transaction costs for financial assets at fair value through profit or loss are recognised immediately as expenses.

(d) *Subsequent measurement*

Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

Changes in the fair values of financial assets at fair value through profit or loss including the effects of currency translation, interest and dividends, are recognised in profit or loss when the changes arise.

Interest and dividend income on available-for-sale financial assets are recognised separately in income. Changes in the fair values of available-for-sale debt securities (i.e. monetary items) denominated in foreign currencies are analysed into currency translation differences on the amortised cost of the securities and other changes; the currency translation differences are recognised in profit or loss and the other changes are recognised in other comprehensive income and accumulated in the fair value reserve. Changes in the fair values of available-for-sale equity securities (i.e. non-monetary items) are recognised in other comprehensive income and accumulated in the fair value reserve, together with the related currency translation differences.

3. Significant accounting policies (continued)

3.6 Financial assets and financial liabilities (continued)

(d) Subsequent measurement (continued)

Unquoted equity investments classified as available-for-sale for which fair values cannot be reliably determined are carried at cost less accumulated allowance for impairment.

(e) Impairment

The Company assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired and recognises an allowance for impairment when such evidence exists.

(i) Loans and receivables

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy and default or significant delay in payments are objective evidence that these financial assets are impaired.

The carrying amount of these assets is reduced through the use of an impairment allowance account which is calculated as the difference between the carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. When the asset becomes uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are recognised against the same line item in profit or loss.

The impairment allowance is reduced through profit or loss in a subsequent period when the amount of impairment loss decreases and the related decrease can be objectively measured. The carrying amount of the asset previously impaired is increased to the extent that the new carrying amount does not exceed the amortised cost had no impairment been recognised in prior periods.

(ii) Available-for-sale financial assets

In addition to the objective evidence of impairment described in Note 3.6(e)(i), a significant or prolonged decline in the fair value of an equity security below its cost is considered as objective evidence that the available-for-sale financial asset is impaired.

3. Significant accounting policies (continued)

3.6 Financial assets and financial liabilities (continued)

(e) Impairment (continued)

(ii) Available-for-sale financial assets (continued)

If there is objective evidence of impairment, the cumulative loss that had been recognised in other comprehensive income is reclassified from equity to profit or loss. The amount of cumulative loss that is reclassified is measured as the difference between the acquisition cost (net of any principal repayment and amortisation) and current fair value, less any impairment loss on that financial asset previously recognised in profit or loss. The impairment losses recognised as an expense for an equity security are not reversed through profit or loss in subsequent periods.

3.7 Derivative financial instruments

Monetary Authority of Singapore (the "MAS") Notice 125, Notice on Investment of Insurers govern the use of financial derivatives for the non-linked funds. For the linked funds, the use of derivatives is subject to the investment mandate and must be in compliance with the Central Provident Fund ("CPF") Investment Guidelines, if the funds are approved under the CPF Investment Scheme.

Derivatives embedded in host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not held for trading or designated at fair value through profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss. Reassessment only occurs if there is a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required.

A significant portion of derivatives used for the non-linked funds are cross currency swaps with approved counterparties. Cross currency swaps hedge exposure to variability in cash flows or fair values that are attributable to the foreign currency risk associated with the underlying asset. The underlying asset, usually a foreign currency-denominated fixed income security, is hedged and valued on the same basis as quoted and unquoted bonds. The use of all other derivatives must be in compliance with the derivatives policy.

3. Significant accounting policies (continued)

3.7 Derivative financial instruments (continued)

Other derivatives in the non-linked funds may include credit default swaps, interest rate swaps, equity options and forward currency contracts and are used for efficient portfolio management purposes with the aim of achieving returns from exposure to credit risk and equity markets in a cost effective manner.

Derivative financial instruments are recognised initially at fair value on the date on which the derivatives are entered into. Attributable transaction costs are recognised in profit or loss when incurred. Subsequent to initial recognition, the derivative financial instruments are remeasured at fair value. They are carried as assets when the fair value is positive and as liabilities when the fair value is negative. Any gains or losses arising from changes in fair value on derivative financial instruments are taken to profit or loss. The Company does not apply hedge accounting for its derivative financial instruments.

3.8 Fair value measurement of financial assets and liabilities

The Company determines the fair values of its financial instruments based generally on listed market prices or broker or dealer price quotations. If prices are not readily determinable or if liquidating the positions is reasonably expected to affect market prices, fair value is based on valuation models provided by fund managers. Certain financial instruments, including derivative instruments, are valued using pricing models that consider, among other factors, contractual and market prices, correlation, time value, credit risk, yield curve volatility factors and/or prepayment rates of the underlying positions.

The fair values of currency forwards are determined using actively quoted forward exchange rates. The fair values of interest rate swaps are calculated as the present value of the estimated future cash flows discounted at actively quoted interest rates.

The fair values of financial assets and liabilities carried at amortised cost that are classified as current, approximate their carrying amounts.

The determination of the fair value of financial instruments is described in Note 28.

3. Significant accounting policies (continued)

3.9 Offsetting of financial instruments

Financial assets and liabilities are offset and the net amount presented in the balance sheet when there is a legally enforceable right to offset the recognised amounts both in the normal course of business and in the event of default, insolvency or bankruptcy of the entity and all counterparties, and there is an intention to either settle on a net basis or to realise the assets and settle the liability simultaneously.

Income and expenses are presented on a net basis only when permitted by the accounting standards, or for gains and losses arising from a group of similar transactions such as in the Company's trading activity.

3.10 Plant and equipment

All items of plant and equipment are initially recorded at cost. Such cost includes the cost that are directly attributable to the acquisition of a qualifying plant and equipment, and the estimated cost of dismantling and removing the items and restoring the site on which they are located when the Company has an obligation to remove the asset or restore the site. The cost of an item of plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment. Subsequent to initial recognition, office equipment and furniture and fittings are measured at cost less accumulated depreciation and any accumulated impairment losses.

An item of plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of the asset (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is included in profit or loss in the year the asset is derecognised.

Depreciation is provided on a straight line method over the shorter of the lease term and their useful lives. Depreciation is recognised from the date that the plant and equipment are installed and ready for use.

3. Significant accounting policies (continued)

3.10 Plant and equipment (continued)

The estimated useful lives for the current and comparative years are as follows:

Office equipment	:	3 to 5 years
Furniture and fittings	:	3 to 5 years

The residual value, useful life and depreciation method are reviewed, and adjusted as appropriate, at each balance sheet date to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of plant and equipment. The effects of any revision are recognised in profit or loss when the changes arise.

Subsequent expenditure relating to plant and equipment that has already been recognised is added to the carrying amount of the asset only when it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably. All other repair and maintenance expenses are recognised in profit or loss when incurred.

3.11 Cash and cash equivalents

Cash and cash equivalents comprise cash at banks and on hand, fixed deposits and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. For the purposes of the statement of cash flows, cash and cash equivalents consist of cash on hand and short-term deposits in banks.

Cash and cash equivalents are carried at amortised cost in the balance sheet.

3.12 Intangible assets

Acquired computer software licences

Acquired computer software licences are initially capitalised at cost which includes the purchase price (net of any discounts and rebates) and other directly attributable costs of preparing the asset for its intended use. Direct expenditure including employee costs, which enhance or extend the performance of computer software beyond its specifications and which can be reliably measured, are added to the original cost of the software. Costs associated with maintaining the computer software are expensed off when incurred.

3. Significant accounting policies (continued)

3.12 Intangible assets (continued)

Acquired computer software licences (continued)

Computer software licences are subsequently carried at cost less accumulated amortisation and accumulated impairment losses. These costs are amortised to profit or loss using the straight-line method over their estimated useful lives of three years.

The amortisation period of intangible assets are reviewed at least at each balance sheet date. The effects of revision are recognised in profit or loss when the changes arise.

Internally developed computer software

Research costs are recognised as an expense when incurred. Costs directly attributable to the development of computer software are capitalised as intangible assets only when technical feasibility of the project is demonstrated, the Company has an intention and ability to complete and use the software and the costs can be measured reliably. Such costs include purchases of materials and services and payroll-related costs of employees directly involved in the project.

Distribution rights

Distribution rights relate to the cost of the Distribution Agreement entered into with the Company's partners. The cost is capitalised and amortised over the duration of the agreement and assessed for impairment whenever there is an indication that it may be impaired. The amortisation period and the amortisation method are reviewed at least at each balance sheet date. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates.

3.13 Impairment of non-financial assets

The carrying amounts of the Company's non-financial assets (which includes intangible assets, plant and equipment, investment in subsidaries and investment in associate) are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount (i.e. higher of the fair value less cost to sell and the value-in-use) is estimated.

3. **Significant accounting policies** (continued)

3.13 **Impairment of non-financial assets** (continued)

An impairment loss is recognised if the carrying amount of an asset exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss.

In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of accumulated depreciation or amortisation, if no impairment loss had been recognised.

3.14 **Insurance contracts**

(i) Product classification

The Company issues insurance contracts that transfer insurance risk. Insurance contracts are defined as those containing significant insurance risk at the inception of the contract, or those where at the inception of the contract there is a scenario with commercial substance where the level of insurance risk may be significant over time. The significance of insurance risk is dependent on both the probability of an insurance event and the magnitude of its potential effect.

Once a contract has been classified as an insurance contract, it remains an insurance contract for the remainder of its lifetime, even if the insurance risk reduces significantly during this period.

(ii) Recognition and measurement

Premiums on long-term insurance contracts

Long-term insurance contracts include individual life insurance contracts (classified into life insurance non-participating contracts, life insurance participating contracts and investment-linked contracts) and guaranteed renewable health contracts.

Premiums on individual new business are recognised as income upon contract issuance.

3. **Significant accounting policies** (continued)

3.14 **Insurance contracts** (continued)

(ii) Recognition and measurement (continued)

Premiums on long-term insurance contracts (continued)

Premiums received but not recognised as income are recorded as advance premiums and are shown as a liability on the balance sheet.

Premiums on renewal business are recognised as income when due from the policyholders. Premium income is recorded net of experience refunds, which is a rebate on the gross premium due.

Premiums on short-term insurance contracts

Short-term insurance contracts include Group Life, Group Accident and Health, yearly (non-guaranteed) renewable Retail Health and General Insurance business.

Premiums are recognised uniformly over the whole period of cover provided by the contract entered into during the accounting period and are recognised on the date on which the policy commences.

Premiums on group business are recognised as income upon contract issuance regardless of payment and billing mode.

Benefits and claims

Life and health insurance claims reflect the cost of all claims incurred during the year, including handling costs. Death claims and surrenders are recorded on the basis of notification received. Maturities and annuity payments are recorded when due. Policy benefits, outstanding claims and incurred but not reported claims are recorded as insurance liabilities.

General insurance claims include claims actually paid, the change in the claims reserve and related claims handling expenses. Claims reserve is the value of expected future payments in relation to claims incurred prior to the valuation date, whether or not they have been reported to the Company, including expenses to be incurred in settling those claims.

3. **Significant accounting policies** (continued)

3.14 **Insurance contracts** (continued)

(ii) Recognition and measurement (continued)

Commission

Commission expenses are fees paid to intermediaries and independent financial advisors upon acquiring new or renewed insurance businesses.

For general insurance and Group Accident and Health business, the upfront commission expense paid is deferred and amortised on a pro-rata basis over the period of the contracts.

For policies with indemnity commission, the direct commission expenses paid to independent financial advisors are capitalised as deferred acquisition costs. If a policy lapses, any related deferred acquisition cost is expensed immediately and a receivable is set up for any commission recoverable. Subsequent to initial recognition, the deferred acquisition cost is amortised to profit or loss using the straight line method over periods ranging from 18 months to 36 months.

An impairment review is performed at each reporting date or more frequently when an indication of impairment arises. When the recoverable amount is less than the carrying value, an impairment loss is recognised in profit or loss. Deferred acquisition cost is also considered in the liability adequacy test for each reporting period.

Reinsurance commission income

Reinsurance commission income is recognised as revenue on a basis that is consistent with the recognition of the costs incurred on the acquisition of the underlying insurance contracts.

(iii) Insurance contract liabilities

Insurance contracts are contracts under which the Company accepts significant insurance risk from the policyholders by agreeing to compensate them or their beneficiaries in the event of a pre-specified future event affecting them. The Company sets aside funds today to meet these future liabilities and changes in insurance contract liabilities are recognised in profit or loss.

3. **Significant accounting policies** (continued)

3.14 **Insurance contracts** (continued)

(iii) Insurance contract liabilities (continued)

Policy liabilities

- Long-term business liability

  Long-term business liability is determined in accordance with local regulations and generally accepted actuarial principles in respect of individual contracts of insurance. The liability for these contracts is calculated as the sum of the present value of expected future payments less expected present value of future receipts arising from the policy. Any negative reserves at policy level are set to zero in accordance with the requirements of MAS Insurance (Valuation and Capital) Regulations.

  In the case of Non-Participating contracts (excluding MyPrestigePlan), the liabilities will include expense outgo, commission outgo, benefit outgo, premium income and reinsurance cashflows (where applicable) and discounted at risk-free yields.

  In the case of the Company's Participating business, as per the regulation, the Participating Fund's liability is determined to be the highest of the Policy Assets, Policy Liabilities and Minimum Condition Liability ("MCL"). Policy Assets of participating funds are the total assets required by regulations to be allocated to participating policyholders. The Policy Liabilities will include expense outgo, commission outgo, benefit outgo, premium income, tax and transfers to shareholders associated with future bonuses discounted at the long term best estimate return. MCL is the policy liability as defined above, excluding future bonuses but allowing for declared bonuses and is discounted at risk-free yields.

  In the case of MyPrestigePlan, the liability is determined to be the highest of the Policy Liability, and MCL. (In 2017, the liability was determined to be the highest of Policy Liability, MCL and Surrender Value). Policy Liability will include expense outgo, commission outgo, benefit outgo projected at the general crediting rate, premium income, and reinsurance cashflows and discounted at the long term best estimate return. MCL is the Policy Liabilities as defined above, except that the benefit outgo is projected at the minimum crediting rate and discounted at risk-free yields.

  In the case of the guaranteed renewable health contracts, the policy liabilities follows that of the short-term business liability as defined below.

3. **Significant accounting policies** (continued)

3.14 **Insurance contracts** (continued)

(iii) Insurance contract liabilities (continued)

Policy liabilities (continued)

- Investment-linked liability

  Investment-linked liability is determined in accordance with local regulations and generally accepted actuarial principles. The liability for investment-linked policies consists of the unit reserve, which is the value of the underlying assets backing units relating to these policies. Additional reserves are held against future expected payments, other than those relating to the unit reserves, arising from these policies.

- Short-term business liability

  Provision for premium liabilities

  Provision for unexpired risks includes provision for unearned premiums and a provision for premium deficiency. The provision for unearned premiums ("UPR") represents the relevant proportion of premiums received for risks that have not yet expired.

  UPR is calculated based on the 1/365th method or on a pro-rata basis over the premium term on gross written premiums during the year in respect of short-term insurance business.

  Additional provision for premium deficiency is made where the future claims costs and expenses and a provision for adverse deviation exceeds the provision for UPR.

  Provision for claims liabilities

  This provision is made at reporting date for the estimated ultimate cost of all claims not settled at such date, after the deduction of amounts already paid, whether arising from events occurring during the period or earlier periods.

3. **Significant accounting policies** (continued)

3.14 **Insurance contracts** (continued)

(iii) Insurance contract liabilities (continued)

<u>*Provision for claims liabilities*</u> (continued)

Provision for outstanding claims and its associated claims handling expenses are made for the full estimated cost of all claims notified, but not settled at the reporting date using the best available information at the time. Provision is also made for the estimated cost of claims incurred but not reported until after the year-end. Any difference between the estimated cost and subsequent settlement is adjusted in profit or loss of the year in which settlement takes place.

- Provision for adverse deviation

  Additional provision is made in the liability valuation assumptions to allow for adverse deviation from the best estimate experience and to reflect the inherent uncertainty of the best estimate of the insurance liabilities.

- Liability adequacy test

  At each reporting date, liability adequacy tests are performed to support the adequacy of insurance contract liabilities. In performing these tests for the Company, current best estimate of future cashflows and claims handling and administration expenses, as well as investment income from assets backing such liabilities, are used and any negative reserves are set to zero for prudence.

(iv) Reinsurance

The Company cedes insurance risk in the normal course of business. Reinsurance assets primarily include balances due from both insurance and reinsurance companies for ceded insurance liabilities. Assets, liabilities, income and expense arising from the reinsurance contracts are accounted for on the same basis as the related insurance contract balances and are presented separately from the assets, liabilities, income and expenses from the related insurance contracts.

Amounts recoverable under reinsurance contracts are assessed for impairment at each reporting date. Such assets are deemed impaired if there is objective evidence that the Company may not recover all amounts due from the reinsurer.

3. Significant accounting policies (continued)

3.15 Other revenue recognition

Investment income

Investment income comprises of dividend and interest income from financial assets and interest income on loans and bank deposits.

Dividend income on securities is recognised when the Company's right to receive payment is established.

Interest income is recognised using the effective interest method.

Fee and other income

Fee and other income comprises reinsurance commission income (including reinsurance profit commission income) and management and other fees.

Reinsurance commission income is recognised as revenue on a basis that is consistent with the recognition of the costs incurred on the acquisition of underlying insurance contracts.

Reinsurance profit commission income is recognised based on the terms of the underlying reinsurance contract, and when the amount of revenue and related cost of the reinsurance transaction can be reliably measured.

The items above relate to services embedded in insurance contracts and represent services rendered or cash flows arising from an insurance contract. The Company does not bifurcate these services from the host insurance contract and therefore such services are accounted for under FRS 104.

Realised gains and losses

Realised gains and losses on the sale of investments are calculated as the difference between net sales proceeds and the carrying amounts. Realised gains and losses are recognised in profit or loss when the sale transaction occur.

3. Significant accounting policies (continued)

3.16 Taxes

(i) Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance sheet date.

Current income tax is recognised on the chargeable income for the year. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

(ii) Deferred tax

Deferred tax is provided using the liability method on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax assets and liabilities are measured using the tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled based on tax rates enacted or substantively enacted by the balance sheet date.

Deferred tax assets are recognised for all deductible temporary differences, carry-forward of unabsorbed capital allowances and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, carry-forward of unabsorbed capital allowances and unused tax losses can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

Current and deferred tax are recognised as income or expense in profit or loss, except to the extent that the tax arises from a business combination or a transaction which is recognised directly in equity.

3. Significant accounting policies (continued)

3.16 Taxes (continued)

Current tax and deferred tax are charged or credited directly to equity if the tax relates to items that are credited or charged, in the same or a different period, directly to equity.

Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to set off current income tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

3.17 Employee benefits

Defined contribution plan

Defined contribution plans are post-employment benefit plans under which the Company pays fixed contributions into separate entities such as the Central Provident Fund ("CPF") on a mandatory, contractual or voluntary basis. The Company has no further payment obligations once the contributions have been paid. CPF contributions are recognised as an expense in profit or loss in the same period as the employment that gives rise to the contributions.

Employee leave entitlement

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the balance sheet date.

Termination benefits

Termination benefits are recognised as an expense when the Company is committed demonstrably, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognised as an expense if the Company has made an offer of voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably. If benefits are payable more than 12 months after the reporting date, then they are discounted to their present value.

3. **Significant accounting policies** (continued)

3.17 **Employee benefits** (continued)

Shared-based payments

Employees of the Company are entitled to share-based payments under the 3 schemes described below. The cost of equity-settled transactions with employees is measured by reference to the fair value at the date which they are granted. The cost of equity-settled transaction is recognised, together with a corresponding increase in share based compensation reserve within equity, over the period in which the performance conditions (if any) are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ("vesting date").

The ultimate holding company charges the Company for the equity they provide to the Company's employees. There is a clear link between the recharge amount from the ultimate holding company and the share based payment amount, therefore the Company offsets the recharge against the share based compensation reserve in the financial statements.

(i) Long-Term Incentive Plans ("LTIP")

The LTIP awards are Aviva plc share awards.

Of each grant, 50% of shares awarded are subject to a non-market based performance condition, with the rest being subject to a market based performance condition. The non-market based performance is measured in relation to the Return on Capital Employed ("ROCE").

The market-based performance is a Total Shareholder Return ("TSR") performance condition. The TSR growth over a three-year performance period is ranked against a comparator group of 14 companies. For grants prior to 2012, 15% of shares subject to the TSR performance condition vest at median performance, 50% of these shares vest at the upper quintile and there is straight line vesting in between. For grants made subsequent to 2012, 10% of shares subject to the TSR performance condition vest at median performance, 50% of these shares vest at the upper quintile and there is straight line vesting in between.

3. Significant accounting policies (continued)

3.17 Employee benefits (continued)

Shared-based payments (continued)

(ii) Restricted Share Units

This discretionary award is directed towards senior management group and high performing / high potential individuals amongst the level F (Head of Departments) population. The award vests after 3 years, not subject to any performance conditions, provided employees remain in the Company's employment (and are not under notice of termination) throughout that period up to the point of vesting.

(iii) Annual Bonus Plan

Part of the bonus award for the Senior Management team will be made in deferred Aviva shares. These shares will vest in 3 equal tranches over 3 years and are not subject to any performance conditions.

3.18 Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of a past event, it is more likely than not that an outflow of economic resources will be required to settle the obligation and the amount of the obligation has been estimated reliably.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed.

3.19 Operating lease payments

Payments made under operating leases (net of any incentives received from the lessors) are recognised in profit or loss on a straight-line basis over the term of the lease.

3.20 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new ordinary shares are deducted against the share capital account.

3. Significant accounting policies (continued)

3.21 Dividends to Company's shareholders

Dividends to the Company's shareholders are recognised when the dividends are approved for payment.

3.22 Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the Company prior to the end of financial year which are unpaid. They are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). Otherwise, they are presented as non-current liabilities.

Trade and other payables are initially recognised at fair value, and subsequently carried at amortised cost using the effective interest method.

4. Significant accounting judgements and estimates

Estimates, assumptions concerning the future and judgements are made in the preparation of the financial statements. They affect the application of the Company's accounting policies, reported amounts of assets, liabilities, income and expenses, and disclosures made. They are assessed on an on-going basis and are based on experience and relevant factors, including expectations of future events that are believed to be reasonable under the circumstances. Please see Note 21 for estimates, assumptions and judgements made over insurance contract liabilities and Note 28 on the valuation of financial instruments. Other significant accounting judgements and estimates used in this report are:

Income taxes

Significant judgement is required in determining the capital allowances and deductibility of certain expenses during the estimation of the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognises liabilities for anticipated tax issues based on its understanding of the current tax legislation and estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

5. Net investment and other income

	At fair value through profit or loss account $'000	Loans and receivables $'000	Others $'000	Total $'000
2018				
Dividend income	59,106	-	-	59,106
Interest income from:				
- Bonds and loan stocks	86,269	-	-	86,269
- Government and public authority securities	36,447	-	-	36,447
- Fixed deposits, discounted bills and loans	-	4,838	-	4,838
- Loan to subsidiary	-	120	-	120
Exchange gain/(loss) - net	1,678	-	(774)	904
Other income	-	-	10,793	10,793
Gross investment and other income	183,500	4,958	10,019	198,477
Less: Investment expenses and other charges	(22,816)	-	(768)	(23,584)
Net investment and other income	160,684	4,958	9,251	174,893

	At fair value through profit or loss account $'000	Loans and receivables $'000	Others $'000	Total $'000
2017				
Dividend income	64,192	-	-	64,192
Interest income from:				
- Bonds and loan stocks	75,717	-	-	75,717
- Government and public authority securities	44,282	-	-	44,282
- Fixed deposits, discounted bills and loans	-	4,374	-	4,374
- Loan to subsidiary	-	31	-	31
Exchange loss - net	(3,076)	-	(485)	(3,561)
Other income	-	-	7,039	7,039
Gross investment and other income	181,115	4,405	6,554	192,074
Less: Investment expenses and other charges	(20,352)	-	(1,439)	(21,791)
Net investment and other income	160,763	4,405	5,115	170,283

6. Other operating expenses

Other operating expenses comprise the following:

	2018 $'000	2017 $'000
Advertising and promotion expenses	**2,623**	1,951
Sales incentives	**12,745**	11,008
Directors' remuneration and fees	**270**	251
Allowance for impairment of insurance Receivables (Note 16)	**67**	90
Allowance for impairment of other receivables	**2,326**	-
Professional fees	**9,318**	8,749
Recharges from related companies	**36,519**	28,778
Recharges to related companies	**(2,576)**	(4,022)
Licence fees	**1,889**	2,178
Repairs and maintenance expenses	**2,382**	1,946
Bank charges	**2,193**	2,804
Printing and stationery	**2,264**	2,096
Postage, courier and telex charges	**1,591**	1,795
GST absorbed	**8,465**	6,654
Transaction processing fees	**1,241**	1,281
Donations and sponsorships	**4,066**	2,533
Office rental	**5,080**	5,190
Other expenses	**2,208**	9,663
Other operating expenses	**92,671**	82,945

7. Income tax (credit)/expense

(a) Major components of income tax (credit)/expense

The major components of income tax (credit)/expense for the financial years ended 31 December 2018 and 2017 are:

	2018 $'000	2017 $'000
Current income tax		
- Current taxation	**11,420**	22,137
- Overprovision in respect of prior years	**-**	(1,292)
Deferred income tax		
- Origination and reversal of temporary differences	**(20,948)**	46,459
Income tax (credit)/expense recognised in the statement of comprehensive income	**(9,528)**	67,304

7. **Income tax (credit)/expense** (continued)

(b) Relationship between tax (credit)/expense and accounting profit

The reconciliation between the tax (credit)/expense and the product of accounting profit multiplied by the applicable corporate tax rate for the years ended 31 December 2018 and 2017 is as follows:

	2018 $'000	2017 $'000
Accounting profit before tax	**6,345**	142,846
Tax (credit)/expense on profit before tax at 17% (2017:17%)	**1,079**	24,284
Adjustments:		
Non-deductible expenses	**2,477**	1,902
Income not subject to taxation	**(4,686)**	(4,362)
Effect of difference in tax basis on participating funds	**13,384**	2,648
Effect of applying 10% concessionary rate on income from qualifying debt securities	**(1,053)**	(1,105)
Overprovision of tax in prior years	**-**	(1,292)
Tax (credit)/expense on undistributed surplus	**(20,729)**	45,229
Tax (credit)/expense	**(9,528)**	67,304

(c) Deferred tax

	Balance Sheet		Statement of Comprehensive Income	
	2018 $'000	2017 $'000	**2018 $'000**	2017 $'000
Deferred tax liabilities				
• To be settled after one year	**277,327**	298,275	**(20,948)**	46,459
Net deferred tax liabilities	**277,327**	298,275		
Deferred tax expense			**(20,948)**	46,459

Deferred income tax liabilities consist primarily of temporary differences arising from future distributable surplus arising from the Life Participating fund. Movements in deferred income tax liabilities during the financial year are as follows:

7. Income tax (credit)/expense (continued)

(c) Deferred tax (continued)

Deferred income tax liabilities

	2018 **$'000**	2017 $'000
Beginning of financial year	**298,275**	251,816
(Credited)/charged to:		
- Profit or loss (Note 7(a))	**(20,948)**	46,459
End of financial year	**277,327**	298,275

(d) The Company has estimated its tax charge, tax provision and tax recoverable relating to the insurance business based on its understanding of the current legislation. These estimates may be different from the ultimate actual tax liability or refund.

8. Investments in subsidiaries

	2018 **$'000**	2017 $'000
Equity investments at cost		
Beginning of financial year	**13,200**	13,200
Movement during the year		
- Capital injection	**3,000**	-
End of financial year	**16,200**	13,200
Investments in subsidiaries - net	**16,200**	13,200

8. Investments in subsidiaries (continued)

The Company had the following subsidiaries as at 31 December 2018 and 2017:

Name of companies	Principal activities	Country of business/ incorporation	Percentage of effective equity interest held by the Company 2018 %	2017 %
Held by the Company				
Aviva Financial Advisers Pte Ltd	Provision of financial advisory services	Singapore	**100.00**	100.00
Professional Advisory Holdings Ltd	Investment holding	Singapore	**92.42**	92.42
Wholly held by Professional Advisory Holdings Ltd				
Professional Investment Advisory Services Pte Ltd	Provision of financial advisory services	Singapore		

9. Investment in associate

For the current financial year, the Company recognised its share of the associate's profit based on unaudited results available up to 31 December 2018. There are no contingent liabilities relating to the Company's interest in the associate.

9. Investment in associate (continued)

Details of the associate held by the Company is as follows:

	Country of incorporation	Principal activity	Proportion (%) of effective equity interest 2018	2017
Lend Lease Jem Partners Fund Limited	Bermuda	Investment Holding	**22.5**	22.5

	2018 $'000	2017 $'000
Equity investment at cost	**51,215**	51,215
Share of profits after tax (cumulative)	**29,330**	18,814
Dividends received (cumulative)	**(11,669)**	(8,852)
Carrying amount at 31 December	**68,876**	61,177

The Company's share of profit after tax of the associate recognised for the current financial year is $10,515,763 (2017: $6,135,045).

The summarised financial information of the associate (presented in $million) for the financial year ended 31 December, not adjusted for the proportion of the ownership interest held by the Company, is as follows:

	2018 $million	2017 $million
Current assets	**1.3**	1.4
Non-current assets	**307.0**	271.2
Total assets	**308.3**	272.6
Current liabilities	**2.2**	0.7
Non-current liabilities	**-**	-
Total liabilities	**2.2**	0.7
Net assets	**306.1**	271.9
Revenue	**50.9**	29.9
Profit before tax	**46.6**	27.3
Income tax expense	**-**	-
Profit after tax	**46.6**	27.3
Other comprehensive income	**-**	-
Total comprehensive income for the year	**46.6**	27.3

9. Investment in associate (continued)

Reconciliation of the summarised financial information (in $million) presented with the carrying amount of the Company's interest in the associate, is as follows:

	2018 $million	2017 $million
Net assets		
At 1 January	**271.9**	256.3
Profit after tax	**46.6**	27.3
Dividends declared	**(12.4)**	(11.7)
At 31 December	**306.1**	271.9
Carrying value of interest in associate (2018 and 2017: 22.5%)	**68.9**	61.2

10. Plant and equipment

	Office equipment $'000	Furniture and fittings $'000	Total $'000
Cost			
At 1 January 2017	**3,844**	**4,191**	**8,035**
Additions	134	256	390
At 31 December 2017 and 1 January 2018	**3,978**	**4,447**	**8,425**
Additions	-	25	25
At 31 December 2018	**3,978**	**4,472**	**8,450**
Accumulated depreciation			
At 1 January 2017	**2,028**	**3,507**	**5,535**
Depreciation charge	984	243	1,227
At 31 December 2017 and 1 January 2018	**3,012**	**3,750**	**6,762**
Depreciation charge	849	280	1,129
At 31 December 2018	**3,861**	**4,030**	**7,891**
Net book values			
At 31 December 2017	966	697	1,663
At 31 December 2018	**117**	**442**	**559**

11. Intangible assets

	2018 $'000	2017 $'000
(a) Computer software licenses		
Cost:		
Balance at 1 January	**20,948**	14,206
Additions	**2,499**	6,742
Balance at 31 December	**23,447**	20,948
Accumulated amortisation:		
Balance at 1 January	**7,975**	5,956
Amortisation recognised during the year	**3,543**	2,019
Balance at 31 December	**11,518**	7,975
Net book value at 31 December	**11,929**	12,973
(b) Distribution rights		
Cost:		
Balance at 1 January	**1,600**	800
Additions	**1,900**	800
Balance at 31 December	**3,500**	1,600
Accumulated amortisation:		
Balance at 1 January	**866**	66
Amortisation recognised during the year	**1,143**	800
Balance at 31 December	**2,009**	866
Net book value at 31 December	**1,491**	734
Net book value of intangible assets	**13,420**	13,707

12. Cash and cash equivalents

	2018 $'000	2017 $'000
Cash and bank balances	**197,775**	171,542

The Company held no cash collaterals (2017: $8,720,000) from derivative counterparties at the reporting date. Cash collaterals are not included in the Company's cash and cash equivalents as the risks and rewards of ownership of the assets are retained by the derivative counterparties.

13. Investments at fair value through profit or loss

Investments designated at fair value through profit or loss:

	2018 $'000	2017 $'000
Equity securities:		
Quoted	**3,780,599**	3,771,414
Unquoted	**47,811**	12,812
	3,828,410	3,784,226
Debt securities:		
Quoted	**4,209,687**	3,665,265
Unquoted	**199,077**	209,489
	4,408,764	3,874,754
Investments at fair value through profit or loss	**8,237,174**	7,658,980
Current:		
Equity securities	**3,828,410**	3,784,226
Debt securities	**1,085,442**	416,566
	4,913,852	4,200,792
Non-current:		
Debt securities	**3,323,322**	3,458,188
Investments at fair value through profit or loss	**8,237,174**	7,658,980

Singapore government securities of $24,353,000 (2017: $nil) (Note 14) have been pledged to swap and forward counterparties in respect of the derivative agreements (Note 14). The pledged securities are managed daily and the derivative counterparties have the right to receive them in an event of positive credit exposure.

14. Derivative financial instruments

In connection with the derivative agreements with counterparties, the Company posted restricted securities of $24,353,000 (2017: $nil) (Note 13) as collateral to these counterparties at the reporting date.

The Company also held security collateral of $3,505,000 (2017: $19,627,000) in the form of US government securities at the reporting date. The Company has the right to receive them in an event of positive credit exposure. Therefore, these are not included in the Company's investments.

Derivative financial instruments included in the balance sheet as at 31 December are as follows:

	Contract/ notional amount	Fair value	
		Assets	Liabilities
	$'000	$'000	$'000
2018			
Currency swaps	466,504	14,526	(17,041)
Interest rate swaps	36,374	105	(63)
Currency forward contracts	5,250,276	26,367	(21,546)
Total held for trading assets/(liabilities)		40,998	(38,650)
2017			
Currency swaps	472,354	13,946	(12,447)
Interest rate swaps	36,374	546	-
Currency forward contracts	5,074,287	59,953	(15,088)
Total held for trading assets/(liabilities)		74,445	(27,535)

15. Available-for-sale financial assets

	2018	2017
	$'000	$'000
Unquoted equity securities		
At 1 January	**7,783**	4,825
Movement during the year		
- Capital injection	**-**	10,667
- Allowance for impairment	**(2,265)**	(7,709)
At 31 December	**5,518**	7,783

15. Available-for-sale financial assets (continued)

Fair value information has not been disclosed for the Company's investment in unquoted equity securities of $5,518,000 (2017: $7,783,000) that are carried at cost because their fair values cannot be measured reliably using valuation techniques supported by observable market data. These equity securities represent a minority interest in Aviva Vietnam Life Insurance Company Limited by the way of a share contribution and are not quoted in any market and do not have any comparable industry peers that are listed. Aviva Vietnam Life Insurance Company Limited is a fully owned subsidiary of Aviva Group since 1 June 2017 and was a jointly controlled entity of the Aviva Group but not at the Company level prior to that date.

The Company recognised an impairment loss of $2,265,000 (2017: $7,709,000) against the said equity securities during the financial year.

16. Loans and receivables

	2018 **$'000**	2017 $'000
Insurance receivables	**114,431**	90,090
Less: Allowance for impairment	**(422)**	(468)
	114,009	89,622
Due from reinsurers	**6,754**	5,016
Total insurance receivables	**120,763**	94,638
Cash and cash equivalents (Note 12)	**197,775**	171,542
Other receivables (Note 17)	**73,346**	75,730
Policy loans (non-current)	**61,097**	61,582
Total loans and receivables	**452,981**	403,492

Insurance receivables are non-interest earning and are generally on 0 to 90 days credit term. The carrying amounts disclosed above reasonably approximate fair values at year-end.

	2018 **$'000**	2017 $'000
Movement in allowance accounts:		
At 1 January	**(468)**	(700)
Charge for the year (Note 6)	**(67)**	(90)
Written-off	**113**	322
At 31 December	**(422)**	(468)

16. Loans and receivables (continued)

Insurance receivables that are individually determined to be impaired at the reporting date relate to debtors that are in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

Insurance receivables that are neither past due nor impaired

Insurance receivables that are neither past due nor impaired are mainly due from debtors with a good collection track record with the Company.

Insurance receivables that are past due but not impaired

The Company has trade receivables amounting to $13,481,039 (2017: $1,838,871) that are past due by more than 180 days at the reporting date but not impaired. These receivables are unsecured.

Policy loans are secured by the cash value of the life policy and bear interest at a weighted average rate of 6.5% (2017: 6.5%) per annum. Policy loans have no fixed terms of repayment.

17. Other receivables

	2018 $'000	2017 $'000
Deposits	4,575	2,005
Accrued interest receivable	37,206	34,724
Dividends receivable	3,955	3,697
Amount due from related companies	14,608	9,812
Loan to a subsidiary	3,000	3,000
Other receivables	12,449	22,613
Less: Allowance for impairment	(2,447)	(121)
	73,346	75,730

Amount due from related companies relates to back-office services provided by the Company. The amount is unsecured, interest-free and is expected to be settled within the next twelve months. The carrying amounts disclosed above reasonably approximate fair values at year-end.

The loan to a subsidiary, Professional Advisory Holdings Ltd, is unsecured and repayable in full by 1 January 2019. Interest is fixed at 4% per annum.

18. Financial liabilities carried at amortised cost

	2018 $'000	2017 $'000
Amounts due to agents, brokers and policyholders	**41,464**	49,497
Amounts due to reinsurers	**97,474**	94,487
Premium deposits	**208,940**	149,377
Advance premiums	**97,172**	140,744
Total insurance payables	**445,050**	434,105
Add: Other payables (Note 19)	**305,937**	46,838
Total financial liabilities carried at amortised cost	**750,987**	480,943

Insurance payables are non-interest bearing, except for premium deposits and advance premiums which bear an interest rate of 0.8% (2017: 0.8%) per annum. The carrying amounts disclosed above reasonably approximate fair values at year-end.

19. Other payables

	2018 $'000	2017 $'000
Accrued operating expenses	**45,164**	40,334
Amount due to related companies	**18**	8
Sundry creditors	**5,491**	6,496
Amount due to Ministry of Health ("MOH") (Note 34)	**255,264**	-
	305,937	**46,838**

Amount due to related companies relates to services provided to the Company. The amount is unsecured, interest-free and is expected to be settled within the next twelve months. The carrying amounts disclosed above reasonably approximate fair values at year-end.

20. Insurance contract liabilities - Net

2018	Notes	Insurance contract liabilities $'000	Reinsurers' share of liabilities $'000	Net $'000
Policy liabilities	(a)	7,140,126	(221,038)	6,919,088
Provision for unearned premiums and unexpired insurance risks	(b)	171,636	(10,815)	160,821
Provision for claims reported by policyholders	(c)	118,226	(43,927)	74,299
Provision for claims incurred but not reported (IBNR)	(c)	83,409	(20,817)	62,592
Total insurance contract liabilities - Net		7,513,397	(296,597)	7,216,800
Current		1,046,353	(73,089)	973,264
Non-current		6,467,044	(223,508)	6,243,536
Total insurance contract liabilities - Net		7,513,397	(296,597)	7,216,800

2017	Notes	Insurance contract liabilities $'000	Reinsurers' share of liabilities $'000	Net $'000
Policy liabilities	(a)	6,924,513	(329,438)	6,595,075
Provision for unearned premiums and unexpired insurance risks	(b)	146,745	(7,317)	139,428
Provision for claims reported by policyholders	(c)	123,046	(43,614)	79,432
Provision for claims incurred but not reported (IBNR)	(c)	75,625	(16,117)	59,508
Total insurance contract liabilities - Net		7,269,929	(396,486)	6,873,443
Current		654,092	(67,131)	586,961
Non-current		6,615,837	(329,355)	6,286,482
Total insurance contract liabilities - Net		7,269,929	(396,486)	6,873,443

20. Insurance contract liabilities (continued)

(a) The movement in the net policy liabilities for Life and Group business is as follows:

	2018 $'000	2017 $'000
At 1 January	**6,595,075**	5,633,572
Changes in insurance liabilities:		
New business reserves	**141,107**	63,723
Increase in liabilities	**393,929**	527,923
Benefits and claims experience variation	**171,173**	84,240
Impact of financially motivated reinsurance	**147,197**	(76)
Changes in unit price for linked fund	**(47,634)**	58,945
Changes in assumptions	**(183,408)**	(14,623)
Movement in excess of policy assets over policy liabilities	**(319,080)**	286,600
Tax on undistributed surplus (Note 7(b))	**20,729**	(45,229)
At 31 December	**6,919,088**	6,595,075

(b) Provision for unearned premiums and unexpired insurance risks may be analysed as follows:

	2018 $'000	2017 $'000
At 1 January	**139,428**	116,558
Increase in provision for unearned premiums	**21,393**	22,870
At 31 December	**160,821**	139,428

(c) Provision for claims reported and not reported by policyholders may be analysed as follows:

	2018 $'000	2017 $'000
At 1 January	**138,940**	110,327
Change in outstanding claims	**835,861**	645,452
Movement in IBNR	**3,084**	8,452
Claims paid during the year	**(840,994)**	(625,291)
At 31 December	**136,891**	138,940

21. Insurance contract liabilities and reinsurance assets - Assumptions and sensitivities

(a) Long term insurance provision

Major classes of business written under this category include individual life and retail health (guaranteed renewability) business.

For long term insurance contracts, economic assumptions are continually reviewed and updated. Non-economic assumptions are reviewed at least annually. Non-economic assumptions are presented to the Company's Assumptions Committee and are subject to the committee's approval before these assumptions are adopted in the valuation of the Company's liabilities. Key assumptions are highlighted below:

Mortality and morbidity rates

Mortality and morbidity assumptions will have regard to the Company's and industry's historical experience and rates recommended by reinsurers, where available, and are generally differentiated by sex and policy type.

In general, higher mortality and morbidity assumptions will lead to higher expected claims outgo, which in turn, will lead to an increase in policy liabilities.

Annuity and long term contracts, on the other hand, are sensitive to longevity risks, such that a lower mortality assumption would result in an increase in expected annuity payments, therefore increasing policy liabilities.

Valuation interest rates

The valuation interest rate assumption is the underlying interest rate at which future cash flows are discounted in determining insurance contract liabilities. In calculating the liability for the Minimum Condition Liability of the Company's Participating and Non-participating business and non-unit reserves of Investment-Linked funds, future expected cash flows are discounted at risk-free rates as prescribed under MAS 319. In calculating the Company's Participating Fund liabilities, future cash flows are discounted using the Company's best estimate long-term investment return it expects to earn on its Participating Fund assets.

21. Insurance contract liabilities and reinsurance assets - Assumptions and sensitivities (continued)

(a) ***Long term insurance provision*** (continued)

Expenses and commission rates

Expense studies are conducted regularly and the expense assumptions will reflect both the Company's actual expenses as well as budgeted expenses based on the Company's business plan. Any recommendations resulting from these studies will be reflected in the valuation of policy liabilities subject to the approval of the Company's Assumption Committee.

Commission rates are assumed to be the same as those contracted with the various channels. Higher expense and commission assumptions will increase policy liabilities.

Surrender rates

Surrender rates assumed in the calculation of policy liabilities will reflect the Company's historical experience, and are differentiated by duration in-force and policy type.

Higher surrender rates would tend to lead to a decrease in policy liabilities. However, the impact on policy liabilities will depend on the product design, and whether the surrender value is high relative to other benefits available under the policy.

Bonus rates

Future bonus rates are assumed to be the same as those declared in the latest bonus declaration, with suitable adjustments where necessary to ensure that bonus rates continue to be in line with the Company's Internal Governance Policy on the management of its Participating Fund under changing investment conditions.

21. Insurance contract liabilities and reinsurance assets - Assumptions and sensitivities (continued)

(a) ***Long term insurance provision*** (continued)

Inflation rates

Inflation rates assumption is set to reflect long-term inflation expectations, allowing for the proportion of staff and non-staff expenses.

In general, higher inflation assumptions will lead to higher expected expenses outgo which in turn, will lead to an increase in policy liabilities.

Assumptions

Mortality	75%/65% (male/ female) of S04/08 for non-Guaranteed Issue Offer ("GIO) savings products, 100% of S04/08 for GIO savings products, 50%/ 70% (male/ female) and 70%/ 98% (male/ female) of S04/08 for non-smokers and smokers respectively for protection products, 100%/ 70% (male/ female) of S04/08 for long-term care products, 90% of S97/02 for ElderShield and 120% of S04/08 for annuities. Mortality improvement of 2% is applied to all product groups, gradually decreasing to 0% by the end of twenty years.
Morbidity	75% for critical illness and 60% for total and permanent disability of respective products best estimate assumption, based on reinsurer rates on past experience allowing for medical inflation.
Discount rate (best estimate)	Par Others: Yield curve, with long term rate of 4.70% Par Investment Pool: Yield curve, with long term rate of 5.25% Par (AP): Yield curve, with matching strategy against the fund's liabilities Secure Yield, Secure Grow, Capital Yield, Big5 and MyPrestigePlan: Based on the Yield to Maturity of the underlying assets MyIncomePlus: Based on pricing estimate return assumption.
Risk-free discount rate	Derived based on MAS Notice 319 Annex A - Determination of Risk-free Discount Rate.
Persistency	Based on persistency study of Company's past experience.
Renewal expenses	Based on past actual experience, expressed as unit costs per in-force policy and percentage of premiums.
Distribution expenses	Based on past actual experience, expressed as unit costs per in-force policy and percentage of premiums.
Expense inflation rate	3.0% p.a

21. Insurance contract liabilities and reinsurance assets - Assumptions and sensitivities (continued)

(a) *Long term insurance provision* (continued)

Sensitivities

	Increase/ (decrease) from Base		
Sensitivity of Policy Liabilities	Non-Participating Fund $'000	Unit-Linked Fund $'000	Total $'000
2018			
Mortality and Morbidity – Non-annuities			
+ 5%	1,307	71	1,378
- 5%	(1,158)	(63)	(1,221)
Mortality and Morbidity – Annuities			
+ 5%	(1,526)	-	(1,526)
- 5%	1,617	-	1,617
Expenses			
+ 10%	1,056	380	1,436
- 10%	(995)	(325)	(1,320)
Surrender			
+ 10%	(561)	(195)	(756)
- 10%	924	227	1,151
Interest rate			
+ 1%	(19,138)	(11)	(19,149)
- 1%	21,410	30	21,440
2017			
Mortality and Morbidity – Non-annuities			
+ 5%	(1,234)	80	(1,154)
- 5%	1,734	(71)	1,663
Mortality and Morbidity – Annuities			
+ 5%	(1,580)	-	(1,580)
- 5%	1,665	-	1,665
Expenses			
+ 10%	9,232	429	9,661
- 10%	(6,155)	(376)	(6,531)
Surrender			
+ 10%	(421)	(186)	(607)
- 10%	586	216	802
Interest rate			
+ 1%	(10,173)	(37)	(10,210)
- 1%	15,895	50	15,945

21. Insurance contract liabilities and reinsurance assets - Assumptions and sensitivities (continued)

(a) ***Long term insurance provision*** (continued)

Sensitivities (continued)

In accordance with the regulations, the Company values the liabilities of the participating fund based on the value of policy assets of the fund. The above changes in the stated variables will have no impact on the participating fund policy liabilities because the change in assumptions would not cause the policy liabilities to be greater than the policy assets of the fund.

(b) ***Short term insurance provision***

The major classes of business written under this category can be classified broadly into Group Life, Group Accident and Health, yearly (non-guaranteed) renewable Retail Health and General Insurance.

Group Life business includes group term life, group living care and group disability income business. Group Accident and Health business includes group personal accident, group in-patient medical plans and group outpatient medical plans. These risks may be written locally or overseas. Retail Health includes yearly (non-guaranteed) renewable individual medical expense insurance and excludes Integrated Shield products such as MyShield and MyShieldPlus. General Insurance includes motor, travel home content, personal accident and gadget products.

For these contracts, claims provisions (comprising outstanding claims and claims incurred but not reported) are established to cover the ultimate cost of settling the liabilities in respect of claims that have occurred, according to insurance regulations and guidelines.

Outstanding claims provisions are reviewed on a monthly basis and comprise claims reported by policyholders. Claims incurred but not reported provisions are reviewed on a quarterly basis and are updated to reflect the development of claims experience over the quarter, including settlement of claims and new claims reported. Claims provisions are not discounted for future time value of money.

Future claims costs are projected through the use of generally accepted actuarial techniques namely, the Chain Ladder and Bornhuetter Ferguson methods. As prescribed under the local regulations, provisions for adverse deviation is made to provide for claims liabilities at a 75% confidence level. This is determined using Bootstrapping or Mack's method.

21. Insurance contract liabilities and reinsurance assets - Assumptions and sensitivities (continued)

(b) ***Short term insurance provision*** (continued)

Assumptions

The principal assumption underlying the Chain Ladder method is that the development of historical claims pattern will be expected to continue in the future.

The assumptions underlying the Bornhuetter Ferguson method is that the development of historical claims pattern will be expected to continue in the future and the assumed loss ratios are reflective of future claims experience.

No discounting is applied to the claims provisions and hence, no interest assumption is required.

Sensitivities

The claims provision is sensitive to the delays that arise between occurrence of a claim and its subsequent notification and eventual settlement.

Reinsurance

The Company limits its exposure to loss within its insurance operations through the use of reinsurance arrangements. The business ceded is placed on both quota share and surplus basis with retention limits varying by product line and territory. Amounts recoverable from reinsurers are calculated in a manner consistent with the assumptions used for ascertaining policy benefits.

22. Deferred acquisition costs

	2018	2017
	$'000	$'000
Beginning of financial year	**16,145**	14,442
Change in deferred acquisition costs	**2,715**	1,703
End of financial year	**18,860**	16,145

The company has conducted an impairment assessment on the deferred acquisition costs and are of the view that these amounts can be utilised against the profits of the underlying insurance contracts as at 31 December 2018 and 2017.

23. Equity

Share capital

	2018		2017	
	No. of shares '000	**$'000**	No. of shares '000	$'000
Beginning of financial year	**97,708**	**98,149**	87,041	87,482
Shares issued	**-**	**-**	10,667	10,667
End of financial year	**97,708**	**98,149**	97,708	98,149

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restriction. The ordinary shares have no par value.

On 14 November 2017, the Company issued 10,667,803 shares for a consideration of $10,667,803 for the purpose of capital injection into Aviva Vietnam Life Insurance Company Limited. The newly issued ordinary shares rank pari passu in all respects with previously issued ordinary shares.

Share based remuneration
The total share based remuneration expenses charged to profit or loss was $2,483,933 (2017: $1,146,934).

The average fair value of each share granted at grant date was GBP 4.585 (2017: GBP 5.06).

24. Dividends

	2018 $'000	2017 $'000
Interims dividend paid in respect of current financial year of 10.23 cents (2017: NIL cents) per share	**10,000**	-
	10,000	-

25. Commitments

Operating lease commitments - as lessee

The Company has entered into property leases on its office premise. These non-cancellable leases have a remaining non-cancellable lease term of less than 5 years.

Minimum lease payments recognised as an expense in profit and loss for the year amounted to $5,080,000 (2017: $5,190,000).

25. **Commitments** (continued)

Operating lease commitments - as lessee (continued)

The future minimum lease payments payable under non-cancellable operating leases contracted for as at 31 December but not recognised as liabilities, are as follows:

	2018 $'000	2017 $'000
Not later than one year	**7,999**	7,881
Later than one year but not later than five years	**9,952**	17,941
	17,951	25,822

26. **Related party transactions**

In addition to the related party information disclosed elsewhere in the financial statements, the following significant transactions between the Company and the related parties took place at terms agreed between the parties:

(a) ***Sales and purchases of services***

	2018 $'000	2017 $'000
Commission paid to related companies	**(71,079)**	(80,436)
Management expenses paid to related company	**(58,023)**	(55,116)
Dividends paid to immediate holding company	**(10,000)**	-
Investment related fees paid to related company	**(14,901)**	(12,551)
Rental and other expenses paid on behalf and reimbursed by related companies	**13,934**	13,271
Management fees received from related companies	**661**	2,325

26. Related party transactions (continued)

(b) Key management personnel compensation

	2018 **$'000**	2017 $'000
Short-term employee benefits	**1,710**	1,663
Share based payment	**609**	554
	2,319	2,217

The number of shares granted to key management personnel during the year was 81,327 (2017: 75,661)

27. Offsetting financial assets and financial liabilities

The disclosures set out in the tables below include financial assets and financial liabilities that are offset in the balance sheet. The Company has not entered into any master netting arrangement.

	Gross amounts - financial assets $'000	Gross amounts - financial liabilities $'000	Net amounts - financial assets presented in the balance sheet $'000	Related amounts not offset in the balance sheet - financial assets/ (liabilities) $'000	Net amount $'000
2018					
Types of financial assets					
Amount due from related companies	14,659	(51)	14,608	-	14,608
Loan to a subsidiary	3,000	-	3,000	-	3,000
Types of financial liabilities					
Amount due to related companies	(69)	51	(18)	-	(18)
2017					
Types of financial assets					
Amount due from related companies	10,024	(212)	9,812	-	9,812
Loan to a subsidiary	3,000	-	3,000	-	3,000
Types of financial liabilities					
Amount due to related companies	(220)	212	(8)	-	(8)

27. Offsetting financial assets and financial liabilities (continued)

The gross amounts of financial assets and financial liabilities and their net amounts as presented in the balance sheet that are disclosed in the above tables are measured in the balance sheet on the following basis:

- Trade and other receivables and payables – amortised cost.

The tables below reconcile the 'net amounts of financial assets and financial liabilities presented in the balance sheet', as set out above, to the line items presented in the balance sheet.

31 December 2018	Net amounts $'000	Line item in balance sheet	Carrying amount in the balance sheet $'000	Financial assets/ (liabilities) not in scope of offsetting disclosures $'000	Note
Types of financial assets					
Loan to a subsidiary	3,000				
Amount due from related companies	14,608	Other receivables	73,346	55,738	17
Types of financial liabilities					
Amount due to related companies	(18)	Other payables	(305,937)	(305,919)	19
31 December 2017					
Types of financial assets					
Loan to a subsidiary	3,000				
Amount due from related companies	9,812	Other receivables	75,730	62,918	17
Types of financial liabilities					
Amount due to related companies	(8)	Other payables	(46,838)	(46,830)	19

28. Fair value of financial instruments

(a) *Fair value of financial instruments that are carried at fair value*

The following table shows an analysis of financial instruments carried at fair value by level of fair value hierarchy:

2018	Quoted prices in active markets for identical instruments (Level 1) $'000	Significant other observable inputs (Level 2) $'000	Significant un-observable inputs (Level 3) $'000	Total $'000
Financial assets:				
Equity securities				
Quoted	3,780,599	-	-	3,780,599
Unquoted	-	-	47,811	47,811
Debt securities				
Quoted	-	4,209,687	-	4,209,687
Unquoted	-	199,077	-	199,077
Derivatives				
Currency swaps	-	14,526	-	14,526
Currency forward contracts	-	26,367	-	26,367
Interest rate swaps	-	105	-	105
Available-for-sale financial assets	-	-	5,518	5,518
At 31 December 2018	3,780,599	4,449,762	53,329	8,283,690
Financial liabilities:				
Derivatives				
Currency swaps	-	(17,041)	-	(17,041)
Currency forward contracts	-	(21,546)	-	(21,546)
Interest rate swaps	-	(63)	-	(63)
At 31 December 2018	-	(38,650)	-	(38,650)

2017	Quoted prices in active markets for identical instruments (Level 1) $'000	Significant other observable inputs (Level 2) $'000	Significant un-observable inputs (Level 3) $'000	Total $'000
Financial assets:				
Equity securities				
Quoted	3,771,414	-	-	3,771,414
Unquoted	-	12,812	-	12,812
Debt securities				
Quoted	-	3,665,265	-	3,665,265
Unquoted	-	209,489	-	209,489
Derivatives				
Currency swaps	-	13,946	-	13,946
Currency forward contracts	-	59,953	-	59,953
Interest rate swaps	-	546	-	546
Available-for-sale financial assets	-	-	7,783	7,783
At 31 December 2018	3,771,414	3,962,011	7,783	7,741,208
Financial liabilities:				
Derivatives				
Currency swaps	-	(12,447)	-	(12,447)
Currency forward contracts	-	(15,088)	-	(15,088)
Interest rate swaps	-	-	-	-
At 31 December 2018	-	(27,535)	-	(27,535)

In 2018, the company transferred $12,812,000 (2017: $ nil) from Level 2 to Level 3.

28. Fair value of financial instruments (continued)

(a) Fair value of financial instruments that are carried at fair value (continued)

Fair value hierarchy

The Company classifies fair value measurement using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- Level 3 - Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Company has an established control framework with respect to the measurement of fair values. This framework includes an investment accounting team that reports to the Chief Financial Officer, and has overall responsibility for all significant fair value measurements.

The investment accounting team regularly reviews the fair values of the investments held. If third party information, such as broker quotes or pricing services, is used to measure fair value, then the investment accounting team documents the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of FRS, including the level in the fair value hierarchy the resulting fair value estimates should be classified.

Determination of fair value

Quoted equity and debt securities (Note 13): Fair value is determined directly by reference to their published closing prices from established pricing sources at the reporting date.

Unquoted equity and debt securities (Note 13): Fair value is determined directly by reference to latest Net Asset Value provided by fund administrator and third party broker quotes.

Derivatives (Note 14): Derivative financial instruments are valued at market prices provided by counterparties, determined by reference to market values for similar instruments.

28. Fair value of financial instruments (continued)

(b) Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value

Loans and receivables (Notes 16 and 17), and financial liabilities carried at amortised cost (Notes 18 and 19).

The carrying amounts of these financial assets and liabilities are a reasonable approximation of fair values due to their short-term nature. Fair value is determined at initial recognition and, for disclosure purposes, at each annual reporting date.

29. Risk management policies

Financial risk management objectives and policies

Investment objective

The Company's investment objective is to optimise investment returns whilst ensuring that sufficient assets are held to meet future liabilities and regulatory requirements. The aim is to match the investments held to support a line of business to the nature of the underlying liabilities, whilst at the same time considering local regulatory requirements, the level of risk inherent within different investments, and the desire to generate superior investment returns, where compatible with this stated strategy and risk appetite.

Assets must be managed in a sound and prudent manner taking into account the profile of the liabilities of each fund and the impact on its solvency position. Investments are made in compliance with the prevailing regulatory requirements with due consideration given to the exposures arising from the various financial risks.

An important part of the Company's business activities involves investing policyholders' and shareholder's funds in permitted financial instruments, including equities and permitted debt instruments.

Equity exposures are managed within the approved Strategic Asset Allocation that are set with reference to the overall appetite for market risk. The credit quality of the underlying debt securities within investment vehicles is managed by the safeguards built into the investment mandates for these funds which determine the funds' risk profiles.

29. Risk management policies (continued)

Financial risk management objectives and policies (continued)

Investment objective (continued)

The Company uses derivative financial instruments to mitigate the impact of adverse market movement and facilitate efficient portfolio management. The Company does not hold derivative financial instruments for speculative purposes.

Derivative financial instruments are classified as held for trading and accounted for at fair value through profit or loss.

Policies and process

The Company's investment activities are managed in accordance to the Company's Board of Directors (the "Board") approved Investment Policy, which provides guidelines for decision-making regarding the investment of funds in a manner to ensure safety of investments, while managing liquidity to meet the business requirements and policyholder obligations and providing adequate investment return using authorised instruments.

The Board delegates the authority to make all investment decisions to the Asset and Liability Committee/Investment Committee ("ALCO/IC"). The ALCO/IC meet on a regular basis, at least quarterly, and report to the Board all material investment decisions.

The role of the ALCO/IC is to review and approve the asset allocation of non-linked funds, ensure that the investment policy is consistent with the asset-liability management strategies, ensure investment limits are complied with, decide on whether any investments are inappropriate and ensure that adequate resources are dedicated to the investment functions.

The following sections provide details regarding the Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

As the impact of the above-mentioned financial risks on the unit-linked fund (unitised portion) is borne by the policyholders and that the impact on the assets of the participating fund will be offset by a corresponding change in the policy liabilities, the net impact to the Company is assessed to be insignificant. Therefore, the analysis in the following sections will not include these funds.

29. Risk management policies (continued)

Interest rate risk

The Company's core insurance and investment activities are inherently exposed to interest rate risk, which arises principally from differences in maturities or re-pricing of invested assets and long-term policyholders' liabilities. In dealing with this risk, the Company adopts an approach of focusing on an appropriate asset-liability management strategy to achieve a desired overall interest rate profile, which may change over time, based on the profile of the policyholders' liabilities, taking into consideration the longer-term view of interest rates and economic conditions.

Sensitivities

2018	Fixed rate	Floating rate	Non-interest sensitive	Par	Unit-linked	Total	10 basis points higher: Impact on profit or loss	10 basis points higher: Impact on equity	10 basis points lower: Impact on profit or loss	10 basis points lower: Impact on equity
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Financial assets										
Investments at fair value through profit or loss	1,311,590	9,665	174,868	6,084,271	656,780	8,237,174	(9,104)	-	9,258	-
Available-for-sale financial assets	-	-	5,518	-	-	5,518	-	-	-	-
Derivative financial assets	-	-	4,310	36,646	42	40,998	-	-	-	-
Reinsurers' share of insurance contract liabilities	-	284,246	10,815	1,471	65	296,597	-	-	-	-
Insurance receivables	-	-	113,051	7,341	371	120,763	-	-	-	-
Other receivables	9,634	63	26,847	30,170	6,632	73,346	-	-	-	-
Policy loans	-	-	3,202	45,373	12,522	61,097	-	-	-	-
Cash and cash equivalents	-	-	130,603	51,361	15,811	197,775	-	-	-	-
Financial liabilities										
Insurance contract liabilities	-	929,260	171,636	5,758,351	654,150	7,513,397	1,670	-	(1,689)	-
Insurance payables	-	-	172,770	265,132	7,148	445,050	-	-	-	-
Derivative financial liabilities	-	-	3,783	34,809	58	38,650	-	-	-	-
Other payables	10	-	244,821	48,055	13,051	305,937	-	-	-	-

29. Risk management policies (continued)

Interest rate risk (continued)

Sensitivities (continued)

2017	Fixed rate	Floating rate	Non-interest sensitive	Par	Unit-linked	Total	10 basis points higher: Impact on profit or loss	10 basis points higher: Impact on equity	10 basis points lower: Impact on profit or loss	10 basis points lower: Impact on equity
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Financial assets										
Investments at fair value through profit or loss	1,020,436	3,614	189,152	5,648,192	797,586	7,658,980	(6,886)	-	6,993	-
Available-for-sale financial assets	-	-	7,783	-	-	7,783	-	-	-	-
Derivative financial assets	-	496	11,557	62,301	91	74,445	-	-	-	-
Reinsurers' share of insurance contract liabilities	-	386,518	7,317	2,651	-	396,486	-	-	-	-
Insurance receivables	-	-	85,967	8,059	612	94,638	-	-	-	-
Other receivables	8,515	32	31,066	29,681	6,436	75,730	-	-	-	-
Policy loans	-	-	3,828	43,397	14,357	61,582	-	-	-	-
Cash and cash equivalents	-	-	68,971	90,915	11,656	171,542	-	-	-	-
Financial liabilities										
Insurance contract liabilities	-	936,798	146,745	5,388,489	797,897	7,269,929	1,001	-	(1,069)	-
Insurance payables	-	-	170,305	256,198	7,602	434,105	-	-	-	-
Derivative financial liabilities	-	-	841	26,691	3	27,535	-	-	-	-
Other payables	10	-	34,251	10,500	2,077	46,838	-	-	-	-

29. Risk management policies (continued)

Foreign currency risk

Foreign currency exposures arising from foreign currency denominated assets such as bonds, equities and money market instruments are managed and usually hedged through the use of financial derivatives such as currency swaps and forwards.

	SGD	USD	AUD	HKD	JPY	Others	Par	Unit Linked	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
2018									
Financial assets									
Investments at fair value through profit or loss	923,517	496,090	25,112	22,609	14,807	13,988	6,084,271	656,780	8,237,174
Available-for-sale financial assets	-	-	-	-	-	5,518	-	-	5,518
Reinsurers' share of insurance contract liabilities	295,589	-	-	-	-	-	1,008	-	296,597
Insurance receivables	108,721	4,244	-	-	-	86	7,341	371	120,763
Other receivables	33,028	3,012	23	166	-	295	30,170	6,632	73,326
Policy loans	3,200	-	-	-	-	-	45,374	12,523	61,097
Cash and cash equivalents	98,410	3,360	-	-	-	28,832	51,362	15,811	197,775
Financial liabilities									
Insurance contract liabilities	1,060,559	47,521	1	-	-	27	5,753,498	1,791	7,513,397
Insurance payables	171,643	1,116	-	-	-	11	265,132	7,148	445,050
Other payables	244,833	-	-	-	-	-	48,053	13,051	305,937

29. **Risk management policies** (continued)

Foreign currency risk (continued)

	SGD	USD	AUD	HKD	JPY	Others	Par	Unit Linked	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
2017									
Financial assets									
Investments at fair value through profit or loss	644,454	549,772	1,200	7,286	10,490	-	5,648,192	797,586	7,658,980
Available-for-sale financial assets	-	-		-	-	7,783	-	-	7,783
Reinsurers' share of insurance contract liabilities	393,835	-	-	-	-	-	2,651	-	396,486
Insurance receivables	82,319	3,575	-	-	-	73	8,059	612	94,638
Other receivables	36,403	3,103	17	57	33	-	29,681	6,436	75,730
Policy loans	3,828	-	-	-	-	-	43,397	14,357	61,582
Cash and cash equivalents	49,176	4,781	-	-	5	15,009	90,915	11,656	171,542
Financial liabilities									
Insurance contract liabilities	1,031,761	50,238	-	-	-	1,544	5,388,489	797,897	7,269,929
Insurance payables	169,340	952	-	-	-	13	256,198	7,602	434,105
Other payables	34,261	-	-	-	-	-	10,500	2,077	46,838

29. Risk management policies (continued)

Foreign currency risk (continued)

Sensitivities

	If USD/RMB/JPY/HKD strengthens by 10% against SGD				If USD/RMB/JPY/HKD weakens by 10% against SGD			
	Impact on profit or loss				Impact on profit or loss			
	USD	RMB	HKD	JPY	USD	RMB	HKD	JPY
2018	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Financial assets								
Investments at fair value through profit or loss (net of foreign exchange hedges)	-	-	-	-	-	-	-	-
Reinsurers' share of insurance contract liabilities	-	-	-	-	-	-	-	-
Insurance receivables	424	-	-	-	(424)	-	-	-
Other receivables	301	-	17	-	(301)	-	(17)	-
Policy loans	-	-	-	-	-	-	-	-
Cash and cash equivalents	336	-	-	-	(336)	-	-	-
Financial liabilities								
Insurance contract liabilities	(3,944)	-	-	-	3,944	-	-	-
Insurance payables	-	-	-	-	-	-	-	-
Other payables	(112)	-	-	-	112	-	-	-

29. Risk management policies (continued)

Foreign currency risk (continued)

Sensitivities (continued)

	If USD/RMB/JPY/HKD strengthens by 10% against SGD				If USD/RMB/JPY/HKD weakens by 10% against SGD			
	Impact on profit or loss				Impact on profit or loss			
	USD $'000	RMB $'000	HKD $'000	JPY $'000	USD $'000	RMB $'000	HKD $'000	JPY $'000
2017								
Financial assets								
Investments at fair value through profit or loss (net of foreign exchange hedges)	-	-	-	-	-	-	-	-
Reinsurers' share of insurance contract liabilities	-	-	-	-	-	-	-	-
Insurance receivables	358	-	-	-	(358)	-	-	-
Other receivables	310	-	6	3	(310)	-	(6)	(3)
Policy loans	-	-	-	-	-	-	-	-
Cash and cash equivalents	478	1,491	-	1	(478)	(1,491)	-	(1)
Financial liabilities								
Insurance contract liabilities	(4,170)	-	-	-	4,170	-	-	-
Insurance payables	(95)	-	-	-	95	-	-	-
Other payables	-	-	-	-	-	-	-	-

29. Risk management policies (continued)

Equity price risk

Investments in equities are subject to considerations of risk adjusted returns, taking into account the risk requirements as prescribed by the Insurance (Valuation and Capital) Regulations 2004. The Company relies on external fund managers to monitor equity price risk.

					10% increase in the underlying equity price		10% decrease in the underlying equity price	
	Par	Unit linked	Others	Total	Impact on profit or loss	Impact on equity	Impact on profit or loss	Impact on equity
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
2018								
Financial assets								
Investments at fair value through profit or loss	3,005,851	647,691	174,868	3,828,410	17,487	-	(17,487)	-
2017								
Financial assets								
Investments at fair value through profit or loss	2,805,810	789,264	189,152	3,784,226	18,915	-	(18,915)	-

29. Risk management policies (continued)

Credit risk

Credit risk is the risk of loss as a result of the default of an issuer of debt securities or a counterparty failing to perform its contractual obligation. Exposure to credit risk arises primarily from investing activities and, to a lesser extent, derivative activities. Counterparty limits are imposed and monitored at fund level. At the reporting date, there was no significant concentration of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheet.

	Investment Grade (BBB and above)	Non Investment Grade (below BBB)	Not rated	Unit-linked	Total
	$'000	$'000	$'000	$'000	$'000
2018					
Investments at fair value through profit or loss	4,015,708	-	383,968	9,089	4,408,765
Derivative financial assets	40,956	-	-	42	40,998
Reinsurers' share of insurance contract liabilities	296,532	-	-	65	296,597
Insurance receivables	-	-	120,392	371	120,763
Other receivables	32,279	-	35,435	6,632	74,346
Cash and cash equivalents	181,964	-	-	15,811	197,775
2017					
Investments at fair value through profit or loss	3,461,868	2,751	401,813	8,322	3,874,754
Derivative financial assets	74,354	-	-	91	74,445
Reinsurers' share of insurance contract liabilities	396,486	-	-	-	396,486
Insurance receivables	-	-	94,026	612	94,638
Other receivables	29,453	84	39,757	6,436	75,730
Cash and cash equivalents	159,886	-	-	11,656	171,542

The maximum exposure to derivative financial assets is mitigated by the security collaterals held from counterparties as disclosed in Note 14. Information regarding financial assets that are either past due or impaired is disclosed in Note 16 (Loans and receivables).

29. Risk management policies (continued)

Liquidity risk

Liquidity risk is the risk where a company is unable to meet its obligations at reasonable cost or at any time. The Company manages this risk by monitoring daily and monthly projected and actual cash inflows and outflows and by ensuring that a reasonable amount of financial assets are kept in liquid instruments at all times.

The table below analyses the undiscounted contractual cash flows in relation to the financial liabilities of the Company into their relevant maturity based on the remaining period at the reporting date to their contractual maturity or expected repayment dates.

	Less than 1 year	1 to 5 years	More than 5 years	Unit-linked	Total
	$'000	$'000	$'000	$'000	$'000
2018					
Financial liabilities					
Insurance contract liabilities	1,046,365	1,378,665	4,436,576	651,791	7,513,397
Insurance payables	437,902	-	-	7,148	445,050
Derivative financial liabilities	37,587	241	764	58	38,650
Other payables	292,886	-	-	13,051	305,937
2017					
Financial liabilities					
Insurance contract liabilities	652,324	1,661,754	4,157,954	797,897	7,269,929
Insurance payables	426,503	-	-	7,602	434,105
Derivative financial liabilities	15,345	11,397	790	3	27,535
Other payables	44,761	-	-	2,077	46,838

29. Risk management policies (continued)

Insurance risks

The insurance risks that the Company faces are a result of the uncertainty surrounding the amounts and timing of future policyholder claims.

To the extent that the sums assured by the Company exceed the reserves set aside to meet future claims, there is a risk that claim payments will exceed the reserves held, potentially having a negative impact on the Company's financial statements.

To manage this risk, the Company includes margins of prudence in determining the amounts set aside to meet future claims to ensure that this will be sufficient to meet the Company's liabilities to its policyholders under a range of circumstances in accordance with MAS regulations. In addition, the Company continues to hold capital in excess of the minimum regulatory requirements.

The Company also manages its insurance risks through the use of underwriting and reinsurance. Underwriting is used to ensure that the premiums charged by the Company are commensurate with the insurance risk it is taking on, while reinsurance can be used to manage the amount and volatility of claims.

The Company has an established underwriting process and proper internal controls to assess the quality of incoming businesses. All sums assured above the treaty limits will be referred to the respective reinsurers for their opinion and final decision. In addition, each underwriter is assigned with an underwriting authority (both in terms of sums assured and additional mortality risk) according to his or her experience and job level.

The Company's insurance risks, based on geographical locations of life insurance premiums, are significantly limited to Singapore.

The Company has an active reinsurance strategy and work with reinsurers with excellent credit rating in managing its insurance risks. In the event of a failure of recovery of claims ceded to a reinsurer, the Company will still be liable for claims made by the Company's policyholders.

The Company is exposed to concentrations of risk with individual reinsurers due to the nature of the reinsurance market and the restricted range of reinsurers that have acceptable credit ratings. The Company operates a policy to manage its reinsurance counterparty exposures by limiting the reinsurers that may be used. Reinsurance exposures are aggregated with other exposures to ensure that the overall risk is within appetite. For the year ended 31 December 2018, 93% of the net reinsurance balances are due to 4 major reinsurers with credit ratings above A- (2017: 99% of the net reinsurance balances are due to 4 major reinsurers with credit ratings above A-).

30. Capital management

The primary objective of the Company's capital management is to safeguard the Company's ability to continue as a going concern and to ensure efficient management of capital that will optimise returns to shareholders in the context of the Company's risk appetite. The Company's risk appetite includes consideration of the interests of the Company's policyholders as well as management of the regulatory requirements of the Company.

The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions and the expected new business strain. The Company manages its capital position to maintain a balance between investment return, business growth and security for solvency. The Company actively involves the shareholders in this process.

In managing the Company's capital resources, a range of key capital metrics are managed and monitored regularly in accordance with the Company's risk appetite and statutory requirements. These include the Capital Adequacy Ratio ("CAR") of the Company and the Fund Solvency Ratios ("FSR") of the respective insurance funds operated by the Company. Regular reporting and assessment of the liquidity and solvency positions are carried out and tracked, as part of the Monthly Information (MI) report. To ensure continued solvency, the Company monitors the solvency position at least monthly and ensures the level of surplus is kept at an adequate level.

Solvency position is also monitored as part of the Company's internal forecasting process and annual stress test required by the regulator. The level of surplus is kept at an adequate level to support the expected new business growth and to withstand a range of possible adverse market scenarios. The Company has made no significant changes in its policies during the past year.

Capital resources the Company manages include the Company's net assets, excluding intangibles, deferred tax assets and any financial resource adjustments as prescribed by the MAS. In the case of the Participating Fund operated by the Company, capital resources include an allowance for future non-guaranteed benefits it expects to pay to its participating policyholders.

There were no changes in the Company's approach to capital management during the year.

The Company is in compliance with all externally imposed capital requirements during the year.

31. Interests in unconsolidated structured entities

Unconsolidated structured entities refer to structured entities that are not controlled by the Company. The Company has determined that all of its investments in other funds ("Investee Funds") are investments in unconsolidated structured entities.

The Company's transactions in these structured entities are for investment opportunities as well as to facilitate client transactions, whose objectives range from achieving medium to long term capital growth. The Investee Funds are managed by related asset managers and apply various investment strategies to accomplish their respective investment objectives.

The Company holds redeemable shares/units in each of its Investee Funds. There is a dedicated team in the Company to perform due diligence of the underlying fund, its strategy and the overall quality of the underlying fund's manager before making investment decisions and introducing to policyholders, in the case of the investment-linked fund. All of the Investee Funds in the investment portfolio are managed by portfolio managers who are compensated by the respective Investee Funds for their services. Such compensation generally consists of an asset based fee and is reflected in the valuation of the Company's investment in each of the Investee Funds.

The Company's maximum exposure to loss from its interests in Investee funds is equal to the total fair value of its investments in investee funds, less policy liabilities, in the case of the investment-linked fund.

The Company does not provide financial or other support to any Investee Funds.

The following table summarises the carrying value of the assets recognised in the Company's financial statements relating to the interest in unconsolidated structured entities in the various insurance funds:

Investments at fair value through profit or loss	**2018 $'000**	2017 $'000
Participating fund	**1,951,836**	1,170,268
Non-participating fund	**174,868**	189,152
Unit-linked	**647,691**	789,264
	2,774,395	2,148,684

32. Contingent liabilities

As at 31 December 2018, the Company had obligations to banks for bankers' guarantees issued by the banks to third parties as collateral for the lease of office premises of $848,163 (2017: $848,163), $250,000 (2017: $250,000) to the Ministry of Health for the Eldershield Scheme, and $580,083 (2017: $580,083) to the Ministry of Defence and Ministry of Home Affairs for the MINDEF and MHA Group Insurance Scheme.

33. Disclosure on temporary exemption from FRS 109

According to FRS 104 Amendments, the Company made the assessment based on the financial position as at 31 December 2018, concluding that the carrying amount of the Company's liabilities arising from contracts within the scope of FRS 104 was significant compared to the total carrying amount of all its liabilities. And the percentage of the total carrying amount of its liabilities connected with insurance relative to the total carrying amount of all its liabilities is greater than 90 percent. There had been no significant change in the activities of the Company since then that requires reassessment. Therefore, the Company's activities are predominantly connected with insurance, meeting the criteria to apply temporary exemption from FRS 109.

(a) The table below presents the fair value of the following groups of financial assets under FRS 109 as at 31 December 2018 and fair value changes for the year ended 31 December 2018:

	Fair value as at 31 December 2018 $'000	**Fair value changes for the year ended 31 December 2018 $'000**
Financial assets that are managed and whose performance are evaluated on a fair value basis	**8,237,174**	(426,350)
Financial assets that met SPPI criteria and not held for trading of managed on a fair value basis	**749,578**	-
Other financial assets	**46,516**	33,446
	9,033,268	(392,904)

As the entire investment portfolio is managed and its performance is evaluated on a fair value basis, none of the debt securities was classified as Solely Payments of Principal and Interest.

34. Amount due to MOH

During the year, the Company entered into an Agreement To Transfer with the MOH to transfer the ElderShield portfolio (both liabilities and the corresponding assets backing these liabilities) to the Ministry of Health at a later date. The transaction was accounted for as a 100% quota share reinsurance arranpent from 1 January 2018.

35. Authorisation of financial statements

The financial statements for the financial year ended 31 December 2018 were authorised for issue in accordance with a resolution of the Board of Directors of Aviva Ltd on 28 March 2019.

AVIVA LTD

(Incorporated in Singapore, Registration Number: 196900499K)

ANNUAL REPORT

For the financial year ended 31 December 2017

AVIVA LTD
(Incorporated in Singapore. Registration Number: 196900499K)

ANNUAL REPORT
For the financial year ended 31 December 2017

Contents

DIRECTORS' STATEMENT
For the financial year ended 31 December 2017

The directors present their statement to the shareholder together with the audited financial statements of Aviva Ltd (the "Company") for the financial year ended 31 December 2017.

In the opinion of the directors,

(i) the financial statements as set out on pages 6 to 83 are drawn up so as to give a true and fair view of the financial position of the Company as at 31 December 2017 and the financial performance, changes in equity and cash flows of the Company for the financial year covered by the financial statements, and

(ii) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

Directors

The directors of the Company in office at the date of this statement are:

Christopher Brian Wei	- Chairman
Nishit Majmudar	- Chief Executive Officer
Lim Sook Mee	
Foong Soo Hah	
Justin Paul Breheny	

Arrangements to enable directors to acquire shares and debentures

Certain directors are entitled to participate in bonus plans operated by the Ultimate Holding Company, Aviva plc. Under these arrangements, participants may be awarded shares and/or options to acquire shares of Aviva plc.

Other than the above, neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose object was to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

DIRECTORS' STATEMENT
For the financial year ended 31 December 2017

Directors' interests in shares or debentures

According to the register of directors' shareholdings, none of the directors holding office at the end of the financial year had any interest in the shares or debentures of the Company or its related companies, except as follows:

Name of director	At 31.12.2017	At 1.1.2017, or date of appointment, if later
Aviva plc		
(Ordinary shares of £0.25 each)		
Christopher Brian Wei	1,223,168	1,104,277
Nishit Majmudar	257,916	261,812
Foong Soo Hah	25,000	25,000

Share options

There were no options granted during the financial year to subscribe for unissued shares of the Company. No shares have been issued during the financial year by virtue of the exercise of options to take up unissued shares of the Company. There were no unissued shares of the Company under option at the end of the financial year.

Independent auditor

The independent auditor, PricewaterhouseCoopers LLP, has expressed its willingness to accept re-appointment.

On behalf of the directors,

Nishit Majmudar
Director

Christopher Brian Wei
Director

2 0 MAR 2018

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDER OF AVIVA LTD
For the financial year ended 31 December 2017

Report on the Audit of the Financial Statements

Our opinion

In our opinion, the accompanying financial statements of Aviva Ltd (the "Company") are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the "Act") and Financial Reporting Standards in Singapore ("FRSs") so as to give a true and fair view of the financial position of the Company as at 31 December 2017 and of the financial performance, changes in equity and cash flows of the Company for the financial year ended on that date.

What we have audited

The financial statements of the Company comprise:
- the statement of comprehensive income for the financial year ended 31 December 2017;
- the balance sheet as at 31 December 2017;
- the statement of changes in equity for the financial year then ended;
- the statement of cash flows for the financial year then ended; and
- the notes to the financial statements, including a summary of significant accounting policies.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the Accounting and Corporate Regulatory Authority ("ACRA") Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code.

Other information

Management is responsible for the other information. The other information comprises the Directors' Statement included in pages 1 to 2 but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Directors for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and FRSs, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDER OF AVIVA LTD (continued)
For the financial year ended 31 December 2017

Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

PricewaterhouseCoopers LLP

Public Accountants and Chartered Accountants

Singapore,

2 0 MAR 2018

AVIVA LTD

STATEMENT OF COMPREHENSIVE INCOME
For the financial year ended 31 December 2017

	Note	2017 $'000	2016 $'000
Gross premiums written		**1,652,613**	1,515,061
Outward reinsurance premiums		**(212,788)**	(206,787)
Net premiums written		**1,439,825**	1,308,274
Gross change in unearned premiums and unexpired insurance risks		**(20,970)**	(13,600)
Reinsurers' share of change in unearned premiums and unexpired insurance risks		**(1,900)**	456
Net premiums earned		**1,416,955**	1,295,130
Net investment income and other income	5	**170,283**	171,081
Share of profit of an associate	9	**6,135**	1,733
Net realised gain on sale of investments at fair value through profit or loss		**117,532**	75,052
Net fair value gain on investments at fair value through profit or loss		**143,459**	57,535
Impairment loss on Available-for-sale financial assets	15	**(7,709)**	-
Net realised gain/(loss) on derivatives		**80,820**	(12,794)
Net fair value gain/(loss) on derivatives		**140,010**	(28,749)
Total income		**2,067,485**	1,558,988
Gross insurance contract benefits and claims paid		**(723,461)**	(591,557)
Reinsurers' share of insurance contract benefits and claims paid		**78,009**	42,590
Gross change in insurance contract liabilities		**(1,021,398)**	(725,757)
Reinsurers' share of change in insurance contract liabilities		**31,282**	24,024
Net insurance contract benefits and claims incurred		**(1,635,568)**	(1,250,700)
Commission expense		**(187,251)**	(150,270)
Reinsurance commission income		**49,356**	54,166
Net commission expense		**(137,895)**	(96,104)
Staff costs:			
- Salaries, bonuses and other employee benefits		**(57,035)**	(53,275)
- Central Provident Fund contributions		**(6,003)**	(5,199)
- Share-based payments expenses		**(1,147)**	(162)
Depreciation expenses and amortisation of intangible assets	10,11	**(4,046)**	(2,807)
Other operating expenses	6	**(82,945)**	(73,749)
Other expenses		**(151,176)**	(135,192)
Total expenses		**(1,924,639)**	(1,481,996)
Profit before tax		**142,846**	76,992
Tax attributable to policyholders' returns		**(41,822)**	(21,285)
Profit before tax attributable to shareholders		**101,024**	55,707
Tax expense	7(a)	**(67,304)**	(24,300)
Less: Tax attributable to policyholders' returns		**41,822**	21,285
Tax attributable to shareholders' profits		**(25,482)**	(3,015)
Net profit for the financial year		**75,542**	52,692

The accompanying notes form an integral part of these financial statements.

STATEMENT OF COMPREHENSIVE INCOME (continued)
For the financial year ended 31 December 2017

	2017 $'000	2016 $'000
Net profit	75,542	52,692
Other comprehensive income for the financial year, net of income tax	-	-
Total comprehensive income for the financial year	75,542	52,692

The accompanying notes form an integral part of these financial statements.

AVIVA LTD

BALANCE SHEET
As at 31 December 2017

	Note	2017 $'000	2016 $'000
Non-current assets			
Investments in subsidiaries	8	**13,200**	13,200
Investment in associate	9	**61,177**	57,665
Plant and equipment	10	**1,663**	2,500
Intangible assets	11	**13,707**	8,984
Policy loans	16	**61,582**	63,333
Investments at fair value through profit or loss	13	**3,458,188**	3,824,112
Reinsurers' share of insurance contract liabilities	20	**329,355**	303,569
		3,938,872	4,273,363
Current assets			
Cash and cash equivalents	12	**171,542**	240,123
Investments at fair value through profit or loss	13	**4,200,792**	2,789,244
Available-for-sale financial assets	15	**7,783**	4,825
Derivative financial assets	14	**74,445**	27,303
Insurance receivables	16	**94,638**	85,549
Other receivables	17	**75,730**	49,870
Reinsurers' share of insurance contract liabilities	20	**67,131**	63,535
Prepayments		**47,482**	34,195
Deferred acquisition cost	22	**16,145**	14,442
		4,755,688	3,309,086
Current liabilities			
Insurance payables	18	**434,105**	422,208
Derivative financial liabilities	14	**27,535**	120,403
Other payables	19	**46,838**	41,932
Insurance contract liabilities	20	**654,092**	388,393
Current tax payable		**27,602**	15,609
		1,190,172	988,545
Net current assets		**3,565,516**	2,320,541
Non-current liabilities			
Insurance contract liabilities	20	**6,615,837**	5,839,168
Deferred tax liabilities	7(c)	**298,275**	251,816
		6,914,112	6,090,984
Net assets		**590,276**	502,920
Equity			
Share capital	23	**98,149**	87,482
Share based compensation reserve		**3,502**	2,355
Retained profits		**488,625**	413,083
Total equity		**590,276**	502,920

The accompanying notes form an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
For the financial year ended 31 December 2017

	Note	Share capital $'000	Share based compensation reserve $'000	Retained profits $'000	Total Equity $'000
At 1 January 2017		87,482	2,355	413,083	502,920
Total comprehensive income for the financial year		-		75,542	75,542
Issue of shares	23	10,667	-	-	10,667
Employee share plan					
- Value of employee services		-	1,147	-	1,147
At 31 December 2017		**98,149**	**3,502**	**488,625**	**590,276**
At 1 January 2016		84,282	2,897	360,391	447,570
Total comprehensive income for the financial year		-	-	52,692	52,692
Issue of shares	23	3,200	-	-	3,200
Employee share plan					
- Value of employee services		-	162	-	162
- Recharge by ultimate holding company		-	(704)	-	(704)
At 31 December 2016		**87,482**	**2,355**	**413,083**	**502,920**

The accompanying notes form an integral part of these financial statements.

STATEMENT OF CASH FLOWS
For the financial year ended 31 December 2017

	Note	2017 $'000	2016 $'000
Cash flows from operating activities			
Profit after tax		75,542	52,692
Adjustments for:			
Income tax expense		67,304	24,300
Impairment loss on available-for-sale financial assets		7,709	
Write-back/(Allowance) for impairment of insurance and other receivables		90	(495)
Net change in unearned premiums and unexpired insurance risk	20(b)	22,870	13,144
Net insurance contract benefits and claims		990,114	701,733
Depreciation of plant and equipment and amortisation of intangible assets	10,11	4,046	2,807
Share of profit of an associate		(6,135)	(1,733)
Net realised gain on sale of derivatives and investments at fair value through profit or loss		(198,352)	(62,258)
Net fair value gain on derivatives and investments at fair value through profit or loss		(283,469)	(28,786)
Share-based payments expense		1,147	162
Interest income	5	(124,404)	(128,971)
Interest expense		3,337	3,333
Dividend income	5	(64,192)	(55,844)
Unrealised currency translation loss		-	569
Operating cash flows before changes in operating assets/liabilities		495,607	520,653
Decrease/(Increase) in policy loans		1,751	(1,159)
Increase in insurance receivables and deferred acquisition cost		(10,882)	(18,118)
Increase in other receivables and prepayments		(40,514)	(22,087)
Decrease/(Increase) in insurance payables		11,897	(7,027)
Decrease/(Increase) in other payables		5,324	(4,023)
Cash generated from operating activities		463,183	467,939
Income tax paid		(8,852)	(9,219)
Interest paid		(3,751)	(2,187)
Net cash generated from operating activities		450,580	456,533
Cash flows from investing activities			
Capital injection into subsidiaries	8	-	(10,000)
Interest income received		128,098	126,499
Dividends received		64,441	59,258
Purchase of plant and equipment	10	(390)	(2,073)
Purchase of intangible asset	11	(7,542)	(9,047)
Purchase of investments		(5,605,219)	(5,848,965)
Proceeds from sale of investments		4,890,784	5,226,191
Net cash flows used in investing activities		(529,828)	(458,137)
Cash flows from financing activity			
Proceeds from issuance of ordinary shares	23	10,667	-
Net cash generated from financing activity		10,667	-
Net decrease in cash and cash equivalents		(68,581)	(1,604)
Cash and cash equivalents at the beginning of the year	12	240,123	242,295
Effect of currency translation on cash and cash equivalents		-	(568)
Cash and cash equivalents at the end of the year	12	171,542	240,123

Significant non-cash transactions

On 11 October 2016, the Company issued 3,200,000 shares for a consideration of $3,200,000 in exchange for the shareholdings of Aviva Financial Advisers Pte Ltd of 100% and Professional Advisory Holdings Ltd of 93.2% (Note 8). These new shares were fully subscribed by Aviva Group Holdings Limited. The newly issued ordinary shares rank pari passu in all respects with the previously issued ordinary shares

The accompanying notes form an integral part of these financial statements.

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

1. Corporate information

The Company is a limited liability company incorporated and domiciled in Singapore. The Company's immediate holding company and ultimate holding company are Aviva Group Holdings Limited and Aviva plc respectively. Both the immediate holding company and ultimate holding company are incorporated in the United Kingdom.

The address of the Company's registered office and principal place of business is:
4 Shenton Way
#01-01 SGX Centre 2
Singapore 068807

The principal activities of the Company consist of transacting general and life insurance businesses.

2. Basis of preparation

2.1 Statement of compliance

The financial statements have been prepared in accordance with Singapore Financial Reporting Standards ("FRS").

The financial statements are prepared in accordance with the historical cost convention, except as disclosed in the accounting policies below.

2.2 Functional and presentation currency

The financial statements are presented in Singapore Dollars ($), the functional currency of the Company and all values are rounded to the nearest thousand ($'000) except when otherwise indicated.

2.3 Use of estimates and judgements

The preparation of financial statements in conformity with FRS requires management to exercise its judgement in the process of applying the Company's accounting policies. It also requires the use of certain critical accounting estimates and assumptions. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimates are revised and in any future periods affected.

2. Basis of preparation (continued)

2.3 Use of estimates and judgements (continued)

The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are described in Note 4.

3. Significant accounting policies

The accounting policies have been consistently applied by the Company and are consistent with those used in the previous financial year, except as set out in Note 3.1 below.

3.1 Changes in accounting policies

On 1 January 2017, the Company adopted the new or amended FRS and Interpretations to FRS ("INT FRS") that are mandatory for application for the financial year. Changes to the Company's accounting policies have been made as required, in accordance with the transitional provisions in the respective FRS and INT FRS.

The adoption of these new or amended FRS and INT FRS did not result in substantial changes to the Company's accounting policies and had no material effect on the amounts reported for the current or prior financial years.

3.2 New or revised accounting standards and interpretations

Below are the mandatory standards, amendments and interpretations to existing standards that have been published, and are relevant for the Company's accounting periods beginning on or after 1 January 2018 and which the Company has not early adopted:

- FRS 109 Financial instruments
  (effective for annual periods beginning on or after 1 January 2018)

  Applying FRS 109 Financial Instruments with FRS 104 Insurance Contracts (Amendments to FRS 104)

  FRS 109 replaces FRS 39 *Financial instruments: Recognition and Measurement* and its relevant interpretations.

3. Significant accounting policies (continued)

3.2 New or revised accounting standards and interpretations (continued)

- FRS 109 Financial instruments
  (effective for annual periods beginning on or after 1 January 2018) (continued)

  FRS 109 retains the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through Other Comprehensive Income ("OCI") and fair value through Profit or Loss. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with an irrevocable option at inception to present changes in fair value in OCI ("FVOCI"). Gains and losses realised on the sale of such financial assets at FVOCI are not transferred to profit or loss on sale but reclassified from the FVOCI reserve to retained earnings.

  Under FRS 109, there are no changes to the classification and measurement requirements for financial liabilities except for the recognition of fair value changes arising from changes in own credit risk. For liabilities designated at fair value through profit or loss, such changes are recognised in OCI.

  FRS 109 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. It requires an economic relationship between the hedged item and hedging instrument and for the 'hedged ratio' to be the same as the one management uses for risk management purposes.

  There is also now a new expected credit losses impairment model that replaces the incurred loss impairment model used in FRS 39. It applies to financial assets classified at amortised cost, all debt securities, lease receivables, and loan commitments.

  The new standard also introduces expanded disclosure requirements and changes in presentation.

  The Company expects to defer application of FRS 109 until 1 January 2021 as allowed under the amendments to FRS 104 Insurance contracts outlined below.

3. **Significant accounting policies** (continued)

3.2 **New or revised accounting standards and interpretations** (continued)

- FRS 109 Financial instruments
  (effective for annual periods beginning on or after 1 January 2018) (continued)

  These amendments address the concerns of insurance companies about the different effective dates of FRS 109 *Financial instruments*, and the forthcoming new insurance contracts standard. The amendment to FRS 104 provides two different solutions for insurance companies: a temporary exemption from FRS 109 for entities that meet specific requirements (applied at the reporting entity level); and the 'overlay approach'. Both approaches are optional.

  (1) Temporary exemption from applying FRS 109

  For annual periods beginning before 1 January 2021, the amendment to FRS 104 allows insurers to continue to apply FRS 39 *Financial Instruments: Recognition and measurement*, instead of adopting FRS 109, if their activities are 'predominantly connected with insurance'.

  To assess whether activities are 'predominantly connected with insurance', two tests have to be performed. Only if both tests are passed are an insurer's activities considered to be predominantly connected with insurance.

  First, an insurer assesses whether the carrying amount of its liabilities arising from contracts within FRS 104's scope is significant, compared to the total carrying amount of all of its liabilities.

  Secondly, the insurer compares the total carrying amount of its liabilities connected with insurance with the total carrying amount of all of its liabilities. In addition to liabilities arising directly from contracts within FRS 104's scope, liabilities connected with insurance include
  - non-derivative investment contract liabilities measured at fair value through profit or loss applying FRS 39; and
  - liabilities that arise because the insurer issues, or fulfils obligations arising from, those insurance and non-derivative investment contracts.

3.2 **New or revised accounting standards and interpretations** (continued)

- FRS 109 Financial instruments
(effective for annual periods beginning on or after 1 January 2018) (continued)

(1) *Temporary exemption from applying FRS 109* (continued)

The second test is passed if the resulting percentage is either: greater than 90%; or if it is less than or equal to 90% but greater than 80%, the insurer is not engaged in a significant activity unconnected with insurance.

The assessment is made, based on the carrying amounts as at the annual reporting date that immediately precedes 1 April 2016. Under certain circumstances, a reassessment is required or permitted.

(2) *Overlay approach*

Under FRS 109, certain financial assets have to be measured at fair value through profit or loss; whereas, under FRS 104, the related liabilities from insurance contracts are often measured on a cost basis. This mismatch creates volatility in profit or loss. By using the 'overlay approach', the effect is eliminated for certain eligible financial assets. For these financial assets, an insurer is permitted to reclassify – from profit or loss to other comprehensive income – the difference between the amount that is reported in profit or loss under FRS 109 and the amount that would have been reported in profit or loss under FRS 39.

The 'overlay approach' is applied retrospectively. Accordingly, the difference between the fair value of the designated financial assets and its carrying amount is recognised as an adjustment to the opening balance of accumulated other comprehensive income.

FRS 104 (including the amendments that have now been issued) will be superseded by the forthcoming new insurance contracts standard. Accordingly, both the temporary exemption and the 'overlay approach' are expected to cease to be applicable when the new insurance standard becomes effective.

Management has assessed that the Company's activities are 'predominantly connected with insurance' and will be applying the temporary exemption from FRS 109. Management's assessment is as follows.

3.2 New or revised accounting standards and interpretations (continued)

- FRS 109 Financial instruments
  (effective for annual periods beginning on or after 1 January 2018) (continued)

  (2) *Overlay approach* (continued)

  As at 31 December 2015, the proportion of the carrying amount of the Company's liabilities arising from contracts within the scope of FRS 104 and liabilities connected with insurance constitutes approximately 87% and 94% of the total liabilities respectively. As the proportion of liabilities connected with insurance is greater than 90%, management has assessed that to be significant and deemed the Company's activities to be predominantly connected with insurance.

  The Company has decided that it will defer the application of FRS 109 till the new insurance accounting standard is effective and it is able to perform a comprehensive assessment of the impact both standards together.

- FRS 115 Revenue from contracts with customers
  (effective for annual periods beginning on or after 1 January 2018)

  FRS 115 replaces FRS 11 *Construction contracts*, FRS 18 *Revenue*, and related interpretations.

  Revenue is recognised when a customer obtains control of a good or service. A customer obtains control when it has the ability to direct the use of and obtain the benefits from the good or service. The core principle of FRS 115 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. An entity recognises revenue in accordance with that core principle by applying the following steps:

  - Step 1: Identify the contract(s) with a customer
  - Step 2: Identify the performance obligations in the contract
  - Step 3: Determine the transaction price
  - Step 4: Allocate the transaction price to the performance obligations in the contract
  - Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

3. **Significant accounting policies** (continued)

3.2 **New or revised accounting standards and interpretations** (continued)

- FRS 115 Revenue from contracts with customers
(effective for annual periods beginning on or after 1 January 2018)

  FRS 115 replaces FRS 11 *Construction contracts*, FRS 18 *Revenue*, and related interpretations. (continued)

  FRS 115 also includes a cohesive set of disclosure requirements that will result in an entity providing users of financial statements with comprehensive information about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers.

  Either a full or modified retrospective application is required for annual periods beginning on or after 1 January 2018 with early adoption permitted. The Company is currently assessing the impact of FRS 115 and plans to adopt the new standard on the required effective date.

- FRS 116 Leases
(effective for annual periods beginning on or after 1 January 2019)

  FRS 116 will result in almost all leases being recognised on the balance sheet, as the distinction between operating and finance leases is removed.

  Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases. The accounting for lessors will not change significantly.

  Some of the Company's commitments may be covered by the exception for short-term and low-value leases and some commitments may relate to arrangements that will not qualify as leases under FRS 116.

  The new standard also introduces expanded disclosure requirements and changes in presentation.

  The Company has yet to determine to what extent the commitments as at 31 December 2017 will result in the recognition of an asset and a liability for future payments and how this will affect the Company's profit and classification of cash flows.

3. Significant accounting policies (continued)

3.3 Currency translation

Transactions in a currency other than the functional currency ("foreign currency") are translated to the functional currency using exchange rates at the dates of transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to Singapore Dollars at the exchange rates at that date. Currency translation differences resulting from the settlement of such transactions and the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the reporting date are recognised in profit or loss.

Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rates as at the date of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair values were determined.

3.4 Group accounting

(a) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Company has control. The Company controls an entity when the Company is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over to direct the activities of the entity.

Investments in subsidiaries are stated at cost less accumulated impairment losses (Note 3.13) in the Company's balance sheet. On disposal of investments in subsidiaries, the difference between net disposal proceeds and the carrying amount of the investment is recognised in the statement of comprehensive income.

(b) Associates (equity-accounted investee)

An associate is an entity over which the Company has significant influence, but not control, generally accompanied by a shareholding giving rise to voting rights of 20% or above but not exceeding 50%.

3. Significant accounting policies (continued)

3.4 Group accounting

(b) *Associates (equity-accounted investee)* (continued)

Investments in associates are accounted for using the equity accounting method less impairment losses, if any.

(i) *Acquisition*

Investments in associates are initially recognised at cost. The cost of an acquisition is measured at the fair value of the assets given, equity instruments issued or liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition.

(ii) *Equity method of accounting*

In applying the equity method of accounting, the Company's share of its associate's post-acquisition profits or losses are recognised in profit or loss and its share of post-acquisition other comprehensive income is recognised in other comprehensive income. These post-acquisition movements and distributions received from the associate are adjusted against the carrying amount of the investments. When the Company's share of losses in an associate equals to or exceeds its interest in the associate, the Company does not recognise further losses, unless it has legal or constructive obligations to make, or has made, payments on behalf of the associate. If the associate subsequently reports profits, the Company resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

Unrealised gains on transactions between the Company and its associate are eliminated to the extent of the Company's interest in the associate. Unrealised losses are also eliminated unless the transactions provide evidence of impairment of the assets transferred. The accounting policies of associates are changed where necessary to ensure consistency with the accounting policies adopted by the Company.

Dividend income from the associate is recognised as a reduction from the carrying amount of the investment.

3. Significant accounting policies (continued)

3.4 Group accounting (continued)

(b) Associates (equity-accounted investee) (continued)

(iii) Disposals

Investments in associates are derecognised when the Company loses significant influence. If the retained equity interest in the former associate is a financial asset, the retained equity interest is measured at fair value. The difference between the carrying amount of the retained interest at the date when significant influence is lost, and its fair value and any proceeds on partial disposal, is recognised in profit or loss.

(c) Separate financial statements

These financial statements are the separate financial statements of the Company. The Company is exempted from the preparation of consolidated financial statements as the Company is a wholly-owned subsidiary of Aviva plc, a United Kingdom-incorporated company which produces consolidated financial statements available for public use. The registered office of Aviva plc is as follows: St Helen's, 1 Undershaft, London, EC3P 3DQ, United Kingdom.

3.5 Interests in unconsolidated structured entities

A structured entity is an entity in which voting or similar rights are not the dominant factor in deciding control and is generally established for a narrow and well-defined objective.

3. Significant accounting policies (continued)

3.6 Financial assets and financial liabilities

(a) *Classification*

The Company classifies its financial assets in the following categories: at fair value through profit or loss, available-for-sale, loans and receivables and financial liabilities measured at amortised cost.

(i) Financial assets at fair value through profit or loss

The Company classifies its investments within the scope of FRS 39 as financial assets at fair value through profit or loss.

Financial assets at fair value through profit or loss can be sub-categorised as either financial assets held for trading or designated at fair value through profit or loss at inception. Derivative financial instruments are classified as financial assets held for trading. Assets in this category are presented as current assets if they are either held for trading or are expected to be realised within 12 months after the balance sheet date.

Financial assets designated as fair value through profit or loss at inception are those that are:

- part of those portfolios held in internal funds to match insurance contract liabilities that are linked to the changes in fair value of these assets. The designation of these assets to be at fair value through profit or loss eliminates or significantly reduces a measurement or recognition inconsistency (sometimes referred to as "an accounting mismatch") that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases.

- managed and whose performance is evaluated on a fair value basis. Information about these financial assets is provided internally on a fair value basis to the Company's key management personnel. The Company's investment strategy is to invest in equity and debt securities, and to evaluate them at fair value through profit or loss.

3. **Significant accounting policies** (continued)

3.6 **Financial assets and financial liabilities** (continued)

(a) Classification (continued)

(ii) Loans and receivables

Non-derivative financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. They are presented as current assets, except for those expected to be realised later than 12 months after the balance sheet date which are presented as non-current assets. Loans and receivables include cash and cash equivalents, amounts due from policyholders and reinsurers, policy loans and other receivables.

(iii) Available-for-sale financial assets

Non-derivative financial assets that are either designated in this category or not classified in any of the other categories. They are presented as non-current assets unless the management intends to dispose of the assets within 12 months after the balance sheet date.

(iv) Financial liabilities measured at amortised cost

Financial liabilities are measured at amortised cost, except for instruments that are designated at fair value through profit or loss at inception or held for trading. Financial liabilities comprise insurance payables, amount due to related companies and other creditors.

(b) Recognition and derecognition

The Company determines the classification of its financial assets and liabilities at initial recognition and evaluates this designation at every reporting date.

Financial assets and liabilities are recognised on the balance sheet on the date at which they are originated or the trade date at which the Company becomes a party to the contractual provisions of the financial instrument.

3. **Significant accounting policies** (continued)

3.6 **Financial assets and financial liabilities** (continued)

(b) *Recognition and derecognition* (continued)

All regular way purchases and sales of financial assets are recognised on the trade date i.e. the date that the Company commits to purchase or sell the asset.

A financial asset is derecognised when the contractual right to receive cash flows have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership of the assets. On disposal of the financial asset, the difference between the carrying amount and the sale proceeds is recognised in profit or loss. Any amount previously recognised in other comprehensive income relating to the asset is reclassified to profit or loss.

(c) *Initial measurement*

Financial assets are initially recognised at fair value plus transaction costs except for financial assets at fair value through profit or loss, which are recognised at fair value. Transaction costs for financial assets at fair value through profit or loss are recognised immediately as expenses.

(d) *Subsequent measurement*

Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

Changes in the fair values of financial assets at fair value through profit or loss including the effects of currency translation, interest and dividends, are recognised in profit or loss when the changes arise.

Interest and dividend income on available-for-sale financial assets are recognised separately in income. Changes in the fair values of available-for-sale debt securities (i.e. monetary items) denominated in foreign currencies are analysed into currency translation differences on the amortised cost of the securities and other changes; the currency translation differences are recognised in profit or loss and the other changes are recognised in other comprehensive income and accumulated in the fair value reserve. Changes in the fair values of available-for-sale equity securities (i.e. non-monetary items) are recognised in other comprehensive income and accumulated in the fair value reserve, together with the related currency translation differences.

3. **Significant accounting policies** (continued)

3.6 **Financial assets and financial liabilities** (continued)

(d) *Subsequent measurement* (continued)

Unquoted equity investments classified as available-for-sale for which fair values cannot be reliably determined are carried at cost less accumulated allowance for impairment.

(e) *Impairment*

The Company assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired and recognises an allowance for impairment when such evidence exists.

(i) Loans and receivables

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy and default or significant delay in payments are objective evidence that these financial assets are impaired.

The carrying amount of these assets is reduced through the use of an impairment allowance account which is calculated as the difference between the carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. When the asset becomes uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are recognised against the same line item in profit or loss.

The impairment allowance is reduced through profit or loss in a subsequent period when the amount of impairment loss decreases and the related decrease can be objectively measured. The carrying amount of the asset previously impaired is increased to the extent that the new carrying amount does not exceed the amortised cost had no impairment been recognised in prior periods.

(ii) Available-for-sale financial assets

In addition to the objective evidence of impairment described in Note 3.6(e)(i), a significant or prolonged decline in the fair value of an equity security below its cost is considered as an indicator that the available-for-sale financial asset is impaired.

3. **Significant accounting policies** (continued)

3.6 **Financial assets and financial liabilities** (continued)

(e) *Impairment* (continued)

(ii) Available-for-sale financial assets (continued)

If there is objective evidence of impairment, the cumulative loss that had been recognised in other comprehensive income is reclassified from equity to profit or loss. The amount of cumulative loss that is reclassified is measured as the difference between the acquisition cost (net of any principal repayment and amortisation) and current fair value, less any impairment loss on that financial asset previously recognised in profit or loss. The impairment losses recognised as an expense for an equity security are not reversed through profit or loss in subsequent period.

3.7 **Derivative financial instruments**

Monetary Authority Singapore (the "MAS") Notice 104, Use of Derivatives for Investment of Insurance Fund Assets, and the derivatives policy of the ultimate parent company govern the use of financial derivatives for the non-linked funds. For the linked funds, the use of derivatives is subject to the investment mandate and must be in compliance with the Central Provident Fund (the "CPF") Investment Guidelines, if the funds are approved under the CPF Investment Scheme.

Derivatives embedded in host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not held for trading or designated at fair value through profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss. Reassessment only occurs if there is a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required.

A significant portion of derivatives used for the non-linked funds are cross currency swaps with approved counterparties. Cross currency swaps hedge exposure to variability in cash flows or fair values that are attributable to the foreign currency risk associated with the underlying asset. The underlying asset, usually a foreign currency-denominated fixed income security, is hedged and valued on the same basis as quoted and unquoted bonds. The use of all other derivatives must be in compliance with the derivatives policy.

3. Significant accounting policies (continued)

3.7 Derivative financial instruments (continued)

Other derivatives in the non-linked funds may include credit default swaps, interest rate swaps, equity options and forward currency contracts and are used for efficient portfolio management purposes with the aim of achieving returns from exposure to credit risk and equity markets in a cost effective manner.

Derivative financial instruments are recognised initially at fair value on the date on which the derivatives are entered into. Attributable transaction costs are recognised in profit or loss when incurred. Subsequent to initial recognition, the derivative financial instruments are remeasured at fair value. They are carried as assets when the fair value is positive and as liabilities when the fair value is negative. Any gains or losses arising from changes in fair value on derivative financial instruments are taken to profit or loss. The Company does not apply hedge accounting for its derivative financial instruments.

3.8 Fair value measurement of financial assets and liabilities

The Company determines the fair values of its financial instruments based generally on listed market prices or broker or dealer price quotations. If prices are not readily determinable or if liquidating the positions is reasonably expected to affect market prices, fair value is based on valuation models provided by fund managers. Certain financial instruments, including derivative instruments, are valued using pricing models that consider, among other factors, contractual and market prices, correlation, time value, credit risk, yield curve volatility factors and/or prepayment rates of the underlying positions.

The fair values of currency forwards are determined using actively quoted forward exchange rates. The fair values of interest rate swaps are calculated as the present value of the estimated future cash flows discounted at actively quoted interest rates.

The fair values of financial assets and liabilities carried at amortised cost that are classified as current, approximate their carrying amounts.

The determination of the fair value of financial instruments is described in Note 27.

3. Significant accounting policies (continued)

3.9 Offsetting of financial instruments

Financial assets and liabilities are offset and the net amount presented in the balance sheet when there is a legally enforceable right to offset the recognised amounts both in the normal course of business and in the event of default, insolvency or bankruptcy of the entity and all counterparties, and there is an intention to either settle on a net basis or to realise the assets and settle the liability simultaneously.

Income and expenses are presented on a net basis only when permitted by the accounting standards, or for gains and losses arising from a group of similar transactions such as in the Company's trading activity.

3.10 Plant and equipment

All items of plant and equipment are initially recorded at cost. Such cost includes the cost that are directly attributable to the acquisition of a qualifying plant and equipment, and the estimated cost of dismantling and removing the items and restoring the site on which they are located when the Company has an obligation to remove the asset or restore the site. The cost of an item of plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment. Subsequent to initial recognition, office equipment and furniture and fittings are measured at cost less accumulated depreciation and any accumulated impairment losses.

An item of plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of the asset (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is included in profit or loss in the year the asset is derecognised.

Depreciation is provided on a straight line method over the shorter of the lease term and their useful lives. Depreciation is recognised from the date that the plant and equipment are installed and ready for use.

3. Significant accounting policies (continued)

3.10 Plant and equipment (continued)

The estimated useful lives for the current and comparative years are as follows:

Office equipment	:	3 to 4 years
Furniture and fittings	:	3 to 5 years

The residual value, useful life and depreciation method are reviewed, and adjusted as appropriate, at each balance sheet date to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of plant and equipment. The effects of any revision are recognised in profit or loss when the changes arise.

Subsequent expenditure relating to property, plant and equipment that has already been recognised is added to the carrying amount of the asset only when it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably. All other repair and maintenance expenses are recognised in profit or loss when incurred.

3.11 Cash and cash equivalents

Cash and cash equivalents comprise cash at banks and on hand, fixed deposits and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. For the purposes of the statement of cash flows, cash and cash equivalents consist of cash on hand and short-term deposits in banks.

Cash and cash equivalents are carried at amortised cost in the balance sheet.

3.12 Intangible assets

Acquired computer software licences

Acquired computer software licences are initially capitalised at cost which includes the purchase price (net of any discounts and rebates) and other directly attributable costs of preparing the asset for its intended use. Direct expenditure including employee costs, which enhance or extend the performance of computer software beyond its specifications and which can be reliably measured, are added to the original cost of the software. Costs associated with maintaining the computer software are expensed off when incurred.

3. Significant accounting policies (continued)

3.12 Intangible assets (continued)

Computer software licences are subsequently carried at cost less accumulated amortisation and accumulated impairment losses. These costs are amortised to profit or loss using the straight-line method over their estimated useful lives of three years.

The amortisation period of intangible assets are reviewed at least at each balance sheet date. The effects of revision are recognised in profit or loss when the changes arise.

Internally developed computer software

Research costs are recognised as an expense when incurred. Costs directly attributable to the development of computer software are capitalised as intangible assets only when technical feasibility of the project is demonstrated, the Company has an intention and ability to complete and use the software and the costs can be measured reliably. Such costs include purchases of materials and services and payroll-related costs of employees directly involved in the project.

Distribution rights

Distribution rights relate to the cost of the Distribution Agreement entered into with Thomson Medical Centre. The cost is capitalised and amortised over the duration of the agreement and assessed for impairment whenever there is an indication that it may be impaired. The amortisation period and the amortisation method are reviewed at least at each balance sheet date. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates.

3.13 Impairment of non-financial assets

The carrying amounts of the Company's non-financial assets (which includes intangible assets, plant and equipment, investment in subsidaries and investment in associate) are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount (i.e. higher of the fair value less cost to sell and the value-in-use) is estimated.

3. Significant accounting policies (continued)

3.13 Impairment of non-financial assets (continued)

An impairment loss is recognised if the carrying amount of an asset exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss.

In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of accumulated depreciation or amortisation, if no impairment loss had been recognised.

3.14 Insurance contracts

(i) Product classification

The Company issues insurance contracts that transfer insurance risk. Insurance contracts are defined as those containing significant insurance risk at the inception of the contract, or those where at the inception of the contract there is a scenario with commercial substance where the level of insurance risk may be significant over time. The significance of insurance risk is dependent on both the probability of an insurance event and the magnitude of its potential effect.

Once a contract has been classified as an insurance contract, it remains an insurance contract for the remainder of its lifetime, even if the insurance risk reduces significantly during this period.

(ii) Recognition and measurement

Premiums on long-term insurance contracts

Long-term insurance contracts include individual life insurance contracts (classified into life insurance non-participating contracts, life insurance participating contracts and investment-linked contracts) and guaranteed renewable health contracts.

Premiums on individual new business are recognised as income upon contract issuance.

3. Significant accounting policies (continued)

3.14 Insurance contracts (continued)

(ii) Recognition and measurement (continued)

Premiums on long-term insurance contracts (continued)

Premiums received but not recognised as income are recorded as advance premiums and are shown as a liability on the balance sheet.

Premiums on renewal business are recognised as income when due from the policyholders. Premium income is recorded net of experience refunds, which is a rebate on the gross premium due.

Premiums on short-term insurance contracts

Short-term insurance contracts include Group Life, Group Accident and Health, yearly (non-guaranteed) renewable Retail Health and General Insurance business.

Premiums are recognised uniformly over the whole period of cover provided by the contract entered into during the accounting period and are recognised on the date on which the policy commences.

Premiums on group business are recognised as income upon contract issuance regardless of payment and billing mode.

Benefits and claims

Life and health insurance claims reflect the cost of all claims incurred during the year, including handling costs. Death claims and surrenders are recorded on the basis of notification received. Maturities and annuity payments are recorded when due. Policy benefits, outstanding claims and incurred but not reported claims are recorded as insurance liabilities.

General insurance claims include claims actually paid, the change in the claims reserve and related claims handling expenses. Claims reserve is the value of expected future payments in relation to claims incurred prior to the valuation date, whether or not they have been reported to the Company, including expenses to be incurred in settling those claims.

3. **Significant accounting policies** (continued)

3.14 **Insurance contracts** (continued)

(ii) Recognition and measurement (continued)

Commission

Commission expenses are fees paid to intermediaries and independent financial advisors upon acquiring new or renewed insurance businesses.

For general insurance and Group Accident and Health business, the upfront commission expense paid is deferred and amortised on a pro-rata basis over the period of the contracts.

For policies with indemnity commission, the direct commission expenses paid to independent financial advisors are capitalised as deferred acquisition costs. If a policy lapses, any related deferred acquisition cost is expensed immediately and a receivable is set up for any commission recoverable. Subsequent to initial recognition, the deferred acquisition cost is amortised to profit or loss using the straight line method over periods ranging from 18 months to 36 months.

An impairment review is performed at each reporting date or more frequently when an indication of impairment arises. When the recoverable amount is less than the carrying value, an impairment loss is recognised in profit or loss. Deferred acquisition cost is also considered in the liability adequacy test for each reporting period.

Reinsurance commission income

Reinsurance commission income is recognised as revenue on a basis that is consistent with the recognition of the costs incurred on the acquisition of the underlying insurance contracts.

(iii) Insurance contract liabilities

Insurance contracts are contracts under which the Company accepts significant insurance risk from the policyholders by agreeing to compensate them or their beneficiaries in the event of a pre-specified future event affecting them. The Company sets aside funds today to meet these future liabilities and changes in insurance contract liabilities are recognised in profit or loss.

3. **Significant accounting policies** (continued)

3.14 **Insurance contracts** (continued)

(iii) Insurance contract liabilities (continued)

Policy liabilities

- Long-term business liability

  Long-term business liability is determined in accordance with local regulations and generally accepted actuarial principles in respect of individual contracts of insurance. The liability for these contracts is calculated as the sum of the present value of expected future payments less expected present value of future receipts arising from the policy. Any negative reserves at policy level are set to zero in accordance with the requirements of MAS Insurance (Valuation and Capital) Regulations.

  In the case of Non-Participating contracts (excluding MyPrestigePlan), the liabilities will include expense outgo, commission outgo, benefit outgo, premium income and reinsurance cashflows (where applicable) and discounted at risk-free yields.

  In the case of the Company's Participating business, as per the regulation, the Participating Fund's liability is determined to be the highest of the Policy Assets, Policy Liabilities and Minimum Condition Liability ("MCL"). Policy Assets of participating funds are the total assets required by regulations to be allocated to participating policyholders. The Policy Liabilities will include expense outgo, commission outgo, benefit outgo, premium income, tax and transfers to shareholders associated with future bonuses discounted at the long term best estimate return. MCL is the policy liability as defined above, excluding future bonuses but allowing for declared bonuses and is discounted at risk-free yields.

  In the case of MyPrestigePlan, the liability is determined to be the highest of the Policy Liability, and MCL. (In 2016, the liability was determined to be the highest of Policy Liability, MCL and Surrender Value). Policy Liability will include expense outgo, commission outgo, benefit outgo projected at the general crediting rate, premium income, and reinsurance cashflows and discounted at the long term best estimate return. MCL is the Policy Liabilities as defined above, except that the benefit outgo is projected at the minimum crediting rate and discounted at risk-free yields.

  In the case of the guaranteed renewable health contracts, the policy liabilities follows that of the short-term business liability as defined below.

3. Significant accounting policies (continued)

3.14 Insurance contracts (continued)

(iii) Insurance contract liabilities (continued)

Policy liabilities (continued)

- Investment-linked liability

Investment-linked liability is determined in accordance with local regulations and generally accepted actuarial principles. The liability for investment-linked policies consists of the unit reserve, which is the value of the underlying assets backing units relating to these policies. Additional reserves are held against future expected payments, other than those relating to the unit reserves, arising from these policies.

- Short-term business liability

Provision for premium liabilities

Provision for unexpired risks includes provision for unearned premiums and a provision for premium deficiency. The provision for unearned premiums ("UPR") represents the relevant proportion of premiums received for risks that have not yet expired.

UPR is calculated based on the 1/365th method or on a pro-rata basis over the premium term on gross written premiums during the year in respect of short-term insurance business.

Additional provision for premium deficiency is made where the future claims costs and expenses and a provision for adverse deviation exceeds the provision for UPR.

Provision for claims liabilities

This provision is made at reporting date for the estimated ultimate cost of all claims not settled at such date, after the deduction of amounts already paid, whether arising from events occurring during the period or earlier periods.

3. Significant accounting policies (continued)

3.14 Insurance contracts (continued)

(iii) Insurance contract liabilities (continued)

Provision for claims liabilities (continued)

Provision for outstanding claims and its associated claims handling expenses are made for the full estimated cost of all claims notified, but not settled at the reporting date using the best available information at the time. Provision is also made for the estimated cost of claims incurred but not reported until after the year-end. Any difference between the estimated cost and subsequent settlement is adjusted in profit or loss of the year in which settlement takes place.

- Provision for adverse deviation

Additional provision is made in the liability valuation assumptions to allow for adverse deviation from the best estimate experience and to reflect the inherent uncertainty of the best estimate of the insurance liabilities.

- Liability adequacy test

At each reporting date, liability adequacy tests are performed to support the adequacy of insurance contract liabilities. In performing these tests for the Company, current best estimate of future cashflows and claims handling and administration expenses, as well as investment income from assets backing such liabilities, are used and any negative reserves are set to zero for prudence.

(iv) Reinsurance

The Company cedes insurance risk in the normal course of business. Reinsurance assets primarily include balances due from both insurance and reinsurance companies for ceded insurance liabilities. Assets, liabilities, income and expense arising from the reinsurance contracts are accounted for on the same basis as the related insurance contract balances and are presented separately from the assets, liabilities, income and expenses from the related insurance contracts.

Amounts recoverable under reinsurance contracts are assessed for impairment at each reporting date. Such assets are deemed impaired if there is objective evidence that the Company may not recover all amounts due from the reinsurer.

3. Significant accounting policies (continued)

3.15 Other revenue recognition

Investment income

Investment income comprises of dividend and interest income from financial assets and interest income on loans and bank deposits.

Dividend income on securities is recognised when the Company's right to receive payment is established.

Interest income is recognised using the effective interest method.

Fee and other income

Fee and other income comprises reinsurance commission income (including reinsurance profit commission income) and management and other fees.

Reinsurance commission income is recognised as revenue on a basis that is consistent with the recognition of the costs incurred on the acquisition of underlying insurance contracts.

Reinsurance profit commission income is recognised based on the terms of the underlying reinsurance contract, and when the amount of revenue and related cost of the reinsurance transaction can be reliably measured.

Management and other fees comprise fund management fees, mortality fees, policy fees and fund switch fees relating to Investment-linked funds. Management and other fees are recognised as revenue when the services are rendered.

Realised gains and losses

Realised gains and losses on the sale of investments are calculated as the difference between net sales proceeds and the carrying amounts. Realised gains and losses are recognised in profit or loss when the sale transaction occur.

3. Significant accounting policies (continued)

3.16 Taxes

(i) Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance sheet date.

Current income tax is recognised on the chargeable income for the year. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

(ii) Deferred tax

Deferred tax is provided using the liability method on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax assets and liabilities are measured using the tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled based on tax rates enacted or substantively enacted by the balance sheet date.

Deferred tax assets are recognised for all deductible temporary differences, carry-forward of unabsorbed capital allowances and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, carry-forward of unabsorbed capital allowances and unused tax losses can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

Current and deferred tax are recognised as income or expense in profit or loss, except to the extent that the tax arises from a business combination or a transaction which is recognised directly in equity.

3. Significant accounting policies (continued)

3.16 Taxes (continued)

Current tax and deferred tax are charged or credited directly to equity if the tax relates to items that are credited or charged, in the same or a different period, directly to equity.

Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to set off current income tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

3.17 Employee benefits

Defined contribution plan

Defined contribution plans are post-employment benefit plans under which the Company pays fixed contributions into separate entities such as the Central Provident Fund ("CPF") on a mandatory, contractual or voluntary basis. The Company has no further payment obligations once the contributions have been paid. CPF contributions are recognised as an expense in profit or loss in the same period as the employment that gives rise to the contributions.

Employee leave entitlement

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the balance sheet date.

Termination benefits

Termination benefits are recognised as an expense when the Company is committed demonstrably, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognised as an expense if the Company has made an offer of voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably. If benefits are payable more than 12 months after the reporting date, then they are discounted to their present value.

3. **Significant accounting policies** (continued)

3.17 **Employee benefits** (continued)

Shared-based payments

Employees of the Company are entitled to share-based payments under the 3 schemes described below. The cost of equity-settled transactions with employees is measured by reference to the fair value at the date which they are granted. The cost of equity-settled transaction is recognised, together with a corresponding increase in share based compensation reserve within equity, over the period in which the performance conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ("vesting date").

The ultimate holding company charges the Company for the equity they provide to the Company's employees. There is a clear link between the recharge amount from the ultimate holding company and the share based payment amount, therefore the Company offsets the recharge against the share based compensation reserve in the financial statements.

(i) Long-Term Incentive Plans ("LTIP")

The LTIP awards are Aviva plc share awards.

Of each grant, 50% of shares awarded are subject to a non-market based performance condition, with the rest being subject to a market based performance condition. The non-market based performance is measured in relation to the Return on Capital Employed ("ROCE").

The market-based performance is a Total Shareholder Return ("TSR") performance condition. The TSR growth over a three-year performance period is ranked against a comparator group of 14 companies. For grants prior to 2012, 15% of shares subject to the TSR performance condition vest at median performance, 50% of these shares vest at the upper quintile and there is straight line vesting in between. For grants made subsequent to 2012, 10% of shares subject to the TSR performance condition vest at median performance, 50% of these shares vest at the upper quintile and there is straight line vesting in between.

3. **Significant accounting policies** (continued)

3.17 **Employee benefits** (continued)

Shared-based payments (continued)

(ii) Deferred share award

This discretionary award is directed towards high performing / high potential individuals amongst the level F (Head of Departments) population. The award vests after 3 years, not subject to any performance conditions, provided employees remain in the Company's employment (and are not under notice of termination) throughout that period up to the point of vesting.

(iii) Annual Bonus Plan

Part of the bonus award for the Senior Management team will be made in deferred Aviva shares. These shares will vest after 3 years and are not subject to any performance conditions.

3.18 **Provisions**

Provisions are recognised when the Company has a present legal or constructive obligation as a result of a past event, it is more likely than not that an outflow of economic resources will be required to settle the obligation and the amount of the obligation has been estimated reliably.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed.

3.19 **Operating lease payments**

Payments made under operating leases (net of any incentives received from the lessors) are recognised in profit or loss on a straight-line basis over the term of the lease.

3.20 **Share capital**

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new ordinary shares are deducted against the share capital account.

3. Significant accounting policies (continued)

3.21 Dividends to Company's shareholders

Dividends to the Company's shareholders are recognised when the dividends are approved for payment.

3.22 Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the Company prior to the end of financial year which are unpaid. They are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). Otherwise, they are presented as non-current liabilities.

Trade and other payables are initially recognised at fair value, and subsequently carried at amortised cost using the effective interest method.

4. Significant accounting judgements and estimates

Estimates, assumptions concerning the future and judgements are made in the preparation of the financial statements. They affect the application of the Company's accounting policies, reported amounts of assets, liabilities, income and expenses, and disclosures made. They are assessed on an on-going basis and are based on experience and relevant factors, including expectations of future events that are believed to be reasonable under the circumstances. Please see Note 21 for estimates, assumptions and judgements made over insurance contract liabilities and Note 27 on the valuation of financial instruments. Other significant accounting judgements and estimates used in this report are:

Income taxes

Significant judgement is required in determining the capital allowances and deductibility of certain expenses during the estimation of the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognises liabilities for anticipated tax issues based on its understanding of the current tax legislation and estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

5. Net investment and other income

	At fair value through profit and loss account $'000	Loans and receivables $'000	Others $'000	Total $'000
2017				
Dividend income	64,192	-	-	64,192
Interest income from:				
- Bonds and loan stocks	75,717	-	-	75,717
- Government and public authority securities	44,282	-	-	44,282
- Fixed deposits, discounted bills and loans	-	4,374	-	4,374
- Loan to subsidiary	-	31	-	31
Exchange loss - net	(3,076)	-	(485)	(3,561)
Other income	-	-	7,039	7,039
Gross investment and other income	181,115	4,405	6,554	192,074
Less: Investment expenses and other charges	(20,352)	-	(1,439)	(21,791)
Net investment and other income	160,763	4,405	5,115	170,283

2016	At fair value through profit and loss account $'000	Loans and receivables $'000	Others $'000	Total $'000
Dividend income	55,844	-	-	55,844
Interest income from:				
- Bonds and loan stocks	59,476	-	-	59,476
- Government and public authority securities	65,477	-	-	65,477
- Fixed deposits, discounted bills and loans	-	4,018	-	4,018
Exchange loss - net	(445)	-	(675)	(1,120)
Other income	-	-	6,988	6,988
Gross investment and other income	180,352	4,018	6,313	190,683
Less: Investment expenses and other charges	(17,903)	-	(1,699)	(19,602)
Net investment and other income	162,449	4,018	4,614	171,081

6. Other operating expenses

Other operating expenses comprise the following:

	2017 **$'000**	2016 $'000
Advertising and promotion expenses	**1,951**	3,707
Sales incentives	**11,008**	8,563
Directors' remuneration and fees	**251**	269
Allowance/(Write-back) for impairment of insurance receivables	**90**	(521)
Allowance for impairment of other receivables	**-**	26
Professional fees	**8,749**	5,555
Recharges from related companies	**28,778**	25,360
Recharges to related companies	**(4,022)**	(4,139)
Licence fees	**2,178**	2,244
Repairs and maintenance expenses	**1,946**	2,262
Bank charges	**2,804**	2,550
Printing and stationery	**2,096**	1,337
Postage, courier and telex charges	**1,795**	1,746
GST absorbed	**6,654**	5,881
Transaction processing fees	**1,281**	1,421
Donations and sponsorships	**2,533**	1,187
Office rental	**5,190**	5,060
Other expenses	**9,663**	11,241
Other operating expenses	**82,945**	73,749

7. Income tax expense

(a) Major components of income tax expense

The major components of income tax expense for the financial years ended 31 December 2017 and 2016 are:

	2017 **$'000**	2016 $'000
Current income tax		
- Current taxation	**22,137**	12,392
- Overprovision in respect of prior years	**(1,292)**	(6,236)
Deferred income tax		
- Origination and reversal of temporary differences	**46,459**	18,144
Income tax expense recognised in the statement of comprehensive income	**67,304**	24,300

7. Income tax expense (continued)

(b) Relationship between tax expense and accounting profit

The reconciliation between the tax expense and the product of accounting profit multiplied by the applicable corporate tax rate for the years ended 31 December 2017 and 2016 is as follows:

	2017 $'000	2016 $'000
Accounting profit before tax	**142,846**	76,992
Tax expense on profit before taxation at 17% (2016:17%)	**24,284**	13,089
Adjustments:		
Non-deductible expenses	**1,902**	150
Income not subject to taxation	**(4,362)**	(3,867)
Effect of difference in tax basis on participating funds	**2,648**	4,268
Effect of applying 10% concessionary rate on income from qualifying debt securities	**(1,105)**	(1,248)
Overprovision of tax in prior years	**(1,292)**	(6,236)
Tax on undistributed surplus	**45,229**	18,144
Tax expense	**67,304**	24,300

(c) Deferred tax

	Balance Sheet		Statement of Comprehensive Income	
	2017 $'000	2016 $'000	**2017 $'000**	2016 $'000
Deferred tax liabilities				
• To be settled after one year	**298,275**	251,816	**46,459**	18,144
Net deferred tax liabilities	**298,275**	251,816		
Deferred tax expense			**46,459**	18,144

Deferred income tax liabilities consist primarily of temporary differences arising from future distributable surplus arising from the Life Participating fund. Movements in deferred income tax liabilities during the financial year are as follows:

7. Income tax expense (continued)

(c) Deferred tax (continued)

Deferred income tax liabilities

	2017 $'000	2016 $'000
Beginning of financial year	**251,816**	233,672
Charged to:		
- Profit or loss (Note 20(a))	**46,459**	18,144
End of financial year	**298,275**	251,816

(d) The Company has estimated its tax charge, tax provision and tax recoverable relating to the insurance business based on its understanding of the current legislation. These estimates may be different from the ultimate actual tax liability or refund.

8. Investments in subsidiaries

	2017 $'000	2016 $'000
Equity investments at cost		
Beginning of financial year	**13,200**	-
Movement during the year		
- Acquisitions	**-**	3,200
- Capital injection	**-**	10,000
End of financial year	**13,200**	13,200
Investment in subsidiaries - net	**13,200**	13,200

On 11 October 2016, the Company acquired Aviva Financial Advisers Pte Ltd and Professional Advisory Holdings Ltd from its immediate holding company, Aviva Group Holdings Limited, for a consideration of $1,000,000 and $2,200,000 respectively. These amounts were settled via an issue of the Company's shares to its immediate holding company (Note 23).

On 14 November 2016, the Company injected capital of $7,000,000 and $3,000,000 into Aviva Financial Advisers Pte Ltd and Professional Advisory Holdings Ltd respectively in the form of cash.

8. Investments in subsidiaries (continued)

The Company had the following subsidiaries as at 31 December 2017 and 2016:

Name of companies	Principal activities	Country of business/ incorporation	Percentage of effective equity interest held by the Company 2017 %	2016 %
Held by the Company				
Aviva Financial Advisers Pte Ltd	Provision of financial advisory services	Singapore	**100.00**	100.00
Professional Advisory Holdings Ltd	Investment holding	Singapore	**92.42**	93.17
Wholly held by Professional Advisory Holdings Ltd				
Professional Investment Advisory Services Pte Ltd	Provision of financial advisory services	Singapore		

9. Investment in associate

For the current financial year, the Company recognised its share of the associate's profit based on unaudited results available up to 31 December 2017. There are no contingent liabilities relating to the Company's interest in the associate.

9. Investment in associate (continued)

Details of the associate held by the Company is as follows:

	Country of incorporation	Principal activity	Proportion (%) of ownership interest 2017	2016
Lend Lease Jem Partners Fund Limited	Bermuda	Investment Holding	**22.5**	22.5

	2017 $'000	2016 $'000
Equity investment at cost	**51,215**	51,215
Share of profits after tax (cumulative)	**18,814**	12,679
Dividends received (cumulative)	**(8,852)**	(6,229)
Carrying amount at 31 December	**61,177**	57,665

The Company's share of profit of the associate recognised for the current financial year is $6,135,045 (2016: $1,733,000), the current year's movement of share of profits after tax.

The summarised financial information of the associate (presented in $million), not adjusted for the proportion of the ownership interest held by the Company, is as follows:

	2017 $million	2016 $million
Current assets	**1.4**	1.7
Non-current assets	**271.2**	255.3
Total assets	**272.6**	257.0
Current liabilities	**0.7**	0.7
Non-current liabilities	**-**	-
Total liabilities	**0.7**	0.7
Net assets	**271.9**	256.3
Revenue	**29.9**	10.4
Profit before tax	**27.3**	7.7
Income tax expense	**-**	-
Profit after tax	**27.3**	7.7
Other comprehensive income	**-**	-
Total comprehensive income for the year	**27.3**	7.7

9. Investment in associate (continued)

Reconciliation of the summarised financial information (in $million) presented with the carrying amount of the Company's interest in the associate, is as follows:

	2017 $million	2016 $million
Net assets		
At 1 January	**256.3**	263.4
Profit after tax	**27.3**	7.7
Dividends declared	**(11.7)**	(14.8)
At 31 December	**271.9**	256.3
Carrying value of interest in associate (2016: 22.5%)	**61.2**	57.7

10. Plant and equipment

	Office equipment $'000	Furniture and fittings $'000	Total $'000
Cost			
At 1 January 2016	2,124	3,838	5,962
Additions	1,720	353	2,073
At 31 December 2016 and 1 January 2017	**3,844**	**4,191**	**8,035**
Additions	134	256	390
At 31 December 2017	**3,978**	**4,447**	**8,425**
Accumulated depreciation			
At 1 January 2016	1,090	3,228	4,318
Depreciation charge	938	279	1,217
At 31 December 2016 and 1 January 2017	**2,028**	**3,507**	**5,535**
Depreciation charge	984	243	1,227
At 31 December 2017	**3,012**	**3,750**	**6,762**
Net book values			
At 31 December 2016	**1,816**	**684**	**2,500**
At 31 December 2017	**966**	**697**	**1,663**

11. Intangible assets

	2017 $'000	2016 $'000
(a) Computer software licenses		
Cost:		
Balance at 1 January	**14,206**	5,959
Additions	**6,742**	8,247
Balance at 31 December	**20,948**	14,206
Accumulated amortisation:		
Balance at 1 January	**5,956**	4,432
Amortisation recognised during the year	**2,019**	1,524
Balance at 31 December	**7,975**	5,956
Net book value at 31 December	**12,973**	8,250
(b) Distribution rights		
Cost:		
Balance at 1 January	**800**	-
Additions	**800**	800
Balance at 31 December	**1,600**	800
Accumulated amortisation:		
Balance at 1 January	**66**	-
Amortisation recognised during the year	**800**	66
Balance at 31 December	**866**	66
Net book value at 31 December	**734**	734
Net book value of intangible assets	**13,707**	8,984

12. Cash and cash equivalents

	2017 $'000	2016 $'000
Cash and bank balances	**171,542**	240,123

The Company held cash collateral of $8,720,000 (2016: nil) from swap counterparties at the reporting date. Cash collaterals are not included in the Company's cash and cash equivalents as the risks and rewards of ownership of the assets are retained by the swap counterparties.

13. Investments at fair value through profit or loss

Investments designated at fair value through profit or loss:

	2017 $'000	2016 $'000
Equity securities:		
Quoted	**3,771,414**	2,267,224
Unquoted	**12,812**	12,951
	3,784,226	2,280,175
Debt securities:		
Quoted	**3,665,265**	4,080,980
Unquoted	**209,489**	252,201
	3,874,754	4,333,181
Investments at fair value through profit or loss	**7,658,980**	6,613,356
Current:		
Equity securities	**3,784,226**	2,280,174
Debt securities	**416,566**	509,070
	4,200,792	2,789,244
Non-current:		
Debt securities	**3,458,188**	3,824,112
Investments at fair value through profit or loss	**7,658,980**	6,613,356

Singapore government securities of $nil (2016: $93,989,000) have been pledged to swap and forward counterparties in respect of the derivative agreements (Note 14). The pledged securities are managed daily and the Company has the right to receive them in an event of positive credit exposure.

14. Derivative financial instruments

In connection with the derivative agreements with counterparties, the Company posted restricted securities of $nil (2016: $93,989,000) (Note 13) as collateral to these counterparties at the reporting date.

The Company also held security collateral of $19,627,000 (2016: nil) in the form of US government securities at the reporting date. The pledged securities are managed daily and the counterparties have the right to receive them in an event of positive credit exposure. Therefore, these are not included in the Company's investments.

Derivative financial instruments included in the balance sheet as at 31 December are as follows:

	Contract/ notional amount	Fair value	
		Assets	Liabilities
	$'000	$'000	$'000
2017			
Currency swaps	472,354	13,946	(12,447)
Interest rate swaps	36,374	546	-
Currency forward contracts	5,074,287	59,953	(15,088)
Total held for trading assets/(liabilities)		74,445	(27,535)
2016			
Currency swaps	550,070	8,142	(54,605)
Interest rate swaps	36,374	373	(91)
Currency forward contracts	2,807,135	18,788	(65,707)
Total held for trading assets/(liabilities)		27,303	(120,403)

15. Available-for-sale financial assets

	2017	2016
	$'000	$'000
Unquoted equity securities		
At 1 January	4,825	4,825
Movement during the year		
- Capital injection	10,667	-
- Allowance for impairment	(7,709)	-
At 31 December	7,783	4,825

15. Available-for-sale financial assets (continued)

Fair value information has not been disclosed for the Company's investment in unquoted equity securities of $7,783,000 (2016: $4,825,000) that are carried at cost because their fair values cannot be measured reliably using valuation techniques supported by observable market data. These equity securities represent a minority interest in Aviva Vietnam Life Insurance Company Limited (formerly known as "Vietinbank-Aviva Life Insurance Company Limited") by the way of a share contribution and are not quoted on any market and do not have any comparable industry peers that are listed. Aviva Vietnam Life Insurance Company Limited is a fully owned subsidiary of Aviva Group since 1 June 2017 and was a jointly controlled entity of the Aviva Group but not at the Company level prior to that date.

The Company recognized an impairment loss of $7,709,000 (2016: nil) against the said equity securities during the financial year.

16. Loans and receivables

	2017 $'000	2016 $'000
Insurance receivables	**90,090**	76,282
Less: Allowance for impairment	**(468)**	(700)
	89,622	75,582
Due from reinsurers	**5,016**	9,967
Total insurance receivables	**94,638**	85,549
Cash and cash equivalents (Note 12)	**171,542**	240,123
Other receivables (Note 17)	**75,730**	49,870
Policy loans (non-current)	**61,582**	63,333
Total loans and receivables	**403,492**	438,875

Insurance receivables are non-interest earning and are generally on 0 to 90 days credit term. The carrying amounts disclosed above reasonably approximate fair values at year-end.

	2017 $'000	2016 $'000
Movement in allowance accounts:		
At 1 January	**(700)**	(1,344)
(Charge)/ Write-back for the year (Note 6)	**(90)**	521
Written off	**322**	123
At 31 December	**(468)**	(700)

16. Loans and receivables (continued)

Insurance receivables that are individually determined to be impaired at the reporting date relate to debtors that are in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

Insurance receivables that are neither past due nor impaired

Insurance receivables that are neither past due nor impaired are substantially debtors with a good collection track record with the Company.

Insurance receivables that are past due but not impaired

The Company has trade receivables amounting to $1,838,871 (2016: $9,332,512) that are past due by more than 180 days at the reporting date but not impaired. These receivables are unsecured.

Policy loans are secured by the cash value of the life policy and bear interest at a weighted average rate of 6.5% (2016: 6.5%) per annum. Policy loans have no fixed terms of repayment.

17. Other receivables

	2017 **$'000**	2016 $'000
Deposits	**2,005**	1,237
Accrued interest receivable	**34,724**	38,420
Dividends receivable	**3,697**	1,323
Amount due from related companies	**9,812**	1,753
Loan to a subsidiary	**3,000**	-
Other receivables	**22,613**	7,258
Less: Allowance for impairment	**(121)**	(121)
	75,730	49,870

Amount due from related companies relates to back-office services provided by the Company. The amount is unsecured, interest-free and is expected to be settled within the next twelve months. The carrying amounts disclosed above reasonably approximate fair values at year-end.

The loan to a subsidiary, Professional Advisory Holdings Ltd, is unsecured and repayable in full by 1 January 2019. Interest is fixed at 4% per annum.

18. Financial liabilities carried at amortised cost

	2017 **$'000**	2016 $'000
Amounts due to agents, brokers and policyholders	**49,497**	59,904
Amounts due to reinsurers	**94,487**	79,111
Premium deposits	**149,377**	99,107
Advance premiums	**140,744**	184,086
Total insurance payables	**434,105**	422,208
Add: Other payables (Note 19)	**46,838**	41,932
Total financial liabilities carried at amortised cost	**480,943**	464,140

Insurance payables are non-interest bearing, except for premium deposits and advance premiums which bear an interest rate of 0.8% (2016: 0.2% to 0.8%) per annum. The carrying amounts disclosed above reasonably approximate fair values at year-end.

19. Other payables

	2017 **$'000**	2016 $'000
Accrued operating expenses	**40,334**	34,386
Amount due to related companies	**8**	104
Sundry creditors	**6,496**	7,442
	46,838	41,932

Amount due to related companies relates to services provided to the Company. The amount is unsecured, interest-free and is expected to be settled within the next twelve months. The carrying amounts disclosed above reasonably approximate fair values at year-end.

20. Insurance contract liabilities

2017	Notes	Insurance contract liabilities $'000	Reinsurers' share of liabilities $'000	Net $'000
Policy liabilities	(a)	6,924,513	(329,438)	6,595,075
Provision for unearned premiums and unexpired insurance risks	(b)	146,745	(7,317)	139,428
Provision for claims reported by policyholders	(c)	123,046	(43,614)	79,432
Provision for claims incurred but not reported (IBNR)	(d)	75,625	(16,117)	59,508
Total insurance contract liabilities		7,269,929	(396,486)	6,873,443
Current		654,092	(67,131)	586,961
Non-current		6,615,837	(329,355)	6,286,482
Total insurance contract liabilities		7,269,929	(396,486)	6,873,443

2016	Notes	Insurance contract liabilities $'000	Reinsurers' share of liabilities $'000	Net $'000
Policy liabilities	(a)	5,946,775	(313,203)	5,633,572
Provision for unearned premiums and unexpired insurance risks	(b)	125,775	(9,217)	116,558
Provision for claims reported by policyholders	(c)	92,256	(32,985)	59,271
Provision for claims incurred but not reported (IBNR)	(c)	62,755	(11,699)	51,056
Total insurance contract liabilities		6,227,561	(367,104)	5,860,457
Current		388,393	(63,535)	324,858
Non-current		5,839,168	(303,569)	5,535,599
Total insurance contract liabilities		6,227,561	(367,104)	5,860,457

20. Insurance contract liabilities (continued)

(a) The movement in the net policy liabilities for Life and Group business is as follows:

	2017 **$'000**	2016 $'000
At 1 January	**5,633,572**	4,929,446
Changes in insurance liabilities:		
New business reserves	**63,723**	45,400
Increase in liabilities	**527,923**	583,231
Benefits and claims experience variation	**84,240**	118,548
Impact of financially motivated reinsurance	**(76)**	(3,116)
Changes in unit price for linked fund	**58,945**	18,260
Changes in assumptions	**(14,623)**	22,904
Movement in excess of policy assets over policy liabilities	**286,600**	(62,957)
Tax on undistributed surplus (Note 7(b))	**(45,229)**	(18,144)
At 31 December	**6,595,075**	5,633,572

(b) Provision for unearned premiums and unexpired insurance risks may be analysed as follows:

	2017 **$'000**	2016 $'000
At 1 January	**116,558**	103,414
Increase in provision for unearned premiums	**22,870**	13,144
At 31 December	**139,428**	116,558

(c) Provision for claims reported and not reported by policyholders may be analysed as follows:

	2017 **$'000**	2016 $'000
At 1 January	**110,327**	112,720
Change in outstanding claims	**645,452**	538,411
Movement in IBNR	**8,452**	8,163
Claims paid during the year	**(625,291)**	(548,967)
At 31 December	**138,940**	110,327

21. Insurance contract liabilities and reinsurance assets - Assumptions and sensitivities

(a) *Long term insurance provision*

Major classes of business written under this category include individual life and retail health (guaranteed renewability) business.

For long term insurance contracts, economic assumptions are continually reviewed and updated. Non-economic assumptions are reviewed at least annually. Non-economic assumptions are presented to the Company's Assumptions Committee and are subject to the committee's approval before these assumptions are adopted in the valuation of the Company's liabilities. Key assumptions are highlighted below:

Mortality and morbidity rates

Mortality and morbidity assumptions will have regard to the Company's and industry's historical experience and rates recommended by reinsurers, where available, and are generally differentiated by sex and policy type.

In general, higher mortality and morbidity assumptions will lead to higher expected claims outgo, which in turn, will lead to an increase in policy liabilities.

Annuity and long term contracts, on the other hand, are sensitive to longevity risks, such that a lower mortality assumption would result in an increase in expected annuity payments, therefore increasing policy liabilities.

Valuation interest rates

The valuation interest rate assumption is the underlying interest rate at which future cash flows are discounted in determining insurance contract liabilities. In calculating the liability for the Minimum Condition Liability of the Company's Participating and Non-participating business and non-unit reserves of Investment-Linked funds, future expected cash flows are discounted at risk-free rates as prescribed under MAS 319. In calculating the Company's Participating Fund liabilities, future cash flows are discounted using the Company's best estimate long-term investment return it expects to earn on its Participating Fund assets.

21. Insurance contract liabilities and reinsurance assets - Assumptions and sensitivities (continued)

(a) ***Long term insurance provision*** (continued)

Expenses and commission rates

Expense studies are conducted regularly and the expense assumptions will reflect both the Company's actual expenses as well as budgeted expenses based on the Company's business plan. Any recommendations resulting from these studies will be reflected in the valuation of policy liabilities subject to the approval of the Company's Assumption Committee.

Commission rates are assumed to be the same as those contracted with the various channels. Higher expense and commission assumptions will increase policy liabilities.

Surrender rates

Surrender rates assumed in the calculation of policy liabilities will reflect the Company's historical experience, and are differentiated by duration in-force and policy type.

Higher surrender rates would tend to lead to a decrease in policy liabilities. However, the impact on policy liabilities will depend on the product design, and whether the surrender value is high relative to other benefits available under the policy.

Bonus rates

Future bonus rates are assumed to be the same as those declared in the latest bonus declaration, with suitable adjustments where necessary to ensure that bonus rates continue to be in line with the Company's Internal Governance Policy on the management of its Participating Fund under changing investment conditions.

21. Insurance contract liabilities and reinsurance assets - Assumptions and sensitivities (continued)

(a) ***Long term insurance provision*** (continued)

Inflation rates

Inflation rates assumption is set to reflect long-term inflation expectations, allowing for the proportion of staff and non-staff expenses.

In general, higher inflation assumptions will lead to higher expected expenses outgo which in turn, will lead to an increase in policy liabilities.

Assumptions

Mortality	70% of S97/02 for non-Guaranteed Issue Offer ("GIO") savings products, 100% of S97/02 for GIO savings products, 45%/ 63% (non-smoker/ smoker) of S97/02 for protection products, 90% of S97/02 for long-term care products and annuities (with 1% mortality improvement).
Morbidity	75% for critical illness and 60% for total and permanent disability of respective products best estimate assumption, based on reinsurer rates on past experience allowing for medical Inflation.
Discount rate (best estimate)	Par Others: Yield curve, with long term rate of 4.51% Par Investment Pool: Yield curve, with long term rate of 5.13% Par (AP): Yield curve, with matching strategy against the fund's liabilities Secure Yield, Secure Grow, Capital Yield, Big5 and MyPrestigePlan: Based on the Yield to Maturity of the underlying assets MyIncomePlus: Based on pricing estimate return assumption.
Risk-free discount rate	Derived based on MAS Notice 319 Annex A - Determination of Risk-free Discount Rate.
Persistency	Based on persistency study of Company's past experience.
Renewal expenses	Based on past actual experience, expressed as unit costs per in-force policy and percentage of premiums.
Distribution expenses	Based on past actual experience, expressed as unit costs per in-force policy and percentage of premiums.
Expense inflation rate	3.0% p.a

21. Insurance contract liabilities and reinsurance assets - Assumptions and sensitivities (continued)

(a) *Long term insurance provision* (continued)

Sensitivities

	Increase/ (decrease) from Base		
Sensitivity of Policy Liabilities	Non-Participating Fund $'000	Unit-Linked Fund $'000	Total $'000
2017			
Mortality and Morbidity – Non-annuities			
+ 5%	(1,234)	80	(1,154)
- 5%	1,734	(71)	1,663
Mortality and Morbidity - Annuities			
+ 5%	(1,580)	-	(1,580)
- 5%	1,665	-	1,665
Expenses			
+ 10%	9,232	429	9,661
- 10%	(6,155)	(376)	(6,531)
Surrender			
+ 10%	(421)	(186)	(607)
- 10%	586	216	802
Interest rate			
+ 1%	(10,173)	(37)	(10,210)
- 1%	15,895	50	15,945
2016			
Mortality and Morbidity – Non-annuities			
+ 5%	1,095	105	1,200
- 5%	(1,090)	(88)	(1,178)
Mortality and Morbidity - Annuities			
+ 5%	(1,571)	-	(1,571)
- 5%	1,656	-	1,656
Expenses			
+ 10%	11,911	670	12,581
- 10%	(7,671)	(603)	(8,274)
Surrender			
+ 10%	(205)	(263)	(468)
- 10%	268	304	572
Interest rate			
+ 1%	(9,527)	(503)	(10,030)
- 1%	15,836	593	16,429

In accordance with the regulations, the Company values the liabilities of the participating fund based on the value of policy assets of the fund. The above changes in the stated variables will have no impact on the participating fund policy liabilities because the change in assumptions would not cause the policy liabilities to be greater than the policy assets of the fund.

21. Insurance contract liabilities and reinsurance assets - Assumptions and sensitivities (continued)

(b) ***Short term insurance provision***

The major classes of business written under this category can be classified broadly into Group Life, Group Accident and Health, yearly (non-guaranteed) renewable Retail Health and General Insurance.

Group Life business includes group term life, group living care and group disability income business. Group Accident and Health business includes group personal accident, group in-patient medical plans and group outpatient medical plans. These risks may be written locally or overseas. Retail Health includes yearly (non-guaranteed) renewable individual medical expense insurance and excludes Integrated Shield products such as MyShield and MyShieldPlus. General Insurance includes motor, travel home content, personal accident and gadget products.

For these contracts, claims provisions (comprising outstanding claims and claims incurred but not reported) are established to cover the ultimate cost of settling the liabilities in respect of claims that have occurred, according to insurance regulation and guidelines.

Outstanding claims provisions are reviewed on a monthly basis and comprise claims reported by policyholders. Claims incurred but not reported provisions are reviewed on a quarterly basis and are updated to reflect the development of claims experience over the quarter, including settlement of claims and new claims reported. Claims provisions are not discounted for future time value of money.

Future claims costs are projected through the use of generally accepted actuarial techniques namely, the Chain Ladder and Bornhuetter Ferguson methods. As prescribed under the local regulations, provisions for adverse deviation is made to provide for claims liabilities at a 75% confidence level. This is determined using Bootstrapping or Mack's method.

21. Insurance contract liabilities and reinsurance assets - Assumptions and sensitivities (continued)

(b) ***Short term insurance provision*** (continued)

Assumptions

The principal assumption underlying the Chain Ladder method is that the development of historical claims pattern will be expected to continue in the future.

The assumptions underlying the Bornhuetter Ferguson method is that the development of historical claims pattern will be expected to continue in the future and the assumed loss ratios are reflective of future claims experience.

No discounting is applied to the claims provisions and hence, no interest assumption is required.

Sensitivities

The claims provision is sensitive to the delays that arise between occurrence of a claim and its subsequent notification and eventual settlement.

Reinsurance

The Company limits its exposure to loss within its insurance operations through the use of reinsurance arrangements. The business ceded is placed on both quota share and surplus basis with retention limits varying by product line and territory. Amounts recoverable from reinsurers are calculated in a manner consistent with the assumptions used for ascertaining policy benefits.

22. Deferred acquisition costs

	2017	2016
	$'000	$'000
Beginning of financial year	**14,442**	13,538
Change in deferred acquisition costs	**1,703**	904
End of financial year	**16,145**	14,442

23. Equity

Share capital

	2017		2016	
	No. of shares '000	**$'000**	No. of shares '000	$'000
Beginning of financial year	**87,041**	**87,482**	83,841	84,282
Shares issued	**10,667**	**10,667**	3,200	3,200
End of financial year	**97,708**	**98,149**	87,041	87,482

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restriction. The ordinary shares have no par value.

On 14 November 2017, the Company issued 10,667,803 shares for a consideration of $10,667,803 for the purpose of capital injection into Aviva Vietnam Life Insurance Company Limited. The newly issued ordinary shares rank pari passu in all respects with the previously issued ordinary shares.

On 11 October 2016, the Company issued 3,200,000 shares for a consideration of $3,200,000 in exchange for the shareholdings of Aviva Financial Advisers Pte Ltd of 100% and Professional Advisory Holdings Ltd of 93.2% (Note 8). These new shares were fully subscribed by Aviva Group Holdings Limited. The newly issued ordinary shares rank pari passu in all respects with the previously issued ordinary shares.

Share based remuneration
The total share based remuneration expenses charged to profit or loss was $1,146,934 (2016: $163,225).

The fair value of each share granted at grant date was GBP 5.06 (2016: GBP 4.85).

24. Commitments

Operating lease commitments - as lessee

The Company has entered into property leases on its office premise. These non-cancellable leases have a remaining non-cancellable lease term of no less than 5 years.

Minimum lease payments recognised as an expense in profit and loss for the year amounted to $5,190,000 (2016: $5,060,000).

24. Commitments (continued)

The future minimum lease payments payable under non-cancellable operating leases contracted for as at 31 December but not recognised as liabilities, are as follows:

	2017 $'000	2016 $'000
Not later than one year	7,881	7,735
Later than one year but not later than five years	17,941	25,362
	25,822	33,097

25. Related party transactions

In addition to the related party information disclosed elsewhere in the financial statements, the following significant transactions between the Company and the related parties took place at terms agreed between the parties:

(a) *Sales and purchases of services*

	2017 $'000	2016 $'000
Commission paid to related companies	(80,436)	(21,421)
Management expenses paid to related company	(55,116)	(31,668)
Investment related fees paid to related company	(12,551)	(10,384)
Rental and other expenses paid on behalf and reimbursed by related companies	13,271	20,307
Management fees received from related companies	2,325	3,537

(b) *Key management personnel compensation*

	2017 $'000	2016 $'000
Short-term employee benefits	1,663	1,488
Share based payment	554	566
	2,217	2,054

The number of shares granted to key management personnel during the year was 75,661 (2016: 81,241)

26. Offsetting financial assets and financial liabilities

The disclosures set out in the tables below include financial assets and financial liabilities that are offset in the balance sheet. The Company has not entered into any master netting arrangement.

	Gross amounts - financial assets $'000	Gross amounts - financial liabilities $'000	Net amounts - financial assets presented in the balance sheet $'000	Related amounts not offset in the balance sheet - financial assets/ (liabilities) $'000	Net amount $'000
2017					
Types of financial assets					
Amount due from related companies	10,024	(212)	9,812	-	9,812
Loan to a subsidiary	3,000	-	3,000	-	3,000
Types of financial liabilities					
Amount due to related companies	(220)	212	(8)	-	(8)
2016					
Types of financial assets					
Amount due from related companies	2,112	(359)	1,753	-	1,753
Types of financial liabilities					
Amount due to related companies	(463)	359	(104)	-	(104)

The gross amounts of financial assets and financial liabilities and their net amounts as presented in the balance sheet that are disclosed in the above tables are measured in the balance sheet on the following basis:

- Trade and other receivables and payables – amortised cost.

26. Offsetting financial assets and financial liabilities (continued)

The tables below reconcile the 'net amounts of financial assets and financial liabilities presented in the balance sheet', as set out above, to the line items presented in the balance sheet.

31 December 2017	Net amounts $'000	Line item in balance sheet	Carrying amount in the balance sheet $'000	Financial assets/ (liabilities) not in scope of offsetting disclosures $'000	Note
Types of financial assets					
Loa to a subsidiary	3,000				
Amount due from related companies	9,812	Other receivables	75,730	62,918	17
Types of financial liabilities					
Amount due to related companies	(8)	Other payables	(46,838)	(46,830)	19
31 December 2016					
Types of financial assets					
Amount due from related companies	1,753	Other receivables	49,870	48,117	17
Types of financial liabilities					
Amount due to related companies	(104)	Other payables	(41,932)	(41,828)	19

27. Fair value of financial instruments

(a) *Fair value of financial instruments that are carried at fair value*

The following table shows an analysis of financial instruments carried at fair value by level of fair value hierarchy:

2017	Quoted prices in active markets for identical instruments (Level 1) $'000	Significant other observable inputs (Level 2) $'000	Significant un-observable inputs (Level 3) $'000	Total $'000
Financial assets:				
Equity securities				
Quoted	3,771,414	-	-	3,771,414
Unquoted	-	12,812	-	12,812
Debt securities				
Quoted	-	3,665,265	-	3,665,265
Unquoted	-	209,489	-	209,489
Derivatives				
Currency swaps	-	13,946	-	13,946
Currency forward contracts	-	546	-	546
Interest rate swaps	-	59,953	-	59,953
Available-for-sale financial assets	-	-	7,783	7,783
At 31 December 2017	3,771,414	3,962,011	7,783	7,741,208
Financial liabilities:				
Derivatives				
Currency swaps	-	(12,448)	-	(12,448)
Currency forward contracts	-	(15,087)	-	(15,087)
Interest rate swaps	-	-	-	-
At 31 December 2017	-	(27,535)	-	(27,535)

2016	Quoted prices in active markets for identical instruments (Level 1) $'000	Significant other observable inputs (Level 2) $'000	Significant un-observable inputs (Level 3) $'000	Total $'000
Financial assets:				
Equity securities				
Quoted	2,267,224	-	-	2,267,224
Unquoted	-	12,951	-	12,951
Debt securities				
Quoted	-	4,080,980	-	4,080,980
Unquoted	-	252,201	-	252,201
Derivatives				
Currency swaps	-	8,142	-	8,142
Currency forward contracts	-	373	-	373
Interest rate swaps	-	18,788	-	18,788
Available-for-sale financial assets	-	-	4,825	4,825
At 31 December 2016	2,267,224	4,373,435	4,825	6,645,484
Financial liabilities:				
Derivatives				
Currency swaps	-	(54,605)	-	(54,605)
Currency forward contracts	-	(65,707)	-	(65,707)
Interest rate swaps	-	(91)	-	(91)
At 31 December 2016	-	(120,403)	-	(120,403)

There were no transfers between Levels 1 and 2 during the year.

27. Fair value of financial instruments (continued)

(a) Fair value of financial instruments that are carried at fair value (continued)

Fair value hierarchy

The Company classifies fair value measurement using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices), and
- Level 3 - Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Company has an established control framework with respect to the measurement of fair values. This framework includes an investment accounting team that reports to the Chief Financial Officer, and has overall responsibility for all significant fair value measurements.

The investment accounting team regularly reviews the fair values of the investments held. If third party information, such as broker quotes or pricing services, is used to measure fair value, then the investment accounting team documents the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of FRS, including the level in the fair value hierarchy the resulting fair value estimates should be classified.

Determination of fair value

Quoted equity and debt securities (Note 13): Fair value is determined directly by reference to their published closing prices from established pricing sources at the reporting date.

Unquoted equity and debt securities (Note 13): Fair value is determined directly by reference to latest Net Assets Value provided by fund administrator and third party broker quotes.

Derivatives (Note 14): Derivative financial instruments are valued at market prices provided by counterparties, determined by reference to market values for similar instruments.

27. Fair value of financial instruments (continued)

(b) Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value

Loans and receivables (Notes 16 and 17), and financial liabilities carried at amortised cost (Notes 18 and 19).

The carrying amounts of these financial assets and liabilities are reasonable approximation of fair values due to their short-term nature. Fair value is determined at initial recognition and, for disclosure purposes, at each annual reporting date.

28. Risk management policies

Financial risk management objectives and policies

Investment objective

The Company's investment objective is to optimise investment returns whilst ensuring that sufficient assets are held to meet future liabilities and regulatory requirements. The aim is to match the investments held to support a line of business to the nature of the underlying liabilities, whilst at the same time considering local regulatory requirements, the level of risk inherent within different investments, and the desire to generate superior investment returns, where compatible with this stated strategy and risk appetite.

Assets must be managed in a sound and prudent manner taking into account the profile of the liabilities of each fund and the impact on its solvency position. Investments are made in compliance with the prevailing regulatory requirements with due consideration given to the exposures arising from the various financial risks.

An important part of the Company's business activities involves investing policyholders' and shareholder's funds in permitted financial instruments, including equities and permitted debt instruments.

Equity exposures are managed within the approved Strategic Asset Allocation that are set with reference to the overall appetite for market risk. The credit quality of the underlying debt securities within investment vehicles is managed by the safeguards built into the investment mandates for these funds which determine the funds' risk profiles.

28. Risk management policies (continued)

Financial risk management objectives and policies (continued)

Investment objective (continued)

The Company uses derivative financial instruments to mitigate the impact of adverse market movement and facilitate efficient portfolio management. The Company does not hold derivative financial instruments for speculative purposes.

Derivative financial instruments are classified as held for trading and accounted for at fair value through profit or loss.

Policies and process

The Company's investment activities are managed in accordance to the Company's Board of Directors (the "Board") approved Investment Policy, which provides guidelines for decision-making regarding the investment of funds in a manner to ensure safety of investments, while managing liquidity to meet the business requirements and policyholder obligations and providing adequate investment return using authorised instruments.

The Board delegates the authority to make all investment decisions to the Asset and Liability Committee/Investment Committee ("ALCO/IC"). The ALCO/IC meet on a regular basis, at least quarterly, and report to the Board all material investment decisions.

The role of the ALCO/IC is to review and approve the asset allocation of non-linked funds, ensure that the investment policy is consistent with the asset-liability management strategies, ensure investment limits are complied with, decide on whether any investments are inappropriate and ensure that adequate resources are dedicated to the investment functions.

The following sections provide details regarding the Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

As the impact of the above-mentioned financial risks on the unit-linked fund (unitised portion) is borne by the policyholders and that the impact on the assets of the participating fund will be offset by a corresponding change in the policy liabilities, the net impact to the Company is assessed to be insignificant. Therefore, the analysis in the following sections will not include these funds.

28. Risk management policies (continued)

Interest rate risk

The Company's core insurance and investment activities are inherently exposed to interest rate risk, which arises principally from differences in maturities or re-pricing of invested assets and long-term policyholders' liabilities. In dealing with this risk, the Company adopts an approach of focusing on an appropriate asset-liability management strategy to achieve a desired overall interest rate profile, which may change over time, based on the profile of the policyholders' liabilities, taking into consideration the longer-term view of interest rates and economic conditions.

Sensitivities

							10 basis points higher		10 basis points lower	
2017	Fixed rate	Floating rate	Non-Interest sensitive	Par	Unit-linked	Total	Impact on profit or loss	Impact on equity	Impact on profit or loss	Impact on equity
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Financial assets										
Investments at fair value through profit or loss	1,020,436	3,614	189,152	5,648,192	797,586	7,658,980	(6,886)	-	6,993	-
Available-for-sale financial assets	-	-	7,783	-	-	7,783	-	-	-	-
Derivative financial assets	-	496	11,557	62,301	91	74,445	-	-	-	-
Re nsurers' share of insurance contract liabilities	-	386,518	7,317	2,651	-	396,486	-	-	-	-
Insurance receivables	-	-	85,967	8,059	612	94,638	-	-	-	-
Other receivables	8,515	32	31,066	29,681	6,436	75,730	-	-	-	-
Policy loans	-	-	3,828	43,397	14,357	61,582	-	-	-	-
Cash and cash equivalents	-	-	68,971	90,915	11,656	171,542	-	-	-	-
Financial liabilities										
Insurance contract liabilities	-	936,798	146,745	5,388,489	797,897	7,269,929	1,001	-	(1,069)	-
Insurance payables	-	-	170,305	256,198	7,602	434,105	-	-	-	-
Derivative financial liabilities	-	-	841	26,691	3	27,535	-	-	-	-
Other payables	10	-	34,251	10,500	2,077	46,838	-	-	-	-

28. Risk management policies (continued)

Interest rate risk (continued)

Sensitivities (continued)

2016	Fixed rate	Floating rate	Non-interest sensitive	Par	Unit-linked	Total	10 basis points higher: Impact on profit or loss	10 basis points higher: Impact on equity	10 basis points lower: Impact on profit or loss	10 basis points lower: Impact on equity
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Financial assets										
Investments at fair value through profit or loss	1,046,869	15,560	4,609	4,775,008	771,310	6,613,356	(5,615)	-	5,690	-
Available-for-sale financial assets	-	-	4,825	-	-	4,825	-	-	-	-
Derivative financial assets	-	373	2,031	24,851	48	27,303	-	-	-	-
Reinsurers' share of insurance contract liabilities	-	357,887	9,217	-	-	367,104	-	-	-	-
Insurance receivables	-	-	80,686	4,322	541	85,549	-	-	-	-
Other receivables	9,090	166	8,457	29,008	3,149	49,870	-	-	-	-
Policy loans	-	-	3,965	45,549	13,819	63,333	-	-	-	-
Cash and cash equivalents	-	-	94,144	133,720	12,259	240,123	-	-	-	-
Financial liabilities										
Insurance contract liabilities	-	872,203	125,775	4,459,067	770,516	6,227,561	1,091	-	(1,147)	-
Insurance payables	-	-	159,700	255,993	6,515	422,208	-	-	-	-
Derivative financial liabilities	-	-	16,982	103,128	293	120,403	-	-	-	-
Other payables	26	-	32,798	5,688	3,420	41,932	-	-	-	-

28. **Risk management policies** (continued)

Foreign currency risk

Foreign currency exposures arising from foreign currency denominated assets such as bonds, equities and money market instruments are managed and usually hedged through the use of financial derivatives such as currency swaps and forwards.

	SGD	USD	HKD	JPY	RMB	Others	Par	Unit Linked	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
2017									
Financial assets									
Investments at fair value through profit or loss	644,454	549,772	7,286	10,490	-	1,200	5,648,192	797,586	7,658,980
Available-for-sale financial assets	-	-	-	-	-	7,783	-	-	7,783
Reinsurers' share of insurance contract liabilities	393,835	-	-	-	-	-	2,651	-	396,486
Insurance receivables	82,319	3,575	-	-	-	73	8,059	612	94,638
Other receivables	36,403	3,103	57	33	-	17	29,681	6,436	75,730
Policy loans	3,828	-	-	-	-	-	43,397	14,357	61,582
Cash and cash equivalents	49,176	4,781	-	5	14,912	97	90,915	11,656	171,542
Financial liabilities									
Insurance contract liabilities	1,031,761	50,238	-	-	-	1,544	5,388,489	797,897	7,269,929
Insurance payables	169,340	952	-	-	-	13	256,198	7,602	434,105
Other payables	34,261	-	-	-	-	-	10,500	2,077	46,838

28. Risk management policies (continued)

Foreign currency risk (continued)

	SGD	USD	HKD	JPY	RMB	Others	Par	Unit Linked	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
2016									
Financial assets									
Investments at fair value through profit or loss	659,486	375,046	11,391	19,892	-	1,223	4,775,008	771,310	6,613,356
Available-for-sale financial assets	-	-	-	-	-	4,825	-	-	4,825
Reinsurers' share of insurance contract liabilities	367,104	-	-	-	-	-	-	-	367,104
Insurance receivables	72,205	1,932	-	-	6,498	51	4,322	541	85,549
Other receivables	14,572	3,034	78	14	-	15	29,008	3,149	49,870
Policy loans	3,965	-	-	-	-	-	45,549	13,819	63,333
Cash and cash equivalents	90,536	1,245	-	-	2,230	133	133,720	12,259	240,123
Financial liabilities									
Insurance contract liabilities	940,494	55,244	-	-	-	2,240	4,459,067	770,516	6,227,561
Insurance payables	159,251	442	-	-	-	7	255,993	6,515	422,208
Other payables	32,824	-	-	-	-	-	5,688	3,420	41,932

28. Risk management policies (continued)

Foreign currency risk (continued)

Sensitivities

	If USD/RMB/JPY/HKD strengthens by 10% against SGD				If USD/RMB/JPY/HKD weakens by 10% against SGD			
	Impact on profit or loss				Impact on profit or loss			
	USD	RMB	HKD	JPY	USD	RMB	HKD	JPY
2017	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Financial assets								
Investments at fair value through profit or loss (net of foreign exchange hedges)	-	-	-	-	-	-	-	-
Reinsurers' share of insurance contract liabilities	-	-	-	-	-	-	-	-
Insurance receivables	358	-	-	-	(358)	-	-	-
Other receivables	310	-	6	3	(310)	-	(6)	(3)
Policy loans	-	-	-	-	-	-	-	-
Cash and cash equivalents	478	1,491	-	1	(478)	(1,491)	-	(1)
Financial liabilities								
Insurance contract liabilities	(4,170)	-	-	-	4,170	-	-	-
Insurance payables	(95)	-	-	-	95	-	-	-
Other payables	-	-	-	-	-	-	-	-

28. Risk management policies (continued)

Foreign currency risk (continued)

Sensitivities (continued)

	If USD/RMB/JPY/HKD strengthens by 10% against SGD				If USD/RMB/JPY/HKD weakens by 10% against SGD			
	Impact on profit or loss				Impact on profit or loss			
	USD	RMB	HKD	JPY	USD	RMB	HKD	JPY
2016	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Financial assets								
Investments at fair value through profit or loss (net of foreign exchange hedges)	-	-	-	-	-	-	-	-
Reinsurers share of insurance contract liabilities	-	-	-	-	-	-	-	-
Insurance receivables	193	650	-	-	(193)	(650)	-	-
Other receivables	303	-	8	1	(303)	-	(8)	(1)
Policy loans	-	-	-	-	-	-	-	-
Cash and cash equivalents	125	223	-	-	(125)	(223)	-	-
Financial liabilities								
Insurance contract liabilities	(4,585)	-	-	-	4,585	-	-	-
Insurance payables	(44)	-	-	-	44	-	-	-
Other payables	-	-	-	-	-	-	-	-

28. Risk management policies (continued)

Equity price risk

Investments in equities are subject to considerations of risk adjusted returns, taking into account the risk requirements as prescribed by the Insurance (Valuation and Capital) Regulations 2004. The Company relies on external fund managers to monitor equity price risk.

					10% increase in the underlying equity price		10% decrease in the underlying equity price	
	Par	Unit linked	Others	Total	Impact on profit or loss	Impact on equity	Impact on profit or loss	Impact on equity
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
2017								
Financial assets								
Investments at fair value through profit or loss	2,805,810	789,264	189,152	3,784,226	18,915	-	(18,915)	-
2016								
Financial assets								
Investments at fair value through profit or loss	1,513,279	762,286	4,610	2,280,175	461	-	(461)	-

28. **Risk management policies** (continued)

Credit risk

Credit risk is the risk of loss as a result of the default of an issuer of debt securities or a counterparty failing to perform its contractual obligation. Exposure to credit risk arises primarily from investing activities and, to a lesser extent, derivative activities. Counterparty limits are imposed and monitored at fund level. At the reporting date, there was no significant concentration of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheet.

	Investment Grade (BBB and above)	Non Investment Grade (below BBB)	Not rated	Unit-linked	Total
	$'000	$'000	$'000	$'000	$'000
2017					
Investments at fair value through profit or loss	3,461,868	2,751	401,813	8,322	3,874,754
Derivative financial assets	74,354	-	-	91	74,445
Reinsurers' share of insurance contract liabilities	396,486	-	-	-	396,486
Insurance receivables	-	-	94,026	612	94,638
Other receivables	29,453	84	39,757	6,436	75,730
Cash and cash equivalents	159,886	-	-	11,656	171,542
2016					
Investments at fair value through profit or loss	3,960,294	4,071	359,792	9,024	4,333,181
Derivative financial assets	27,255	-	-	48	27,303
Reinsurers' share of insurance contract liabilities	367,104	-	-	-	367,104
Insurance receivables	-	-	85,008	541	85,549
Other receivables	33,530	39	13,152	3,149	49,870
Cash and cash equivalents	227,864	-	-	12,259	240,123

The maximum exposure to derivative financial assets is mitigated by the security collaterals held from counterparties as disclosed in Note 14. Information regarding financial assets that are either past due or impaired is disclosed in Note 16 (Loans and receivables).

28. Risk management policies (continued)

Liquidity risk

Liquidity risk is the risk where a company is unable to meet its obligations at reasonable cost or at any time. The Company manages this risk by monitoring daily and monthly projected and actual cash inflows and outflows and by ensuring that a reasonable amount of financial assets are kept in liquid instruments at all times.

The table below analyses the undiscounted contractual cash flows in relation to the financial liabilities of the Company into their relevant maturity based on the remaining period at the reporting date to their contractual maturity or expected repayment dates.

	Less than 1 year	1 to 5 years	More than 5 years	Unit-linked	Total
	$'000	$'000	$'000	$'000	$'000
2017					
Financial liabilities					
Insurance contract liabilities	652,324	1,661,754	4,157,954	797,897	7,269,929
Insurance payables	426,503	-	-	7,602	434,105
Derivative financial liabilities	15,345	11,397	790	3	27,535
Other payables	44,761	-	-	2,077	46,838
2016					
Financial liabilities					
Insurance contract liabilities	370,194	1,423,178	3,663,673	770,516	6,227,561
Insurance payables	415,693	-	-	6,515	422,208
Derivative financial liabilities	72,218	41,490	6,403	292	120,403
Other payables	38,512	-	-	3,420	41,932

28. **Risk management policies** (continued)

Insurance risks

The insurance risks that the Company faces are a result of the uncertainty surrounding the amounts and timing of future policyholder claims.

To the extent that the sums assured by the Company exceed the reserves set aside to meet future claims, there is a risk that claim payments will exceed the reserves held, potentially having a negative impact on the Company's financial statements.

To manage this risk, the Company includes margins of prudence in determining the amounts set aside to meet future claims to ensure that this will be sufficient to meet the Company's liabilities to its policyholders under a range of circumstances in accordance with MAS regulations. In addition, the Company continues to hold capital in excess of the minimum regulatory requirements.

The Company also manages its insurance risks through the use of underwriting and reinsurance. Underwriting is used to ensure that the premiums charged by the Company are commensurate with the insurance risk it is taking on, while reinsurance can be used to manage the amount and volatility of claims.

The Company has an established underwriting process and proper internal controls to assess the quality of incoming businesses. All sums assured above the treaty limits will be referred to the respective reinsurers for their opinion and final decision. In addition, each underwriter is assigned with an underwriting authority (both in terms of sums assured and additional mortality risk) according to his or her experience and job level.

The Company's insurance risks, based on geographical locations of life insurance premiums, are significantly limited to Singapore.

The Company has an active reinsurance strategy and work with reinsurers with excellent credit rating in managing its insurance risks. In the event of a failure of recovery of claims ceded to a reinsurer, the Company will still be liable for claims made by the Company's policyholders.

The Company is exposed to concentrations of risk with individual reinsurers due to the nature of the reinsurance market and the restricted range of reinsurers that have acceptable credit ratings. The Company operates a policy to manage its reinsurance counterparty exposures by limiting the reinsurers that may be used. Reinsurance exposures are aggregated with other exposures to ensure that the overall risk is within appetite. For the year ended 31 December 2017, 99% of the net reinsurance balances are due to 4 major reinsurers with credit ratings above A- (2016: 93% of the net reinsurance balances are due to 4 major reinsurers with credit ratings above A-).

29. Capital management

The primary objective of the Company's capital management is to safeguard the Company's ability to continue as a going concern and to ensure efficient management of capital that will optimise returns to shareholders in the context of the Company's risk appetite. The Company's risk appetite includes consideration of the interests of the Company's policyholders as well as management of the regulatory requirements of the Company.

The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions and the expected new business strain. The Company manages its capital position to maintain a balance between investment return, business growth and security for solvency. The Company actively involves the shareholders in this process.

In managing the Company's capital resources, a range of key capital metrics are managed and monitored regularly in accordance with the Company's risk appetite and statutory requirements. These include the Capital Adequacy Ratio ("CAR") of the Company and the Fund Solvency Ratios ("FSR") of the respective insurance funds operated by the Company. Regular reporting and assessment of the liquidity and solvency positions are carried out and tracked, as part of the Monthly Information (MI) report. To ensure continued solvency, the Company monitors the solvency position at least monthly and ensures the level of surplus is kept at an adequate level.

Solvency position is also monitored as part of the Company's internal forecasting process and annual stress test required by the regulator. The level of surplus is kept at an adequate level to support the expected new business growth and to withstand a range of possible adverse market scenarios. The Company has made no significant changes in its policies during the past year.

Capital resources the Company manages include the Company's net assets, excluding intangibles, deferred tax assets and any financial resource adjustment as prescribed by the MAS. In the case of the Participating Fund operated by the Company, capital resources include an allowance for future non-guaranteed benefits it expects to pay to its participating policyholders.

There were no changes in the Company's approach to capital management during the year.

The Company is in compliance with all externally imposed capital requirements during the year.

30. Interests in unconsolidated structured entities

Unconsolidated structured entities refer to structured entities that are not controlled by the Company. The Company has determined that all of its investments in other funds ("Investee Funds") are investments in unconsolidated structured entities.

The Company's transactions in these structured entities are for investment opportunities as well as to facilitate client transactions, whose objectives range from achieving medium to long term capital growth. The Investee Funds are managed by related asset managers and apply various investment strategies to accomplish their respective investment objectives.

The Company holds redeemable shares/units in each of its Investee Funds. There is a delegated team in the Company to perform due diligence of the underlying fund, its strategy and the overall quality of the underlying fund's manager before making investment decisions and introducing to policyholders, in the case of the investment-linked fund. All of the Investee Funds in the investment portfolio are managed by portfolio managers who are compensated by the respective Investee Funds for their services. Such compensation generally consists of an asset based fee and is reflected in the valuation of the Company's investment in each of the Investee Funds.

The Company's maximum exposure to loss from its interests in Investee funds is equal to the total fair value of its investments in investee funds, less policy liabilities, in the case of the investment-linked fund.

The Company does not provide financial or other support to any Investee Funds.

The following table summarises the carrying value of the assets recognised in the Company's financial statements relating to the interest in unconsolidated structured entities in the various insurance funds:

Investments at fair value through profit or loss	**2017** **$'000**	2016 $'000
Participating fund	**1,170,268**	271,266
Non-participating fund	**189,152**	4,609
Unit-linked	**789,264**	762,286
	2,148,684	1,038,161

31. Contingent liabilities

As at 31 December 2017, the Company had obligations to banks for bankers' guarantees issued by the banks to third parties as collateral for the lease of office premises of $848,163 (2016: $848,163), $250,000 (2016: $250,000) to the Ministry of Health for the Eldershield Scheme, and $580,083 (2016: $580,083) to the Ministry of Defence and Ministry of Home Affairs for the MINDEF and MHA Group Insurance Scheme.

32. Events occurring after balance sheet date

In January 2018, the Company informed its reinsurer of their intention to recapture the Financially Motivated Reinsurance arrangement entered into in 2013. As at the date of this report, the recapture process is ongoing and is expected to be completed before the end of June 2018.

On 8 March 2018, the Company injected additional capital of $3,000,000 in cash (for 3,000,000 shares) into its wholly owned subsidiary, Aviva Financial Advisers Pte Ltd.

33. Authorisation of financial statements

The financial statements for the financial year ended 31 December 2017 were authorised for issue in accordance with a resolution of the Board of Directors of Aviva Ltd on 20 March 2018.

AVIVA ASIA PTE LTD

(Incorporated in Singapore. Registration Number: 199900597Z)

UNAUDITED CONDENSED INTERIM FINANCIAL INFORMATION

For the financial period ended 30 June 2020

AVIVA ASIA PTE LTD
(Incorporated in Singapore)

UNAUDITED CONDENSED INTERIM FINANCIAL INFORMATION
For the financial period ended 30 June 2020

Contents

REPORT ON REVIEW OF CONDENSED INTERIM FINANCIAL INFORMATION TO THE DIRECTORS OF AVIVA ASIA PTE LTD

Introduction

We have reviewed the accompanying condensed interim financial information of Aviva Asia Pte Ltd ("the Company") comprising:

- the unaudited condensed interim statement of comprehensive income for the six-month period ended 30 June 2020;
- the unaudited condensed interim balance sheet as at 30 June 2020;
- the unaudited condensed interim statement of changes in equity for the period then ended;
- the unaudited condensed interim statement of cash flows for the period then ended; and
- the notes to the unaudited condensed interim financial information comprising of explanatory notes

Management is responsible for the preparation and presentation of this condensed interim financial information in accordance with Singapore Financial Reporting Standard 34 *Interim Financial Reporting.* Our responsibility is to express a conclusion on this condensed interim financial information based on our review.

Scope of Review

We conducted our review in accordance with Singapore Standard on Review Engagements 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity.* A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Singapore Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial information is not prepared, in all material respects, in accordance with Singapore Financial Reporting Standards 34 *Interim Financial Reporting.*

Other matter

The comparative information for the condensed interim statement of comprehensive income, condensed interim statement of changes in equity and condensed interim statement of cash flows and related explanatory notes, for the six-month period ended 30 June 2019 have not been audited or reviewed.

Restriction on distribution and use

Our report is provided in accordance with the terms of our engagement and for its inclusion in the Aviva Singapore Singlife Holdings Pte. Ltd.'s Offering Circular in connection with its Fixed Reset Subordinated Notes, and is not intended for any other purpose. We do not assume responsibility or liabilities to anyone other than Aviva Singapore Singlife Holdings Pte. Ltd. and Aviva Asia Pte Ltd for our work, for our report, or for the conclusions we have reached in our report.

Pric

Public Accountants and Chartered Accountants

Singapore, 13 November 2020

UNAUDITED CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME

For the financial period ended 30 June

	Notes	2020 $'000	2019 $'000
Revenue			
Service income		**20,669**	29,854
Other income		**421**	257
Other gains			
Exchange gains		**25**	133
Expenses			
Staff costs	3	**(18,269)**	(24,851)
Depreciation of property and equipment		**(2,723)**	(2,203)
Amortisation of intangible assets		**(471)**	(372)
Management expenses		**(1,084)**	(962)
Interest expense		**(77)**	(141)
Other operating expenses	4	**(14,406)**	(18,142)
Total expenses		**(37,030)**	(46,671)
Loss before income tax		**(15,915)**	(16,427)
Income tax expense		**-**	-
Loss after income tax		**(15,915)**	(16,427)
Other comprehensive (loss)/gain:			
Items that may be subsequently reclassified to profit or loss:			
Currency translation differences		**713**	368
Total comprehensive loss		**(15,202)**	(16,059)

The accompanying notes form an integral part of these financial information.

AVIVA ASIA PTE LTD

UNAUDITED CONDENSED INTERIM BALANCE SHEET
As at 30 June and 31 December

	30 Jun 2020 $'000	31 Dec 2019 $'000
Non-current assets		
Property and equipment	**9,152**	11,875
Intangible assets	**484**	955
	9,636	12,830
Current assets		
Trade and other receivables	**12,193**	7,745
Other assets	**721**	703
Cash and cash equivalents	**62,953**	79,086
	75,867	87,534
Current liabilities		
Trade and other payables	**53,237**	53,140
Lease liabilities	**2,221**	2,970
Tax payable	**663**	663
	56,121	56,773
Net current assets	**19,746**	30,761
Non-current liability		
Lease liabilities	**-**	872
Net assets	**29,382**	42,719
Share capital	**381,865**	381,865
Translation reserve	**301**	(412)
Share reserve	**1,865**	-
Accumulated losses	**(354,649)**	(338,734)
Total equity	**29,382**	42,719

The accompanying notes form an integral part of these financial information.

UNAUDITED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY

For the financial period ended 30 June

	Share capital $'000	Translation reserves $'000	Share reserves $'000	Accumulated losses $'000	Total equity $'000
2020					
As at 1 January 2020	381,865	(412)	-	(338,734)	42,719
Loss for the period	-	-	-	(15,915)	(15,915)
Currency translation differences	-	713	-	-	713
Increase in equity due to value of employee services	-	-	1,865	-	1,865
Transfer to share-based remuneration payables	-	-	-	-	-
Total comprehensive loss for the year	-	713	1,865	(15,915)	(13,337)
As at 30 June 2020	**381,865**	**301**	**1,865**	**(354,649)**	**29,382**
2019					
As at 1 January 2019	344,465	(730)	-	(313,097)	30,638
Loss for the period	-	-	-	(16,427)	(16,427)
Currency translation differences	-	368	-	-	368
Increase in equity due to value of employee services	-	-	1,968	-	1,968
Transfer to share-based remuneration payables	-	-	-	-	-
Total comprehensive loss for the year	-	368	1,968	(16,427)	(14,091)
Issuance of ordinary shares	37,400	-	-	-	37,400
As at 30 June 2019	381,865	(362)	1,968	(329,524)	53,947

The accompanying notes form an integral part of these financial information.

UNAUDITED CONDENSED INTERIM STATEMENT OF CASH FLOWS
For the financial period ended 30 June

	2020 **$'000**	2019 $'000
Cash flows from operating activities		
Loss after tax	**(15,915)**	(16,427)
Adjustments for:		
- Depreciation of property and equipment	**2,723**	2,203
- Amortisation of intangible assets	**471**	372
- Interest income	**(421)**	(257)
- Interest expense	**77**	141
- Shared-based payment expenses	**1,865**	1,968
	(11,200)	(12,000)
Change in working capital:		
- Trade and other receivables	**(4,448)**	1,187
- Other assets	**(18)**	(682)
- Trade and other payables	**792**	11,528
Cash used in operations	**(14,874)**	33
Interest received	**421**	257
Income tax paid	**-**	(510)
Net cash used in operating activities	**(14,453)**	(220)
Cash flows from investing activity		
Purchase of property and equipment	**-**	(2,355)
Net cash used in investing activity	**-**	(2,355)
Cash flows from financing activities		
Proceeds from issuance of ordinary shares	**-**	37,400
Principal repayment of lease liabilities	**(1,621)**	(1,387)
Interest paid on lease liabilities	**(77)**	(141)
Net cash (used in)/generated from financing activities	**(1,698)**	35,872
Net (decrease)/increase in cash and cash equivalents	**(16,151)**	33,297
Cash and cash equivalents at beginning of the year	**79,086**	61,137
Effects of currency translation	**18**	(14)
Cash and cash equivalents at end of the year	**62,953**	94,420

Reconciliation of liabilities arising from financing activities:

	1 January 2019 $'000	Principal and interest payments $'000	Non-cash changes: Addition – new leases $'000	Non-cash changes: Interest expense $'000	30 June 2019 $'000
Lease liabilities	5,821	(1,528)	993	141	5,427

	1 January 2020 $'000	Principal and interest payments $'000	Non-cash changes: Addition – new leases $'000	Non-cash changes: Interest expense $'000	30 June 2020 $'000
Lease liabilities	3,842	(1,698)	-	77	2,221

The accompanying notes form an integral part of these financial information.

These notes form an integral part of and should be read in conjunction with the accompanying financial information.

1. Corporate information

Aviva Asia Pte Ltd (the "Company") is a limited liability company incorporated and domiciled in Singapore. The Company's immediate holding company and ultimate holding company are Aviva Group Holdings Limited and Aviva plc respectively. Both the immediate holding company and ultimate holding company are incorporated in the United Kingdom.

The address of the Company's registered office is 6 Temasek Boulevard, #29-00 Suntec Tower Four, Singapore 038986, and the principal place of business is located at 4 Shenton Way, #26-01 SGX Centre 2, Singapore 068807.

The principal activity of the Company is to provide management services to related companies in Asia Pacific.

2. Basis of preparation and changes to Company's accounting policies

2.1 Basis of preparation

The unaudited condensed interim financial information have been prepared in accordance with Singapore Financial Reporting Standards ("FRS") 34 Interim Financial Reporting, and do not include all of the information and disclosures required in the annual financial statements. These unaudited condensed interim financial information are to be read in conjunction with the Company's financial statements for the year ended 31 December 2019.

The unaudited interim condensed financial information have been prepared in accordance with the historical cost convention, except as disclosed in the accounting policies set out in the Company's financial statement for the year ended 31 December 2019.

2.2 Functional and presentation currency

The unaudited condensed interim financial information are presented in Singapore Dollars ($) and all values are rounded to the nearest thousand ($'000) except when otherwise indicated.

2. Basis of preparation and changes to Company's accounting policies (continued)

2.3 Use of estimates and judgements

The preparation of these unaudited condensed interim financial information requires management to exercise its judgement in the process of applying the Company's accounting policies. It also requires the use of certain critical accounting estimates and assumptions. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

The significant judgements made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those described in the last annual financial statements.

2.4 Changes in accounting policies

The accounting policies are consistent with those of the previous financial period except for the adoption of new accounting policies as set out below.

2.4.1 Employee compensation – Termination benefits

Termination benefits are those benefits which are payable when employment is terminated before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits.

The Company recognises termination benefits at the earlier of the following dates: (a) when the Company can no longer withdraw the offer of those benefits; and (b) when the Company recognises costs for a restructuring that is within the scope of FRS 37 and involves the payment of termination benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to their present value.

3. Staff costs

	6 months 2020 $'000	6 months 2019 $'000
Wages, salaries and bonuses	**14,400**	21,117
Employer's contributions to defined contribution plan	**1,048**	1,194
Staff benefits	**1,570**	2,540
Termination benefits	**1,251**	-
	18,269	24,851

Include in the wages, salaries and bonuses above are the share-based payments paid to the employees amounted to $1,865,000 (2019: $1,968,000).

4. Other operating expenses

The following items have been included in other operating expenses:

	6 months 2020 $'000	6 months 2019 $'000
Travelling expenses	**94**	549
IT expenses	**10,635**	11,872
Consultancy costs	**1,518**	2,635
Management service expense	**1,538**	2,538
Utilities and maintenance expense	**98**	70
Marketing costs	**134**	151
Other expenses	**389**	327
	14,406	18,142

5. Related party disclosures

The following related party transactions took place between the Company and related parties during the financial year, on terms agreed by the parties concerned:

(a) <u>Significant transactions</u>	**6 months 2020 $'000**	6 months 2019 $'000
Reimbursement of costs from fellow subsidiaries	**20,669**	29,854
Insurance premiums paid to a fellow subsidiary	**266**	408

5. Related party disclosures (continued)

(b) Balances with related companies are unsecured, interest-free and are repayable on demand.

	6 months 2020 $'000	6 months 2019 $'000
(c) Compensation of key management personnel		
Short-term employee benefits	**2,403**	2,019
Share based payments	**1,454**	1,517
Total compensation paid to key management personnel	**3,857**	3,536

6. Subsequent event

(a) Sale of AAPL

On 11 September 2020, Aviva plc announced the sale of Aviva Ltd to a Singapore Life Ltd-led consortium. The transaction also includes the sale of the Company, including the key personnel, assets and vendor service agreements which are key to Aviva Ltd's on-going operations. Specific arrangements regarding what assets and liabilities will be retained in the Company upon transfer of ownership have yet to be decided and will be implemented prior to completion of the sale of Aviva Ltd and the Company which is expected to occur by January 2021.

(b) Redundancy exercise

Subsequent to the balance sheet date, the Company has carried out a redundancy exercise to reduce its headcount as a result of the sale. The termination benefits pertaining to these employees is estimated to be $2,891,000 and has not been recognised as a liability as at 30 June 2020. The termination benefits are expected to be paid out within one and a half year from the balance sheet date.

(c) Capital reduction exercise

On 28 October 2020, the Board of Aviva Asia Pte Ltd approved a special resolution to reduce the Company's capital from $381,864,000 (381,864,000 shares) to $100,000 (100,000 shares) by way of a transfer from share capital to accumulated losses. Accordingly, a publication for capital reduction has been lodged with ACRA on 29 October 2020. Assuming no objection is received during the publication period, management expects that the capital reduction will be effected in December 2020.

AVIVA ASIA PTE LTD

(Incorporated in Singapore. Registration Number: 199900597Z)

ANNUAL REPORT

For the financial year ended 31 December 2019

AVIVA ASIA PTE LTD
(Incorporated in Singapore)

ANNUAL REPORT
For the financial year ended 31 December 2019

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DIRECTORS' STATEMENT

For the financial year ended 31 December 2019

The directors present their statement to the member together with the audited financial statements for the financial year ended 31 December 2019.

In the opinion of the directors,

(i) the financial statements of the Company as set out on pages 6 to 40 are drawn up so as to give a true and fair view of the financial position of the Company as at 31 December 2019 and the financial performance, changes in equity and cash flows of the Company for the financial year covered by the financial statements, and

(ii) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

Directors

The directors in office at the date of this statement are as follows:

Christopher Brian Wei
Neil Harrison
Randy Lianggara

Sale of Aviva Asia Pte Ltd

On 11 September 2020, Aviva plc announced the sale of Aviva Singapore to a Singapore Life Ltd-led consortium. The transaction also includes the sale of Aviva Asia Pte Ltd ("AAPL"), including the key personnel, assets and vendor service agreements which are key to Aviva Singapore's on-going operations. Specific arrangements regarding what assets and liabilities will be retained in AAPL upon transfer of ownership have yet to be decided and will be implemented prior to completion of the sale of Aviva Singapore and AAPL which is expected to occur by January 2021.

Arrangements to enable directors to acquire shares and debentures

Certain directors are entitled to participate in bonus plans operated by the ultimate holding company, Aviva plc. Under these arrangements, participants may be awarded shares and/or options to acquire shares of Aviva plc.

Other than the above, neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose object was to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Directors' interests in shares or debentures

According to the register of directors' shareholdings, none of the directors holding office at the end of the financial year had any interest in the shares or debentures of the Company or its related companies, except as follows:

Name of director	**At 31.12.2019**	At 1.1.2019
Aviva plc		
(Ordinary shares of 25 pence each)		
Christopher Brian Wei	2,098,108	1,678,217
Neil Harrison	80,214	59,548
Randy Lianggara	231,067	253,536

Share options

There were no options granted during the financial year to subscribe for unissued shares of the Company. No shares have been issued during the financial year by virtue of the exercise of options to take up unissued shares of the Company. There were no unissued shares of the Company under option at the end of the financial year.

Independent auditor

The independent auditor, PricewaterhouseCoopers LLP has expressed its willingness to accept re-appointment.

On behalf of the directors,

Randy Lianggara

Randy Lianggara
Director

C
Director

24 September 2020

INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF AVIVA ASIA PTE LTD
For the financial year ended 31 December 2019

Report on the Audit of the Financial Statements

Our opinion

In our opinion, the accompanying financial statements of Aviva Asia Pte Ltd ("the Company") are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 ("the Act") and Financial Reporting Standards in Singapore ("FRSs") so as to give a true and fair view of the financial position of the Company as at 31 December 2019 and of the financial performance, changes in equity and cash flows of the Company for the year ended on that date.

What we have audited

The financial statements of the Company comprise:
- the statement of comprehensive income for the year ended 31 December 2019;
- the balance sheet as at 31 December 2019;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, including a summary of significant accounting policies.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the Accounting and Corporate Regulatory Authority Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code.

Other Information

Management is responsible for the other information. The other information comprises the Directors' Statement but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Directors for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and FRSs, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

PricewaterhouseCoopers LLP

P[illegible]ed Accountants
Singapore, 24 September 2020

AVIVA ASIA PTE LTD

STATEMENT OF COMPREHENSIVE INCOME
For the financial year ended 31 December 2019

	Notes	2019 $'000	2018 $'000
Revenue			
Reimbursement of costs	4	**54,069**	59,968
Other income	5	**1,021**	542
		55,090	60,510
Other gains			
Exchange gains		**715**	605
Gain on disposal of property and equipment		**-**	105
		715	710
Expenses			
Staff costs	6	**(45,477)**	(49,116)
Depreciation of property and equipment	9	**(4,735)**	(1,856)
Amortisation of intangible assets	10	**(842)**	(705)
Amortisation of club membership		**-**	(77)
Rental expense		**(2,164)**	(3,038)
Provision/write-back of impairment loss	11	**(13)**	38
Interest expense	9	**(257)**	-
Other operating expenses	8	**(28,333)**	(32,871)
Total expenses		**(81,821)**	(87,625)
Loss before income tax		**(26,016)**	(26,405)
Income tax credit/(expense)	7	**379**	(873)
Loss after income tax		**(25,637)**	(27,278)
Other comprehensive loss:			
Items that may be subsequently reclassified to profit or loss:			
Currency translation differences		**318**	(1,573)
Total comprehensive loss		**(25,319)**	(28,851)

The accompanying notes form an integral part of these financial statements.

BALANCE SHEET
As at 31 December 2019

	Notes	**2019** **$'000**	2018 $'000
Non-current assets			
Property and equipment	9	**11,875**	7,449
Intangible assets	10	**955**	1,469
		12,830	8,918
Current assets			
Trade and other receivables	11	**7,745**	15,559
Other assets		**703**	188
Cash and cash equivalents	12	**79,086**	61,137
		87,534	76,884
Current liabilities			
Trade and other payables	13	**53,140**	52,818
Lease liabilities		**2,970**	-
Tax payable	7	**663**	1,886
		56,773	54,704
Net current assets		**30,761**	22,180
Non-current liability			
Lease liabilities		**872**	-
Net assets		**42,719**	31,098
Share capital	14	**381,865**	344,465
Translation reserve		**(412)**	(730)
Accumulated losses		**(338,734)**	(312,637)
Total equity		**42,719**	31,098

The accompanying notes form an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
For the financial year ended 31 December 2019

	Notes	Share capital $'000	Translation reserves $'000	Share reserves $'000	Accumulated losses $'000	Total equity $'000
2019						
As at 31 December 2018		344,465	(730)	-	(312,637)	31,098
Adoption of FRS 116		-	-	-	(460)	(460)
As at 1 January 2019		344,465	(730)	-	(313,097)	30,638
Loss for the year		-	-	-	(25,637)	(25,637)
Currency translation differences		-	318	-	-	318
Increase in equity due to value of employee services	15	-	-	4,025	-	4,025
Transfer to share-based remuneration payables	15	-	-	(4,025)	-	(4,025)
Total comprehensive loss for the year		-	318	-	(25,637)	(25,319)
Issuance of ordinary shares	14	37,400	-	-	-	37,400
As at 31 December 2019		**381,865**	**(412)**	**-**	**(338,734)**	**42,719**
2018						
As at 31 December 2017		309,165	843	-	(285,359)	24,649
Adoption of FRS 109		-	-	-	-	-
Adoption of FRS 115		-	-	-	-	-
As at 1 January 2018		309,165	843	-	(285,359)	24,649
Loss for the year		-	-	-	(27,278)	(27,278)
Currency translation differences		-	(1,573)	-	-	(1,573)
Increase in equity due to value of employee services	15	-	-	2,558	-	2,558
Transfer to share-based remuneration payables	15	-	-	(2,558)	-	(2,558)
Total comprehensive loss for the year		-	(1,573)	-	(27,278)	(28,851)
Issuance of ordinary shares	14	35,300	-	-	-	35,300
As at 31 December 2018		344,465	(730)	-	(312,637)	31,098

The accompanying notes form an integral part of these financial statements.

AVIVA ASIA PTE LTD

STATEMENT OF CASH FLOWS
For the financial year ended 31 December 2019

	Note	**2019 $'000**	2018 $'000
Cash flows from operating activities			
Loss after tax		**(25,637)**	(27,278)
Adjustments for:			
- Depreciation of property and equipment	9	**4,735**	1,856
- Amortisation of intangible asset	10	**842**	705
- Gain on disposal of property and equipment		**-**	(105)
- Amortisation of club membership		**-**	77
- Provision/(write-back) of impairment loss	11	**13**	(38)
- Income tax (credit)/expense	7	**(379)**	873
- Interest income	5	**(1,021)**	(542)
- Interest expense	9	**257**	-
		(21,190)	(24,452)
Change in working capital:			
- Trade and other receivables		**7,801**	3,131
- Other assets		**(501)**	39
- Trade and other payables		**(307)**	4,904
Cash used in operations		**(13,583)**	(16,378)
Interest received	5	**1,021**	542
Income tax paid	7	**(844)**	(808)
Net cash used in operating activities		**(13,406)**	(16,644)
Cash flows from investing activity			
Purchase of property and equipment	9	**(2,871)**	(2,142)
Net cash used in investing activity		**(2,871)**	(2,142)
Cash flows from financing activities			
Proceeds from issuance of ordinary shares	14	**37,400**	35,300
Principal repayment of finance lease		**(2,907)**	-
Interest paid on finance lease		**(257)**	-
Net cash generated from financing activities		**34,236**	35,300
Net increase in cash and cash equivalents		**17,959**	16,514
Cash and cash equivalents at beginning of the year		**61,137**	44,576
Effects of currency translation		**(10)**	47
Cash and cash equivalents at end of the year	12	**79,086**	61,137

Reconciliation of liabilities arising from financing activities:

	1 January 2019 $'000	Principal and interest payments $'000	Non-cash changes: Addition – new leases $'000	Non-cash changes: Interest expense $'000	31 December 2019 $'000
Lease liabilities	5,821	(3,164)	928	257	3,824

The accompanying notes form an integral part of these financial statements.

1. Corporate information

Aviva Asia Pte Ltd (the “Company”) is a limited liability company incorporated and domiciled in Singapore. The Company’s immediate holding company and ultimate holding company are Aviva Group Holdings Limited and Aviva plc respectively. Both the immediate holding company and ultimate holding company are incorporated in the United Kingdom.

The address of the Company's registered office is 6 Temasek Boulevard, #29-00 Suntec Tower Four, Singapore 038986, and the principal place of business is located at 4 Shenton Way, #26-01 SGX Centre 2, Singapore 068807.

The principal activity of the Company is to provide management services to related companies in Asia Pacific. In July 2019, Aviva Asia Digital Pte Ltd (“AADPL”) transferred its operations into the Company, thereby the Company is retained as a single Asia service company.

2. Basis of preparation

The financial statements have been prepared in accordance with Singapore Financial Reporting Standards (“FRS”).

The financial statements are prepared in accordance with the historical cost convention, except as disclosed in the accounting policies below.

The financial statements are presented in Singapore Dollars ($), the functional currency of the Company and all values are rounded to the nearest thousand ($’000) except when otherwise indicated.

3. Significant accounting policies

The accounting policies have been consistently applied by the Company and are consistent with those used in the previous financial year, except as set out in Note 3.1 below.

3.1 Changes in accounting policies

On 1 January 2019, the Company adopted the new or amended FRS and Interpretations to FRS (“INT FRS”) that are mandatory for application for the financial year. Changes to the Company’s accounting policies have been made as required, in accordance with the transitional provisions in the respective FRS and INT FRS.

3. Significant accounting policies (continued)

3.1 Changes in accounting policies (continued)

The adoption of these new or amended FRS and INT FRS did not result in substantial changes to the Company's accounting policies and had no material effect on the amounts reported for the current or prior financial years except for the adoption of FRS 116 Leases:

Adoption of FRS 116 Leases

<u>When the Company is the lessee</u>

Prior to the adoption of FRS 116, non-cancellable operating lease payments were not recognised as liabilities in the balance sheet. These payments were recognised as rental expenses over the lease term on a straight-line basis.

The Company's accounting policy on leases after the adoption of FRS 116 is as disclosed in Note 3.15.

On initial application of FRS 116, the Company has elected to apply the following practical expedients:

i) For all contracts entered into before 1 January 2019 and that were previously identified as leases under FRS 17 *Lease*, the Company has not reassessed if such contracts contain leases under FRS 116; and
ii) On a lease-by-lease basis, the Company has:
   a) applied a single discount rate to a portfolio of leases with reasonably similar characteristics;
   b) relied on previous assessments on whether leases are onerous as an alternative to performing an impairment review;
   c) accounted for operating leases with a remaining lease term of less than 12 months as at 1 January 2019 as short-term leases;
   d) excluded initial direct costs in the measurement of the right-of-use ("ROU") asset at the date of initial application; and
   e) used hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

There were no onerous contracts as at 1 January 2019.

3. Significant accounting policies (continued)

3.1 Changes in accounting policies (continued)

When the *Company is the lessee (continued)*

For leases previously classified as operating leases on 1 January 2019, the Company has applied the following transition provisions:

(i) On a lease-by-lease basis, the Company chose to measure its ROU assets at a carrying amount as if FRS 116 had been applied since the commencement of the lease but discounted using the incremental borrowing rate at 1 January 2019.

(ii) Recognised its lease liabilities by discounting the remaining lease payments as at 1 January 2019 using the incremental borrowing rate for each portfolio of leases with reasonably similar characteristic.

(iii) The difference between the carrying amounts of the ROU assets and lease liabilities as at 1 January 2019 is adjusted directly to opening accumulated losses. The adjustment amount is $459,522. Comparative information is not restated.

An explanation of the differences between the operating lease commitments previously disclosed in the Company's financial statements as at 31 December 2018 and the lease liabilities recognised in the balance sheet as at 1 January 2019 are as follows:

	$'000
Operating lease commitment disclosed as at 31 December 2018	6,159
Less: Discounting effect using weighted average incremental borrowing rate of 5.25%	338
Lease liabilities recognised as at 1 January 2019	5,821

3.2 Critical accounting estimates, assumptions and judgements

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the end of each reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are described below.

3. Significant accounting policies (continued)

3.2 Critical accounting estimates, assumptions and judgements (continued)

Impairment of non-financial assets

The Company's non-financial assets consist of property and equipment, intangible assets, which are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired. Significant judgement is involved in determining whether there is any impairment to the assets (by comparing the recoverable amount that is determined based on the higher of the fair value less cost to sell and the value-in-use to the carrying amount of the assets). In making this judgement, the Company considers the expectations of market trend for the use of the technology, whether the technology is obsolete or reaching the end of technology adoption lifecycle and its impact on the continuing use of the assets.

Income taxes

The Company is a service company set up to provide management support to the Asian life insurance operations of Aviva. All costs incurred by the Company are recoverable from related companies as well as its immediate holding company. Therefore, the Company was taxed as an operational head quarter under the FSI-HQ incentive scheme based on 5% imputed profits on its rechargeable costs. However, in 2019, the Company's FSI-HQ incentive scheme was not renewed and that the Company's income tax is now calculated as a normal trading company.

Significant judgement is involved in determining the provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax in the period in which such determination is made.

3.3 Currency translation

Transactions in a currency other than the functional currency ("foreign currency") are translated to the functional currency using exchange rates at the dates of transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to Singapore Dollars at the exchange rates at that date. Currency translation differences resulting from the settlement of such transactions and the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the reporting date are recognised in profit or loss. Currency translation differences arising from the translation of foreign operation of the Company shall be recognised initially in other comprehensive income and reclassified from equity to profit or loss upon the disposal of the foreign operation.

3. **Significant accounting policies** (continued)

3.3 **Currency translation** (continued)

Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rates as at the date of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair values were determined.

3.4 Financial assets

The Company classifies its financial assets into the following measurement categories:

- Amortised cost;
- Fair value through other comprehensive income (FVOCI); and
- Fair value through profit or loss (FVPL).

The classification of debt instruments depends on the Company's business model for managing the financial assets as well as the contractual terms of the cash flows of the financial assets.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

The Company reclassifies debt instruments when and only when its business model for managing those assets changes.

The Company classifies its financial assets in the category of amortised cost.

(i) *<u>At initial recognition</u>*

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial assets.

(ii) *<u>At subsequent measurement</u>*

Debt instruments of the Company mainly comprise of trade and other receivables.

There are three prescribed subsequent measurement categories, depending on the Company's business model in managing the assets and the cash flow characteristic of the assets. The Company managed these group of financial assets by collecting the contractual cash flow and these cash flows represents solely payment of principal and interest. Accordingly, these group of financial assets are measured at amortised cost subsequent to initial recognition.

3. Significant accounting policies (continued)

3.4 Financial assets (continued)

(ii) *At subsequent measurement* (continued)

For trade receivable, the Company applied the simplified approach permitted by the FRS 109, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

For cash and cash equivalents and other receivables, the general 3-stage approach is applied. Credit loss allowance is based on 12-month expected credit loss if there is no significant increase in credit risk since initial recognition of the assets. If there is a significant increase in credit risk since initial recognition, lifetime expected credit loss will be calculated and recognised.

3.5 Property and equipment

All items of property and equipment are initially recorded at cost. Such cost includes the cost that are directly attributable to the acquisition of a qualifying property and equipment, and the estimated cost of dismantling and removing the items and restoring the site on which they are located when the Company has an obligation to remove the asset or restore the site. The cost of an item of property and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment. Subsequent to initial recognition, office equipment and furniture and fittings are measured at cost less accumulated depreciation and any accumulated impairment losses.

An item of property and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of the asset (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is included in profit or loss in the year the asset is derecognised.

Depreciation is provided on a straight line method over the their useful lives. Depreciation is recognised from the date that the property and equipment are installed and ready for use.

The estimated useful lives for the current and comparative years are as follows:

Computer equipment	:	3 – 5 years
Furniture and fittings	:	3 – 5 years
Motor vehicle	:	3 – 5 years
Leased building	:	1 – 3 years

3. Significant accounting policies (continued)

3.5 Property and equipment (continued)

The residual value, useful life and depreciation method are reviewed, and adjusted as appropriate, at each balance sheet date to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property and equipment. The effects of any revision are recognised in profit or loss when the changes arise.

Subsequent expenditure relating to property and equipment that has already been recognised is added to the carrying amount of the asset only when it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably. All other repair and maintenance expenses are recognised in profit or loss when incurred.

3.6 Cash and cash equivalents

Cash and cash equivalents comprise cash at banks and on hand, and fixed deposits. For the purposes of the statement of cash flows, cash and cash equivalents consist of cash on hand and fixed deposits in banks.

Cash and cash equivalents are carried at amortised cost in the balance sheet.

3.7 Intangible assets

Acquired computer software licences

Acquired computer software licences are initially capitalised at cost which includes the purchase price (net of any discounts and rebates) and other directly attributable costs of preparing the asset for its intended use. Direct expenditure including employee costs, which enhance or extend the performance of computer software beyond its specifications and which can be reliably measured, are added to the original cost of the software. Costs associated with maintaining the computer software are expensed off when incurred.

Computer software licences are subsequently carried at cost less accumulated amortisation and accumulated impairment losses. These costs are amortised to profit or loss using the straight-line method over their estimated useful lives of three years.

The amortisation period and amortisation method of intangible assets are reviewed at least at each balance sheet date. The effects of revision are recognised in profit or loss when the changes arise.

3. Significant accounting policies (continued)

3.8 Impairment of non-financial assets

The carrying amounts of the Company's non-financial assets (which includes intangible assets, property and equipment, and club membership) are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount (i.e. higher of the fair value less cost to sell and the value-in-use) is estimated.

An impairment loss is recognised if the carrying amount of an asset exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss.

In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of accumulated depreciation or amortisation, if no impairment loss had been recognised.

3.9 Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the Company prior to the end of financial year which are unpaid. They are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business, if longer). Otherwise, they are presented as non-current liabilities.

Other payables are initially recognised at fair value, and subsequently carried at amortised cost using the effective interest method.

3.10 Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of a past event, it is more likely than not that an outflow of economic resources will be required to settle the obligation and the amount of the obligation has been estimated reliably.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed.

3. Significant accounting policies (continued)

3.11 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new ordinary shares are deducted against the share capital account.

3.12 Revenue

Revenue is recognised when related companies obtains control of a good or service. Related companies obtain control when it has the ability to direct the use of and obtain the benefits from the good or service. The core principle of FRS 115 is that the Company recognises revenue to depict the transfer of promised goods or services to related companies in an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. The Company recognises revenue in accordance with that core principle by applying the following steps:

• Step 1: Identify the contract(s) with related companies
• Step 2: Identify the performance obligations in the contract
• Step 3: Determine the transaction price
• Step 4: Allocate the transaction price to the performance obligations in the contract
• Step 5: Recognise revenue when (or as) the Company satisfies a performance obligation

Under FRS 115, the Company's performance obligation for revenue pertains to the delivery of services to related companies. There is no variable consideration promised in the contract. Revenue will be recognised at a point in time when performance obligation is satisfied upon the delivery of services to related companies.

Interest income is recognised using the effective interest method.

3.13 Taxes

(i) Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance sheet date.

3. Significant accounting policies (continued)

3.13 Taxes (continued)

(i) Current income tax (continued)

Current income tax is recognised on the chargeable income for the year. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

(ii) Deferred tax

Deferred tax is provided using the liability method on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax assets and liabilities are measured using the tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled based on tax rates enacted or substantively enacted by the balance sheet date.

Deferred tax assets are recognised for all deductible temporary differences, carry-forward of unabsorbed capital allowances and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, carry-forward of unabsorbed capital allowances and unused tax losses can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

Current and deferred tax are recognised as income or expense in profit or loss, except to the extent that the tax arises from a business combination or a transaction which is recognised directly in equity.

Current tax and deferred tax are charged or credited directly to equity if the tax relates to items that are credited or charged, in the same or a different period, directly to equity.

Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists and the deferred income taxes relate to the same taxable entity and the same taxation authority.

3. Significant accounting policies (continued)

3.14 Employee benefits

Defined contribution plan

Defined contribution plans are post-employment benefit plans under which the Company pays fixed contributions into separate entities such as the Central Provident Fund ("CPF") on a mandatory, contractual or voluntary basis. The Company has no further payment obligations once the contributions have been paid. CPF contributions are recognised as an expense in profit or loss in the same period as the employment that gives rise to the contributions.

Employee leave entitlement

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the balance sheet date.

Shared-based payments

Employees of the Company are entitled to share-based payments under the 3 schemes described below. The cost of equity-settled transactions with employees is measured by reference to the fair value at the date which they are granted. The cost of equity-settled transaction is recognised, together with a corresponding increase in share reserves within equity, over the period in which the performance conditions (if any) are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ("vesting date").

The ultimate holding company charges the Company for the equity they provide to the Company's employees. There is a clear link between the recharge amount from the ultimate holding company and the share-based payment amount, therefore the Company offsets the recharge against the share reserves in the financial statements.

(i) Long-Term Incentive Plans ("LTIP")

The LTIP awards are Aviva plc share awards.

Of each grant, 50% of shares awarded are subject to a non-market based performance condition, with the rest being subject to a market based performance condition. The non-market based performance is measured in relation to the Return on Capital Employed ("ROCE").

3. Significant accounting policies (continued)

3.14 Employee benefits

<u>*Shared-based payments*</u> (continued)

(i) *Long-Term Incentive Plans (“LTIP”)* (continued)

The market-based performance is a Total Shareholder Return (“TSR”) performance condition. The TSR growth over a three-year performance period is ranked against a comparator group of 14 companies. 10% of shares subject to the TSR performance condition vest at median performance, 50% of these shares vest at the upper quintile and there is straight line vesting in between.

(ii) *Restricted Share Units*

This discretionary award is directed towards senior management group and high performing / high potential individuals amongst the level F (Head of Departments) population. The award vests after 3 years, not subject to any performance conditions, provided employees remain in the Company’s employment (and are not under notice of termination) throughout that period up to the point of vesting.

(iii) *Annual Bonus Plan*

Part of the bonus award for the Senior Management team will be made in deferred Aviva shares. These shares will vest in 3 equal tranches over 3 years and are not subject to any performance conditions.

3.15 Leases

<u>The accounting policy for leases before 1 January 2019 is as follows:</u>

Payments made under operating leases (net of any incentives received from the lessors) are recognised in profit or loss on a straight-line basis over the term of the lease.

<u>The accounting policy for leases from 1 January 2019 is as follows:</u>

When the Company is the lessee

At the inception of the contract, the Company assesses if the contract contains a lease. A contract contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Reassessment is only required when the terms and conditions of the contract are changed.

3. Significant accounting policies (continued)

3.15 Leases (continued)

The accounting policy for leases from 1 January 2019 is as follows: (continued)

- Right-of-use assets

  The Company recognises a right-of-use asset and lease liability at the date which the underlying asset is available for use. Right-of-use assets are measured at cost which comprises the initial measurement of lease liabilities adjusted for any lease payments made at or before the commencement date and lease incentive received. Any initial direct costs that would not have been incurred if the lease had not been obtained are added to the carrying amount of the right-of-use assets.

  The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

  Right-of-use assets are presented within "Property and equipment".

- Lease liabilities

  The initial measurement of lease liability is measured at the present value of the lease payments discounted using the implicit rate in the lease, if the rate can be readily determined. If that rate cannot be readily determined, the Company shall use its incremental borrowing rate.

  Lease payments include the following:

  - Fixed payment (including in-substance fixed payments), less any lease incentives receivables;
  - Variable lease payment that are based on an index or rate, initially measured using the index or rate as at the commencement date;
  - Amount expected to be payable under residual value guarantees
  - The exercise price of a purchase option if is reasonably certain to exercise the option; and
  - Payment of penalties for terminating the lease, if the lease term reflects the Company exercising that option.

3. Significant accounting policies (continued)

3.15 Leases (continued)

The accounting policy for leases from 1 January 2019 is as follows: (continued)

- Lease liabilities (continued)

  Lease liability is measured at amortised cost using the effective interest method. Lease liability shall be remeasured when:

  - There is a change in future lease payments arising from changes in an index or rate;
  - There is a change in the Company's assessment of whether it will exercise an extension option; or
  - There are modifications in the scope or the consideration of the lease that was not part of the original term.

  Lease liability is remeasured with a corresponding adjustment to the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

- Short term leases

  The Company has elected to not recognised right-of-use assets and lease liabilities for short-term leases that have lease terms of 12 months. Lease payments relating to these leases are expensed to profit or loss on a straight-line basis over the lease term.

3.16 Related parties

A related party is defined as follows:

(a) A person or a close member of that person's family is related to the Company if that person:

(i) Has control or joint control over the Company;
(ii) Has significant influence over the Company; or
(iii) Is a member of the key management personnel of the Company or of a parent of the Company.

3. Significant accounting policies (continued)

3.16 Related parties

(b) An entity is related to the Company if any of the following conditions applies:

(i) The entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others);
(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);
(iii) Both entities are joint ventures of the same third party;
(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity;
(v) The entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company. If the Company is itself such a plan, the sponsoring employers are also related to the Company;
(vi) The entity is controlled or jointly controlled by a person identified in (a);
(vii) A person identified in (a) (i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity);
(viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

4. Reimbursement of costs

	Point in time	Total
	$	$
2019		
Reimbursement of costs	**54,069**	**54,069**
2018		
Reimbursement of costs	59,968	59,968

The Company provides management services to its related companies in the region and charges the services based on the cost incurred with a mark-up. Revenue will be recognised at a point in time when performance obligation is satisfied upon the delivery of services to related companies.

5. Other income

	2019 **$'000**	2018 $'000
Interest income - fixed deposits	**1,021**	542

6. Staff costs

	2019 **$'000**	2018 $'000
Wages, salaries and bonuses	**40,191**	40,903
Employer's contributions to defined contribution plan	**2,630**	2,103
Staff benefits	**2,656**	6,110
	45,477	49,116

Include in the wages, salaries and bonuses above are the share-based payments paid to the employees.

7. Tax expense and tax payable

	2019 **$'000**	2018 $'000
Income tax (credit)/expense attributable to results is made up of:		
- current income tax provision	**-**	873
- overprovision in respect of prior year	**(379)**	-
	(379)	873

Despite operating losses in 2018, a tax charge arose for the Company because as a service company, the Company was taxed based on 5% imputed profits on its costs. In 2019, the Company's income tax is calculated as a normal trading company, instead of a shared service company.

7. **Tax expense and tax payable** (continued)

The tax on loss before tax differs from the theoretical amount that would arise using the Singapore standard rate of income tax as follows:

	2019	2018
	$'000	$'000
Loss before tax/ 5% imputed profits on total costs and expenses	**(25,637)**	4,381
Tax calculated at tax rate of 17% (2018: 17%)	**(4,358)**	745
Adjustments:		
- Tax incentive	**-**	(36)
- Taxable interest income	**-**	92
- Non-deductible expenses	**1,209**	-
- Tax losses not recognised	**3,149**	-
- Overprovision of tax in prior year	**(379)**	-
- Others	**-**	72
Tax (credit)/expense	**(379)**	873

Deferred income tax assets are recognised for tax losses and capital allowances carried forward to the extent that realisation of the related tax benefits through future taxable profits is probable. The Company has unrecognised tax losses of approximately $18,030,939 at the balance sheet date which can be brought forward and used to offset against future taxable income subject to meeting certain statutory requirements. The tax losses have no expiry date. No deferred tax asset was recognised in respect of this by management as there is uncertainty over future taxable income which the unutilised tax losses can be utilised against.

The carrying amount of the Company's tax payable as at 31 December 2019 was $663,000 (2018: $1,886,000).

	2019	2018
	$'000	$'000
Beginning of financial year	**1,886**	1,821
Income tax paid	**(844)**	(808)
Tax (credit)/expense	**(379)**	873
End of financial year	**663**	1,886

8. Other operating expenses

The following items have been included in other operating expenses:

	2019 **$'000**	2018 $'000
Travelling expenses	**1,173**	2,433
IT expenses	**20,414**	21,780
Consultancy costs	**3,918**	3,871
Recharges from related companies	**1,003**	3,277
Utilities and maintenance expense	**307**	101
Marketing costs	**660**	448
Other expenses	**858**	961
	28,333	32,871

9. Property and equipment

	Computers and equipment $'000	Furniture and fittings $'000	Motor vehicle $'000	Right-of-use assets	Work-in-progress $'000	Total $'000
Costs						
At 1 January 2018	8,432	2,853	397	-	565	12,247
Additions	180	9	105	-	1,953	2,247
Disposals	-	-	(397)	-	-	(397)
Reclassification from intangible assets	-	-	-	-	5,395	5,395
Reclassification	5,960	-	-	-	(5,960)	-
At 31 December 2018	14,572	2,862	105	-	1,953	19,492
Adoption of FRS 116 (Note 3.1)	-	-	-	12,209	-	12,209
Additions	2,871	-	-	928	-	3,799
Reclassification	1,953	-	-	-	(1,953)	-
At 31 December 2019	19,396	2,862	105	13,137	-	**35,500**
Accumulated depreciation						
At 1 January 2018	7,648	2,539	397	-	-	10,584
Charge for the year	1,647	190	19	-	-	1,856
Disposals	-	-	(397)	-	-	(397)
At 31 December 2018	9,295	2,729	19	-	-	12,043
Adoption of FRS 116 (Note 3.1)	-	-	-	6,847	-	6,847
Charge for the year	1,832	125	21	2,757	-	4,735
At 31 December 2019	11,127	2,854	40	9,604	-	**23,625**
Net book value:						
At 31 December 2018	5,277	133	86	-	1,953	7,449
At 31 December 2019	**8,269**	**8**	**65**	**3,533**	**-**	**11,875**

9. Property and equipment (continued)

The Company entered into leases for the tenancy of office, data center, IT equipment, storage space, residences, and for furniture rental for use within the residences. There are no externally imposed financial covenants on these lease agreements.

(a) *Carrying amounts*

Right-of-use ("ROU") assets classified within property and equipment

	31 December 2019 $'000	1 January 2019 $'000
Office, data center, IT equipment, storage space, residences rental leases	**3,533**	5,362

(b) *Depreciation charge during the year*

	2019 $'000
Office, data center, IT equipment, storage space, residences and furniture rental leases	2,757

(c) *Interest expense*

	2019 $'000
Interest expense on lease liabilities	257

(d) *Lease expense not capitalised in lease liabilities*

	2019 $'000
Short-term lease expense	50

(e) Total cash outflow for all the leases in 2019 was $3,164,000.

10. Intangible assets

	Computer Software $'000	Work-in-progress $'000	Total $'000
Costs			
At 1 January 2018	2,694	5,395	8,089
Reclassification to property and equipment	-	(5,395)	(5,395)
At 31 December 2018	2,694	-	2,694
Transferred from AADPL (Note 20)	706	-	706
At 31 December 2019	**3,400**	**-**	**3,400**
Accumulated amortisation			
At 1 January 2018	520	-	520
Charge for the year	705	-	705
At 31 December 2018	1,225	-	1,225
Transferred from AADPL (Note 20)	378	-	378
Charge for the year	842	-	842
At 31 December 2019	**2,445**	**-**	**2,445**
Net book value			
At 31 December 2018	1,469	-	1,469
At 31 December 2019	**955**	**-**	**955**

11. Trade and other receivables

	2019 $'000	2018 $'000
Current:		
Other receivables	**1,355**	5,354
Due from related companies	**6,403**	10,205
Less: Allowance for impairment	**(13)**	-
	7,745	15,559

	2019 $'000	2018 $'000
Movement in allowance accounts:		
At 1 January	**-**	(394)
Allowance made	**13**	-
Write-back	**-**	38
Write-off	**-**	356
At 31 December	**13**	-

12. Cash and cash equivalents

	2019	2018
	$'000	$'000
Fixed deposits	**65,000**	50,000
Cash at bank and on hand	**14,086**	11,137
	79,086	61,137

Fixed deposits are made for varying periods of between one week and six months and earn interests at the respective fixed deposits rates. The interest rate fixed deposits ranges from 1.2% to 1.97% (2018: 0.65% to 1.64%) per annum. Fixed deposits for longer than three months are classified as cash equivalents, as the deposits are held to meet short-term cash needs and there is no significant risk of a change in value as a result of an early withdrawal.

13. Trade and other payables

	2019	2018
	$'000	$'000
Due to related companies – trade	**4,312**	-
Due to related company – non trade	**12,531**	-
Accrued operating expenses	**21,557**	34,213
Accrued share-based remuneration	**14,740**	18,605
	53,140	52,818

14. Share capital

	2019		2018	
	No. of shares '000	**$'000**	No. of shares '000	$'000
Issued and fully paid:				
Balance at beginning of year	**344,465**	**344,465**	309,165	309,165
Issuance of ordinary shares	**37,400**	**37,400**	35,300	35,300
Balance at end of year	**381,865**	**381,865**	344,465	344,465

All issued ordinary shares carry one vote per share without restriction. The ordinary shares have no par value. The holders of ordinary shares are entitled to receive dividends as and when declared by the Company.

On 30 April 2018, the Company issued 35,300,000 ordinary shares for a cash consideration of $35,300,000. These new shares were fully subscribed by Aviva Group Holdings Limited. The newly issued ordinary shares rank pari passu in all respects with the previously issued ordinary shares.

14. Share capital (continued)

On 7 March 2019, the Company issued 37,400,000 ordinary shares for a consideration of $37,400,000 in cash. These new shares were fully subscribed by Aviva Group Holdings Limited. The newly issued ordinary shares rank pari passu in all respects with the previously issued ordinary shares.

15. Share based remuneration

Aviva Plc, the ultimate holding company operates a number of share-based remuneration schemes. A number of the employees of the Company are eligible to participate in these schemes. A description of the key features of each of the schemes is set out below:

(a) Long Term Incentive Plan ("LTIP")

The LTIP awards are Aviva plc share awards.

Of each grant, 50% of shares awarded are subject to a non-market based performance condition, with the rest being subject to a market based performance condition. The non-market based performance is measured in relation to the Return on Equity ("ROE").

The market-based performance is a Total Shareholder Return ("TSR") performance condition. The TSR growth over a three-year performance period is ranked against a comparator group of 14 companies. 10% of shares subject to the TSR performance condition vest at median performance, 50% of these shares vest at the upper quintile and there is straight line vesting in between.

(b) Annual Bonus Plan ("ABP")

Part of the bonus for the Senior Management team will be made in deferred Aviva shares. These shares will vest after 3 years and are not subject to any performance conditions.

The total share-based remuneration expenses charged to profit or loss was $4,025,000 (2018: $2,558,000).

(i) Outstanding awards

At 31 December 2019, awards issued under the incentive plans over ordinary shares of 25 pence each in Aviva Plc were outstanding as follows:

15. Share based remuneration (continued)

(i) *Outstanding awards* (continued)

Scheme	Number of shares	Vesting period
Aviva Long Term Incentive Plan	422,622	2020
	160,270	2021
	80,099	2022
Aviva Annual Bonus Plan	195,031	2020
	150,838	2021
	140,328	2022

At 31 December 2018, awards issued under the incentive plans over ordinary shares of 25 pence each in Aviva Plc were outstanding as follows:

Scheme	Number of shares	Vesting period
Aviva Long Term Incentive Plan	395,710	2019
	257,868	2020
	38,389	2021
Aviva Annual Bonus Plan	141,757	2019
	158,807	2020
	104,971	2021

(ii) *Fair value of share awards granted*

The weighted average fair values of awards granted during the year, estimated by using the Monte Carlo Simulation model, were £3.86 (2018: £4.84).

The fair value of the awards was estimated on the date of grant based on the following weighted average assumptions:

Weighted average assumption	**2019**	2018
Share price	**405p**	500p
Expected volatility	**23%**	25%
Expected volatility of comparator companies' share price	**23%**	25%
Correlation between Aviva and competitors' share price	**53%**	64%
Expected life	**2.77 years**	2.64 years
Expected dividend yield	**0.00%**	0.00%
Risk-free interest rate	**0.63%**	0.80%

15. Share based remuneration (continued)

(ii) Fair value of share awards granted (continued)

Movement in share-based remuneration reserves

	2019 **$'000**	2018 $'000
Beginning of financial year	**-**	-
Increase in equity due to value of employee services	**4,025**	2,558
Transfer to share-based remuneration payables	**(4,025)**	(2,558)
	-	-

16. Commitments and contingencies

Operating lease commitments

The Company has entered into leases for the tenancy of office, data center, IT equipment, storage space, residences, and for furniture rental for use within the residences. These leases have tenures of 1 to 8 years, with renewal option for most except furniture rental. The Company is restricted from subleasing the leased residences to third parties.

As at 31 December 2018, the future minimum lease payables under non-cancellable operating leases contracted for at the balance sheet date but not recognised as liabilities, are as follows:

	2018 $'000
Not later than one year	2,812
Between one and five years	3,347
	6,159

As disclosed in Note 3.1, the Company has adopted FRS 116 on 1 January 2019. These lease payments have been recognised as ROU assets and lease liabilities on the balance sheet as at 31 December 2019.

17. Related party disclosures

The following related party transactions took place between the Company and related parties during the financial year, on terms agreed by the parties concerned:

		2019	2018
(a)	Significant transactions	**$'000**	$'000
	Reimbursement of costs from related companies	**54,069**	59,968
	Insurance premiums paid to a related company	**(948)**	(785)

(b) Balances with related companies (Note 11) are unsecured, interest-free and are repayable on demand. The Company has recognised an expected credit loss of $13,000 in respect of balances with related companies during the year (2018: Nil).

		2019	2018
		$'000	$'000
(c)	Compensation of key management personnel		
	Short-term employee benefits	**4,038**	3,562
	Share based payments	**3,034**	1,710
	Total compensation paid to key management personnel	**7,072**	5,272

18. Financial risk management objectives and policies

The Company's principal financial instruments comprise cash and cash equivalents. The main purpose of these financial instruments is to finance the Company's operations. The Company has various other financial assets and liabilities such as other receivables and other payables, which arise directly from its operations.

The main risks arising from the Company's financial instruments are credit risk, liquidity risk, interest rate risk and foreign currency risk. The Company has policies for managing each of these risks and they are summarised below.

Credit risk

The Company principally derives its revenue by providing managerial and consultative support services to related regional entities. Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Company's exposure to credit risk arises from cash and cash equivalents and trade and other receivables. The maximum exposure to credit risk is limited to the amount on the balance sheet.

18. Financial risk management objectives and policies (continued)

Credit risk (continued)

The Company attempts to minimise its credit risk by monitoring the credit exposure and creditworthiness of these entities. As such, the Company is not exposed to material credit risk.

The Company has applied the simplified approach by using the provision matrix to measure the lifetime expected credit losses for trade receivables. To measure the expected credit losses, these receivables have been grouped based on shared credit risk characteristics and days past due. In calculating the expected credit loss rates, the Company considers historical loss rates for each category of customers, and adjusts for forward-looking macroeconomic data. The Company has recognised an expected credit loss of $13,000 as at 31 December 2019 (2018: Nil).

The Company held cash and cash equivalents with HSBC which is rated Aa2 (2018: Aa2) based on Moody's and Standard Chartered Bank which is rated A1 (2018: A1) and are considered to have low credit risk. The cash balances are measured on 12-months expected credit losses and subject to immaterial credit loss

The Company uses the following categories of internal credit risk rating for financial assets which are subject to expected credit losses under the 3-stage general approach. These four categories reflect the respective credit risk and how the loss provision is determined for each of those categories.

Category of internal credit rating	Definition of category	Basis for recognition of expected credit losses
Performing	Borrower or issuer have a low risk of default and a strong capacity to meet contractual cash flows	12-month expected credit losses
Under-performing	Borrower or issuer for which there is a significant increase in credit risk; as significant in credit risk is presumed if interest and/or principal repayment are 30 days past due	Lifetime expected credit losses
Non-performing	Interest and/or principal payment are 90 days past due	Lifetime expected credit losses
Write-off	Interest and/or principal repayments are 120 days past due and there is no reasonable expectation of recovery	Asset is written off

18. Financial risk management objectives and policies (continued)

Credit risk (continued)

Receivables are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Company. The Company categorises a receivable for write off when a debtor fails to make contractual payment greater than 120 days past due based on historical collection trend. Where receivables have been written off, the Company continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognised in profit or loss.

The Company's credit risk exposure in relation to receivables from related parties as at 31 December 2019 and 31 December 2018 are assessed to be zero, except for the amounts which have been fully provided for.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Company manages the risk by holding sufficient funds as cash and cash equivalents.

The table below summaries the maturity profile of the Company's financial liabilities at the reporting date based on contractual undiscounted payments.

	2019 $'000			2018 $'000		
	One year or less	**More than one year**	**Total**	One year or less	More than one year	Total
Trade and other payables	**53,140**	**-**	**53,140**	52,818	-	52,818
Lease liabilities	**3,117**	**876**	**3,993**	-	-	-

Interest rate risks

The Company's assets and liabilities are mainly short-term in nature and non-interest bearing. As such, the Company is not exposed to material interest rate risks.

18. Financial risk management objectives and policies (continued)

Foreign currency risks

The table below sets out the Company's exposure to currency risk as at the balance sheet date. Included in the table are the Company's financial assets and financial liabilities at carrying amounts, categorised by currency.

	HKD $'000	GBP $'000	Total $'000
31 December 2019			
Financial Assets			
Cash and cash equivalents	538	-	538
Trade and other receivables	414	-	414
Total Financial Assets	952	-	952
Financial Liabilities			
Trade and other payables	1,421	14,740	16,161
Total Financial Liabilities	1,421	14,740	16,161
Net financial liabilities	**(469)**	**(14,740)**	**(15,209)**
31 December 2018			
Financial Assets			
Cash and cash equivalents	1,312	-	1,312
Trade and other receivables	230	-	230
Total Financial Assets	1,542	-	1,542
Financial Liabilities			
Trade and other payables	1,271	18,605	19,876
Total Financial Liabilities	1,271	18,605	19,876
Net financial assets/(liabilities)	271	(18,605)	(18,334)

A 5% strengthening of Singapore dollar against the following currencies at the reporting date would decrease/(increase) loss before tax by the amount shown below. The analysis assumes that all other variables remain constant.

	2019 $'000	2018 $'000
HKD	**23**	(14)
GBP	**737**	930

18. Financial risk management objectives and policies (continued)

Foreign currency risks (continued)

A 5% weakening of Singapore dollar against the above currencies would have had an equal but opposite effect to the amounts shown above, on the basis that all other variables remain constant.

19. Financial instruments

Fair values

The fair value of a financial instrument is the amount at which the instrument could be exchanged or settled between knowledgeable and willing parties in an arm's length transaction, other than in a forced or liquidation sale.

Financial instruments whose carrying amount approximates fair value

Management has determined that the carrying amounts of cash and short-term deposits, other receivables, other payables and amounts due from/to related companies based on their notional amounts, reasonably approximate their fair values because these are mostly short-term in nature. Fair value is determined at initial recognition and, for disclosure purposes, at each annual reporting date.

20. Assets transfer from AADPL

In November 2018, the board of the Company and AADPL approved a proposal to transfer the services provided by AADPL to the Company, thereby retaining the Company as a single service company in Asia. The immediate holding company of both AADPL & the Company is AGHL.

Effective 19 June 2019, following approvals from the Ministry of Manpower in Singapore regarding the transfer of employees, an asset transfer agreement was signed between AADPL and the Company. The asset transfer agreement facilitated the legal transfer of assets and liabilities in respect of the ongoing services to be transferred from AADPL to the Company. AAPL. No consideration was paid for the asset transfer.

Assets have been retained in AADPL to cover any residual tax liabilities and the minimum share capital requirements.

20. Assets transfer from AADPL (continued)

The carrying amounts of assets and liabilities transferred in from AADPL as at the date of transfer on 1 July 2019 were as follows:

	$'000
Intangible assets (Note 10)	328
Cash and cash equivalents	13,405
Other assets	14
Totals assets	13,747
Trade and other payables	12,140
Accruals	1,607
Totals liabilities	13,747
Carrying amounts of net assets transferred in	-

21. Capital management

The primary objective of the Company's capital management is to safeguard the Company's ability to continue as a going concern and to maintain healthy capital structure in order to support its business and maximise shareholder value.

The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the year ended 31 December 2019. The Company is not subject to any externally imposed capital requirements for the financial years ended 31 December 2019 and 2018.

22. New or revised accounting standards and interpretations

Below are the mandatory standards, amendments and interpretations to existing standards that have been published, and are relevant for the Company's accounting periods beginning on or after 1 January 2020 and which the Company has not early adopted. These standards are not expected to have a material impact on the Company in the current or future reporting periods and on foreseeable future transaction.

22. New or revised accounting standards and interpretations (continued)

Description	*Effective for annual periods beginning on or after*
Amendments to:	
Amendments to FRS 1 Presentation of financial statements and FRS 8 Accounting policies, changes in accounting estimates and errors (Definition of material)	*1 January 2020*
Amendments to references to the conceptual framework in FRS Standards	*1 January 2020*

23. Subsequent event

Subsequent to the outbreak of the Coronavirus Disease 2019 ("COVID-19 outbreak") in early 2020, a series of measures to curb the COVID-19 outbreak have been and continues to be implemented in countries where the Company operates. The Company is closely monitoring the development of the COVID-19 outbreak and its related impact on the Company's businesses. As at the date of these financial statements, the Company is not aware of any material impact on the financial statements arising from the COVID-19 outbreak.

24. Sale of AAPL

On 11 September 2020, Aviva plc announced the sale of Aviva Singapore to a Singapore Life Ltd-led consortium. The transaction also includes the sale of AAPL, including the key personnel, assets and vendor service agreements which are key to Aviva Singapore's on-going operations. Specific arrangements regarding what assets and liabilities will be retained in AAPL upon transfer of ownership have yet to be decided and will be implemented prior to completion of the sale of Aviva Singapore and AAPL which is expected to occur by January 2021.

25. Authorisation of financial statements

The financial statements for the year ended 31 December 2019 were authorised for issue in accordance with a resolution of the directors on 24 September 2020.

AVIVA ASIA PTE LTD

(Incorporated in Singapore. Registration Number: 199900597Z)

ANNUAL REPORT

For the financial year ended 31 December 2018

AVIVA ASIA PTE LTD
(Incorporated in Singapore)

ANNUAL REPORT
For the financial year ended 31 December 2018

Contents

DIRECTORS' STATEMENT
For the financial year ended 31 December 2018

The directors present their statement to the member together with the audited financial statements for the financial year ended 31 December 2018.

In the opinion of the directors,

(i) the financial statements of the Company as set out on pages 6 to 37 are drawn up so as to give a true and fair view of the financial position of the Company as at 31 December 2018 and the financial performance, changes in equity and cash flows of the Company for the financial year covered by the financial statements, and

(ii) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

Directors

The directors in office at the date of this statement are as follows:

Christopher Brian Wei
Neil Harrison
Randy Lianggara (appointed on 1 March 2018)

Arrangements to enable directors to acquire shares and debentures

Certain directors are entitled to participate in bonus plans operated by the ultimate holding company, Aviva plc. Under these arrangements, participants may be awarded shares and/or options to acquire shares of Aviva plc.

Other than the above, neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose object was to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Directors' interests in shares or debentures

According to the register of directors' shareholdings, none of the directors holding office at the end of the financial year had any interest in the shares or debentures of the Company or its related companies, except as follows:

Name of director	At 31.12.2018	At 1.1.2018
Aviva plc		
(Ordinary shares of 25 pence each)		
Christopher Brian Wei	**1,678,217**	1,223,168
Neil Harrison	**59,548**	40,137
Randy Lianggara	**253,536**	-

Share options

There were no options granted during the financial year to subscribe for unissued shares of the Company. No shares have been issued during the financial year by virtue of the exercise of options to take up unissued shares of the Company. There were no unissued shares of the Company under option at the end of the financial year.

Independent auditor

The independent auditor, PricewaterhouseCoopers LLP has expressed its willingness to accept re-appointment.

On behalf of the directors,

Randy Lianggara
Director

Christopher Brian Wei
Director

17 June 2019

Report on the Audit of the Financial Statements

Our opinion

In our opinion, the accompanying financial statements of Aviva Asia Pte Ltd ("the Company") are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 ("the Act") and Financial Reporting Standards in Singapore ("FRSs") so as to give a true and fair view of the financial position of the Company as at 31 December 2018 and of the financial performance, changes in equity and cash flows of the Company for the year ended on that date.

What we have audited

The financial statements of the Company comprise:
- the statement of comprehensive income for the year ended 31 December 2018;
- the balance sheet as at 31 December 2018;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, including a summary of significant accounting policies.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the Accounting and Corporate Regulatory Authority Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code.

Other Information

Management is responsible for the other information. The other information comprises the Directors' Statement but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Directors for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and FRSs, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

PricewaterhouseCoopers LLP

Public Accountants and Chartered Accountants
Singapore, 17 JUN 2019

AVIVA ASIA PTE LTD

STATEMENT OF COMPREHENSIVE INCOME
For the financial year ended 31 December 2018

	Notes	2018 $'000	2017 $'000
Revenue			
Reimbursement of costs	4	**59,968**	57,039
Other income	5	**542**	347
		60,510	57,386
Other gains/(losses)			
Exchange gains/(losses)		**605**	(2,149)
Gain on disposal of plant and equipment		**105**	35
		710	(2,114)
Expenses			
Staff costs	6	**(49,116)**	(56,744)
Depreciation of plant and equipment	9	**(1,856)**	(1,988)
Amortisation of intangible assets	10	**(705)**	(497)
Amortisation of club membership		**(77)**	(129)
Rental expense		**(3,038)**	(3,477)
Utilities and maintenance expense		**(101)**	(707)
Write-off of plant and equipment	9	**-**	(894)
Marketing costs		**(448)**	(637)
Write-back/(provision) of impairment loss	11	**38**	(394)
Other operating expenses	8	**(32,322)**	(31,096)
Total expenses		**(87,625)**	(96,563)
Loss before tax		**(26,405)**	(41,291)
Tax expense	7	**(873)**	(381)
Loss after tax		**(27,278)**	(41,672)
Other comprehensive loss:			
Items that may be subsequently reclassified to profit or loss:			
Currency translation differences		**(1,573)**	2,402
Total comprehensive loss		**(28,851)**	(39,270)

The accompanying notes form an integral part of these financial statements.

AVIVA ASIA PTE LTD

BALANCE SHEET
As at 31 December 2018

	Notes	2018 $'000	2017 $'000
Non-current assets			
Plant and equipment	9	**7,449**	1,663
Intangible assets	10	**1,469**	7,569
Club membership		**-**	77
		8,918	9,309
Current assets			
Trade and other receivables	11	**15,559**	19,958
Other assets		**188**	227
Cash and cash equivalents	12	**61,137**	44,576
		76,884	64,761
Current liabilities			
Other payables	13	**52,818**	47,600
Tax payable	7	**1,886**	1,821
		54,704	49,421
Net current assets		**22,180**	15,340
Net assets		**31,098**	24,649
Share capital	14	**344,465**	309,165
Translation reserve		**(730)**	843
Accumulated losses		**(312,637)**	(285,359)
Total equity		**31,098**	24,649

The accompanying notes form an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
For the financial year ended 31 December 2018

	Notes	Share capital $'000	Accumulated losses $'000	Translation reserves $'000	Share reserves $'000	Total equity $'000
2018						
As at 31 December 2017		309,165	(285,359)	843	-	24,649
Adoption of FRS 109		-	-	-	-	-
Adoption of FRS 115		-	-	-	-	-
As at 1 January 2018		309,165	(285,359)	843	-	24,649
Net loss for the year		-	(27,278)	-	-	(27,278)
Currency translation differences		-	-	(1,573)	-	(1,573)
Increase in equity due to value of employee services	15	-	-	-	2,558	2,558
Transfer to share-based remuneration payables	15	-	-	-	(2,558)	(2,558)
Total comprehensive loss for the year		-	(27,278)	(1,573)	-	(28,851)
Issuance of ordinary shares	14	35,300	-	-	-	35,300
As at 31 December 2018		**344,465**	**(312,637)**	**(730)**	**-**	**31,098**
2017						
As at 1 January 2017		259,165	(243,687)	(1,559)	-	13,919
Net loss for the year		-	(41,672)	-	-	(41,672)
Currency translation differences		-	-	2,402	-	2,402
Increase in equity due to value of employee services	15	-	-	-	5,851	5,851
Transfer to share-based remuneration payables	15	-	-	-	(5,851)	(5,851)
Total comprehensive loss for the year		-	(41,672)	2,402	-	(39,270)
Issuance of ordinary shares	14	50,000	-	-	-	50,000
As at 31 December 2017		309,165	(285,359)	843	-	24,649

The accompanying notes form an integral part of these financial statements.

STATEMENT OF CASH FLOWS
For the financial year ended 31 December 2018

	Note	2018 $'000	2017 $'000
Cash flows from operating activities			
Loss after tax		**(27,278)**	(41,672)
Adjustments for:			
- Depreciation of plant and equipment	9	**1,856**	1,988
- Amortisation of intangible asset	10	**705**	497
- Write-off of plant and equipment	9	**-**	894
- Gain on disposal of plant and equipment		**(105)**	(35)
- Amortisation of club membership		**77**	129
- (Write-back)/provision of impairment loss	11	**(38)**	394
- Income tax expense	7	**873**	381
- Interest income	5	**(542)**	(315)
		(24,452)	(37,739)
Change in working capital:			
- Trade and other receivables		**3,131**	7,064
- Other assets		**39**	110
- Other payables		**4,904**	10,853
Cash used in operations		**(16,378)**	(19,712)
Interest received	5	**542**	315
Income tax refund received		**-**	17
Income tax paid	7	**(808)**	(580)
Net cash used in operating activities		**(16,644)**	(19,960)
Cash flows from investing activities			
Disposal of plant and equipment	9	**-**	125
Purchase of plant and equipment	9	**(2,142)**	(1,311)
Purchase of intangible asset	10	**-**	(7,667)
Net cash used in investing activities		**(2,142)**	(8,853)
Cash flows from financing activities			
Proceeds from issuance of ordinary shares	**14**	**35,300**	50,000
Repayment of finance lease		**-**	(1,320)
Interest paid on finance lease		**-**	(55)
Net cash generated from financing activities		**35,300**	48,625
Net increase in cash and cash equivalents		**16,514**	19,812
Cash and cash equivalents at beginning of the year		**44,576**	24,676
Effects of currency translation		**47**	88
Cash and cash equivalents at end of the year	12	**61,137**	44,576

The accompanying notes form an integral part of these financial statements.

1. Corporate information

Aviva Asia Pte Ltd (the "Company") is a limited liability company incorporated and domiciled in Singapore. The Company's immediate holding company and ultimate holding company are Aviva Group Holdings Limited and Aviva plc respectively. Both the immediate holding company and ultimate holding company are incorporated in the United Kingdom.

The address of the Company's registered office is 6 Temasek Boulevard, #29-00 Suntec Tower Four, Singapore 038986, and the principal place of business is located at 4 Shenton Way, #26-01 SGX Centre 2, Singapore 068807.

The principal activity of the Company is to provide management services to related companies in Asia Pacific. There has been no change in the nature of this activity during the financial year.

2. Basis of preparation

The financial statements have been prepared in accordance with Singapore Financial Reporting Standards ("FRS").

The financial statements are prepared in accordance with the historical cost convention, except as disclosed in the accounting policies below.

The financial statements are presented in Singapore Dollars ($), the functional currency of the Company and all values are rounded to the nearest thousand ($'000) except when otherwise indicated.

3. Significant accounting policies

The accounting policies have been consistently applied by the Company and are consistent with those used in the previous financial year, except as set out in Note 3.1 below.

3.1 Changes in accounting policies

On 1 January 2018, the Company adopted the new or amended FRS and Interpretations to FRS ("INT FRS") that are mandatory for application for the financial year. Changes to the Company's accounting policies have been made as required, in accordance with the transitional provisions in the respective FRS and INT FRS.

3. Significant accounting policies (continued)

3.1 Changes in accounting policies (continued)

The adoption of these new or amended FRS and INT FRS did not result in substantial changes to the Company's accounting policies and had no material effect on the amounts reported for the current or prior financial years.

The following are the new or amended standards and interpretations that are effective for the year ended 31 December 2018:

- Adoption of FRS 109 *Financial Instruments*

  The Company has adopted the new standard using the modified retrospective approach from 1 January 2018, in line with the transition provision permitted under the standards. Comparative information for 2017 are not restated. The accounting policies for financial instruments under FRS 109 are disclosed in Note 3.4.

- Adoption of FRS 115 *Revenue from contracts with customers*

  The Company has adopted the new standard using the modified retrospective approach with the cumulative impact of the adoption recognised in the opening retained earnings at 1 January 2018. Comparative information for 2017 are not restated. The accounting policies for revenue from contracts with customers under FRS 115 are disclosed in Note 3.13.

3.2 Critical accounting estimates, assumptions and judgements

The preparation of the Company's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the end of each reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are described below.

3. Significant accounting policies (continued)

3.2 Critical accounting estimates, assumptions and judgements (continued)

Impairment of non-financial assets

The Company's non-financial assets consist of plant and equipment, intangible assets, which are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired. Significant judgement is involved in determining whether there is any impairment to the assets (by comparing the recoverable amount that is determined based on the higher of the fair value less cost to sell and the value-in-use to the carrying amount of the assets). In making this judgement, the Company considers the expectations of market trend for the use of the technology, whether the technology is obsolete or reaching the end of technology adoption lifecycle and its impact on the continuing use of the assets.

Income taxes

The Company is a service company set up to provide management support to the Asian life insurance operations of Aviva. All costs incurred by the Company are recoverable from related companies as well as its immediate holding company. Therefore, the Company is taxed as an operational head quarter under the FSI-HQ incentive scheme based on 5% imputed profits on its rechargeable costs

Significant judgement is involved in determining the provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax in the period in which such determination is made.

3.3 Currency translation

Transactions in a currency other than the functional currency ("foreign currency") are translated to the functional currency using exchange rates at the dates of transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to Singapore Dollars at the exchange rates at that date. Currency translation differences resulting from the settlement of such transactions and the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the reporting date are recognised in profit or loss. Currency translation differences arising from the translation of foreign operation of the Company shall be recognised initially in other comprehensive income and reclassified from equity to profit or loss upon the disposal of the foreign operation.

3. Significant accounting policies (continued)

3.3 Currency translation (continued)

Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rates as at the date of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair values were determined.

3.4 Financial assets

(a) The accounting for financial assets before 1 January 2018 under FRS 39 are as follows:

Loans and receivables

Cash and bank deposits
Trade and other receivables

Bank balances and trade and other receivables are initially recognised at fair values plus transaction costs and subsequently carried at amortised cost using the effective interest method, less accumulated impairment losses.

The Company assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired and recognises an allowance for impairment when such evidence exists. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy and default or significant delay in payments are objective evidence that these financial assets are impaired.

The carrying amount of these assets are reduced through the use of an impairment allowance account which is calculated as the difference between the carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

(b) The accounting for financial assets from 1 January 2018 under FRS 109 are as follows:

The Company classifies its financial assets into the following measurement categories:

- Amortised cost;
- Fair value through other comprehensive income (FVOCI); and
- Fair value through profit or loss (FVPL).

The classification of debt instruments depends on the Company's business model for managing the financial assets as well as the contractual terms of the cash flows of the financial assets.

3. Significant accounting policies (continued)

3.4 Financial assets (continued)

(b) The accounting for financial assets from 1 January 2018 under FRS 109 are as follows: (continued)

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

The Company reclassifies debt instruments when and only when its business model for managing those assets changes.

(i) At initial recognition

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial assets. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

(ii) At subsequent measurement

Debt instrument

Debt instruments of the Company mainly comprise of cash and bank deposits and trade and other receivables.

There are three prescribed subsequent measurement categories, depending on the Company's business model in managing the assets and the cash flow characteristic of the assets. The Company managed these group of financial assets by collecting the contractual cash flow and these cash flows represents solely payment of principal and interest. Accordingly, these group of financial assets are measured at amortised cost subsequent to initial recognition.

A gain or loss on a debt investment that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss when the asset is derecognised or impaired. Interest income from these financial assets are recognised using the effective interest rate method.

The Company assesses on forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost.

3. **Significant accounting policies** (continued)

3.4 **Financial assets** (continued)

(b) The accounting for financial assets from 1 January 2018 under FRS 109 are as follows: (continued)

(ii) *At subsequent measurement* (continued)

For trade receivable, the Company applied the simplified approach permitted by the FRS 109, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

For cash and bank deposits, the general 3-stage approach is applied. Credit loss allowance is based on 12-month expected credit loss if there is no significant increase in credit risk since initial recognition of the assets. If there is a significant increase in credit risk since initial recognition, lifetime expected credit loss will be calculated and recognised.

3.5 **Plant and equipment**

All items of plant and equipment are initially recorded at cost. Such cost includes the cost that are directly attributable to the acquisition of a qualifying plant and equipment, and the estimated cost of dismantling and removing the items and restoring the site on which they are located when the Company has an obligation to remove the asset or restore the site. The cost of an item of plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment. Subsequent to initial recognition, office equipment and furniture and fittings are measured at cost less accumulated depreciation and any accumulated impairment losses.

An item of plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of the asset (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is included in profit or loss in the year the asset is derecognised.

Depreciation is provided on a straight line method over the shorter of the lease term and their useful lives. Depreciation is recognised from the date that the plant and equipment are installed and ready for use.

The estimated useful lives for the current and comparative years are as follows:

Computer equipment	:	3 – 5 years
Furniture and fittings	:	3 – 5 years
Motor vehicle	:	3 – 5 years

3. Significant accounting policies (continued)

3.5 Plant and equipment (continued)

The residual value, useful life and depreciation method are reviewed, and adjusted as appropriate, at each balance sheet date to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of plant and equipment. The effects of any revision are recognised in profit or loss when the changes arise.

Subsequent expenditure relating to plant and equipment that has already been recognised is added to the carrying amount of the asset only when it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably. All other repair and maintenance expenses are recognised in profit or loss when incurred.

3.6 Cash and cash equivalents

Cash and cash equivalents comprise cash at banks and on hand, and fixed deposits. For the purposes of the statement of cash flows, cash and cash equivalents consist of cash on hand and short-term deposits in banks.

Cash and cash equivalents are carried at amortised cost in the balance sheet.

3.7 Intangible assets

Acquired computer software licences

Acquired computer software licences are initially capitalised at cost which includes the purchase price (net of any discounts and rebates) and other directly attributable costs of preparing the asset for its intended use. Direct expenditure including employee costs, which enhance or extend the performance of computer software beyond its specifications and which can be reliably measured, are added to the original cost of the software. Costs associated with maintaining the computer software are expensed off when incurred.

Computer software licences are subsequently carried at cost less accumulated amortisation and accumulated impairment losses. These costs are amortised to profit or loss using the straight-line method over their estimated useful lives of three years.

The amortisation period of intangible assets are reviewed at least at each balance sheet date. The effects of revision are recognised in profit or loss when the changes arise.

3. Significant accounting policies (continued)

3.8 Club membership

Club membership are initially recorded at cost which includes purchase price and other directly attributed cost. After initial recognition, the club membership are carried at cost less accumulated amortisation and accumulated impairment losses. These costs are amortised to profit or loss using the straight-line method over their estimated useful lives of three years.

3.9 Impairment of non-financial assets

The carrying amounts of the Company's non-financial assets (which includes intangible assets, plant and equipment, and club membership) are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount (i.e. higher of the fair value less cost to sell and the value-in-use) is estimated.

An impairment loss is recognised if the carrying amount of an asset exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss.

In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of accumulated depreciation or amortisation, if no impairment loss had been recognised.

3.10 Other payables

Other payables represent liabilities for goods and services provided to the Company prior to the end of financial year which are unpaid. They are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business, if longer). Otherwise, they are presented as non-current liabilities.

Other payables are initially recognised at fair value, and subsequently carried at amortised cost using the effective interest method.

3.11 Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of a past event, it is more likely than not that an outflow of economic resources will be required to settle the obligation and the amount of the obligation has been estimated reliably.

3. **Significant accounting policies** (continued)

3.11 Provisions (continued)

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed.

3.12 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new ordinary shares are deducted against the share capital account.

3.13 Revenue

Revenue is recognised when a related companies obtains control of a good or service. A related companies obtains control when it has the ability to direct the use of and obtain the benefits from the good or service. The core principle of FRS 115 is that the Company recognises revenue to depict the transfer of promised goods or services to related companies in an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. The Company recognises revenue in accordance with that core principle by applying the following steps:
• Step 1: Identify the contract(s) with a related companies
• Step 2: Identify the performance obligations in the contract
• Step 3: Determine the transaction price
• Step 4: Allocate the transaction price to the performance obligations in the contract
• Step 5: Recognise revenue when (or as) the Company satisfies a performance obligation

Under FRS 115, the Company's performance obligation for revenue pertains to the delivery of services to related companies. There is no variable consideration promised in the contract. Revenue will be recognised at a point in time when performance obligation is satisfied upon the delivery of services to related companies.

Interest income is recognised using the effective interest method.

3.14 Taxes

(i) Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance sheet date.

3. Significant accounting policies (continued)

3.14 Taxes (continued)

(i) Current income tax (continued)

Current income tax is recognised on the chargeable income for the year. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

(ii) Deferred tax

Deferred tax is provided using the liability method on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax assets and liabilities are measured using the tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled based on tax rates enacted or substantively enacted by the balance sheet date.

Deferred tax assets are recognised for all deductible temporary differences, carry-forward of unabsorbed capital allowances and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, carry-forward of unabsorbed capital allowances and unused tax losses can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

Current and deferred tax are recognised as income or expense in profit or loss, except to the extent that the tax arises from a business combination or a transaction which is recognised directly in equity.

Current tax and deferred tax are charged or credited directly to equity if the tax relates to items that are credited or charged, in the same or a different period, directly to equity.

Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists and the deferred income taxes relate to the same taxable entity and the same taxation authority.

3. Significant accounting policies (continued)

3.15 Employee benefits

Defined contribution plan

Defined contribution plans are post-employment benefit plans under which the Company pays fixed contributions into separate entities such as the Central Provident Fund ("CPF") on a mandatory, contractual or voluntary basis. The Company has no further payment obligations once the contributions have been paid. CPF contributions are recognised as an expense in profit or loss in the same period as the employment that gives rise to the contributions.

Employee leave entitlement

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the balance sheet date.

Shared-based payments

Employees of the Company are entitled to share-based payments under the 3 schemes described below. The cost of equity-settled transactions with employees is measured by reference to the fair value at the date which they are granted. The cost of equity-settled transaction is recognised, together with a corresponding increase in share reserves within equity, over the period in which the performance conditions (if any) are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ("vesting date").

The ultimate holding company charges the Company for the equity they provide to the Company's employees. There is a clear link between the recharge amount from the ultimate holding company and the share based payment amount, therefore the Company offsets the recharge against the share reserves in the financial statements.

(i) *Long-Term Incentive Plans ("LTIP")*

The LTIP awards are Aviva plc share awards

Of each grant, 50% of shares awarded are subject to a non-market based performance condition, with the rest being subject to a market based performance condition. The non-market based performance is measured in relation to the Return on Capital Employed ("ROCE").

3. **Significant accounting policies** (continued)

3.15 **Employee benefits** (continued)

Shared-based payments (continued)

(i) Long-Term Incentive Plans ("LTIP") (continued)

The market-based performance is a Total Shareholder Return ("TSR") performance condition. The TSR growth over a three-year performance period is ranked against a comparator group of 14 companies. 10% of shares subject to the TSR performance condition vest at median performance, 50% of these shares vest at the upper quintile and there is straight line vesting in between.

(ii) Restricted Share Units

This discretionary award is directed towards senior management group and high performing / high potential individuals amongst the level F (Head of Departments) population. The award vests after 3 years, not subject to any performance conditions, provided employees remain in the Company's employment (and are not under notice of termination) throughout that period up to the point of vesting.

(iii) Annual Bonus Plan

Part of the bonus award for the Senior Management team will be made in deferred Aviva shares. These shares will vest in 3 equal tranches over 3 years and are not subject to any performance conditions.

3.16 **Leases**

Leases where substantially all risks and rewards incidental to ownership are retained by the lessors are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessors) are recognised in profit or loss on a straight-line basis over the period of the lease.

3. Significant accounting policies (continued)

3.17 Related parties

A related party is defined as follows:

(a) A person or a close member of that person's family is related to the Company if that person:

(i) Has control or joint control over the Company;
(ii) Has significant influence over the Company; or
(iii) Is a member of the key management personnel of the Company or of a parent of the Company.

(b) An entity is related to the Company if any of the following conditions applies:

(i) The entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others);
(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);
(iii) Both entities are joint ventures of the same third party;
(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity;
(v) The entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company. If the Company is itself such a plan, the sponsoring employers are also related to the Company;
(vi) The entity is controlled or jointly controlled by a person identified in (a);
(vii) A person identified in (a) (i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity);
(viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

4. Reimbursement of costs

	Point in time	Total
	$	$
2018		
Reimbursement of costs	**59,968**	**59,968**
	59,968	**59,968**

	Point in time	Total
	$	$
2017		
Reimbursement of costs	57,039	57,039
	57,039	57,039

The Company provides management services to its related companies in the region and charges the services based on the cost incurred with a mark-up. Revenue will be recognised at a point in time when performance obligation is satisfied upon the delivery of services to related companies.

5. Other income

	2018	2017
	$'000	$'000
Interest income - fixed deposits	**542**	315
Other income	**-**	32
	542	347

6. Staff costs

	2018	2017
	$'000	$'000
Wages, salaries and bonuses	**40,903**	45,924
Employer's contributions to defined contribution plan	**2,103**	2,656
Staff benefits	**6,110**	8,164
	49,116	56,744

Include in the wages, salaries and bonuses above are the share based payments paid to the employees.

7. Tax expense and tax payable

	2018 **$'000**	2017 $'000
Income tax expense attributable to results is made up of:		
- current income tax provision	**873**	839
- overprovision in respect of prior year	**-**	(458)
	873	381

Despite operating losses, a tax charge arises for the Company because as a service company, the Company is taxed based on 5% imputed profits on its costs.

A reconciliation between the tax expense and the product of 5% imputed profits on the Company's total costs and expenses multiplied by the corporate tax rate of 17% (2017: 17%) for the years ended 31 December was as follows:

	2018 **$'000**	2017 $'000
5% imputed profits on total costs and expenses	**4,381**	4,934
Tax calculated at tax rate of 17% (2017: 17%)	**745**	839
Adjustments:		
Tax incentive	**(36)**	(41)
Overprovision of tax in prior year	**-**	(458)
Taxable interest income	**92**	54
Others	**72**	(13)
Tax expense	**873**	381

The carrying amount of the Company's tax payable as at 31 December 2018 was $1,886,000 (2017: $1,821,000).

	2018 **$'000**	2017 $'000
Beginning of financial year	**1,821**	2,003
Income tax refund	**-**	17
Income tax paid	**(808)**	(580)
Tax expense	**873**	839
Overprovision of tax in prior year	**-**	(458)
End of financial year	**1,886**	1,821

8. Other operating expenses

The following items have been included in other operating expenses:

	2018 $'000	2017 $'000
Travelling expenses	**2,433**	2,359
IT expenses	**21,780**	23,753
Consultancy costs	**3,871**	2,395
Recharges from related companies	**3,277**	753
Other expenses	**961**	1,836
	32,322	31,096

9. Plant and equipment

	Computers and equipment $'000	Furniture and fittings $'000	Motor vehicle $'000	Work-in-progress $'000	Total $'000
Costs					
At 1 January 2017	**7,925**	**4,749**	**698**	**-**	**13,372**
Additions	746	-	-	565	1,311
Disposals	(164)	(36)	(301)	-	(501)
Write-off	(75)	(1,860)	-	-	(1,935)
At 31 December 2017	**8,432**	**2,853**	**397**	**565**	**12,247**
Additions	180	9	105	1,953	2,247
Disposals	-	-	(397)	-	(397)
Reclassification from intangible assets	-	-	-	5,395	5,395
Reclassification	5,960	-	-	(5,960)	-
At 31 December 2018	**14,572**	**2,862**	**105**	**1,953**	**19,492**
Accumulated depreciation					
At 1 January 2017	**6,425**	**3,020**	**568**	**-**	**10,013**
Charge for the year	1,455	528	5	-	1,988
Disposals	(193)	(7)	(176)	-	(376)
Write-off	(39)	(1,002)	-	-	(1,041)
At 31 December 2017	**7,648**	**2,539**	**397**	**-**	**10,584**
Charge for the year	1,647	190	19	-	1,856
Disposals	-	-	(397)	-	(397)
At 31 December 2018	**9,295**	**2,729**	**19**	**-**	**12,043**
Net book value:					
At 31 December 2017	784	314	-	565	1,663
At 31 December 2018	5,277	133	86	1,953	7,449

10. Intangible assets

	Computer Software $'000	Work-in-progress $'000	Total $'000
Costs			
At 1 January 2017	**422**	**-**	**422**
Additions	2,272	5,395	7,667
At 31 December 2017	**2,694**	**5,395**	**8,089**
Reclassification to plant and equipment	-	(5,395)	(5,395)
At 31 December 2018	**2,694**	**-**	**2,694**
Accumulated amortisation			
At 1 January 2017	**23**	**-**	**23**
Charge for the year	497	-	497
At 31 December 2017	**520**	**-**	**520**
Charge for the year	705	-	705
At 31 December 2018	**1,225**	**-**	**1,225**
Net book value			
At 31 December 2017	2,174	5,395	7,569
At 31 December 2018	**1,469**	**-**	**1,469**

11. Trade and other receivables

	2018 $'000	2017 $'000
Current:		
Other receivables	**5,354**	4,788
Due from related companies	**10,205**	15,564
Less: Allowance for impairment	**-**	(394)
	15,559	19,958

	2018 $'000	2017 $'000
Movement in allowance accounts:		
At 1 January	**(394)**	-
Allowance made	**-**	(394)
Write-back	**38**	-
Write-off	**356**	-
At 31 December	**-**	(394)

12. Cash and cash equivalents

	2018 $'000	2017 $'000
Short-term deposits	**50,000**	30,000
Cash at bank and on hand	**11,137**	14,576
	61,137	44,576

Short-term deposits are made for varying periods of between one week and six months and earn interests at the respective short-term deposits rates. The interest rate of short-term deposits ranges from 0.65% to 1.64% (2017: 0.25% to 0.92%) per annum.

13. Other payables

	2018 $'000	2017 $'000
Current:		
Accrued operating expenses	**34,213**	31,553
Accrued share based remuneration	**18,605**	16,047
Total other payables	**52,818**	47,600

14. Share capital

	2018 No. of shares '000	2018 $'000	2017 No. of shares '000	2017 $'000
Issued and fully paid:				
Balance at beginning of year	**309,165**	**309,165**	259,165	259,165
Issuance of ordinary shares	**35,300**	**35,300**	50,000	50,000
Balance at end of year	**344,465**	**344,465**	309,165	309,165

All issued ordinary shares carry one vote per share without restriction. The ordinary shares have no par value. The holders of ordinary shares are entitled to receive dividends as and when declared by the Company.

On 30 April 2018, the Company issued 35,300,000 ordinary shares for a cash consideration of $35,300,000. These new shares were fully subscribed by Aviva Group Holdings Limited. The newly issued ordinary shares rank pari passu in all respects with the previously issued ordinary shares.

15. Share based remuneration

Aviva Plc, the ultimate holding company operates a number of share based remuneration schemes. A number of the employees of the Company are eligible to participate in these schemes. A description of the key features of each of the schemes is set out below:

(a) Long Term Incentive Plan (LTIP)

The LTIP awards are Aviva plc share awards.

Of each grant, 50% of shares awarded are subject to a non-market based performance condition, with the rest being subject to a market based performance condition. The non-market based performance is measured in relation to the Return on Equity (ROE).

The market-based performance is a Total Shareholder Return ("TSR") performance condition. The TSR growth over a three-year performance period is ranked against a comparator group of 14 companies. 10% of shares subject to the TSR performance condition vest at median performance, 50% of these shares vest at the upper quintile and there is straight line vesting in between.

(b) Annual Bonus Plan (ABP)

Part of the bonus for the Senior Management team will be made in deferred Aviva shares. These shares will vest after 3 years and are not subject to any performance conditions.

The total share based remuneration expenses charged to profit or loss was $2,558,000 (2017: $5,851,000).

(i) Outstanding awards

At 31 December 2018, awards issued under the incentive plans over ordinary shares of 25 pence each in Aviva Plc were outstanding as follows:

Scheme	Number of shares	Vesting period
Aviva Long Term Incentive Plan	395,710	2019
	257,868	2020
	38,389	2021
Aviva Annual Bonus Plan	141,757	2019
	158,807	2020
	104,971	2021

15. Share based remuneration (continued)

(i) Outstanding awards (continued)

At 31 December 2017, awards issued under the incentive plans over ordinary shares of 25 pence each in Aviva Plc were outstanding as follows:

Scheme	Number of shares	Vesting period
Aviva Long Term Incentive Plan	291,657	2018
	263,420	2019
	40,919	2020
Aviva Annual Bonus Plan	108,476	2018
	108,367	2019
	114,466	2020

(ii) Fair value of share awards granted

The weighted average fair values of awards granted during the year, estimated by using the Monte Carlo Simulation model, were £4.84 (2017: £4.94).

The fair value of the awards was estimated on the date of grant based on the following weighted average assumptions:

Weighted average assumption	**2018**	2017
Share price	**500p**	523p
Expected volatility	**25%**	28%
Expected volatility of comparator companies' share price	**25%**	26%
Correlation between Aviva and competitors' share price	**64%**	59%
Expected life	**2.64 years**	2.76 years
Expected dividend yield	**0.00%**	0.00%
Risk-free interest rate	**0.80%**	0.59%

15. Share based remuneration (continued)

(ii) Fair value of share awards granted (continued)

Movement in share-based remuneration reserves

	2018 $'000	2017 $'000
Beginning of financial year	-	-
Increase in equity due to value of employee services	2,558	5,851
Transfer to share-based remuneration payables	(2,558)	(5,851)
	-	-

16. Commitments and contingencies

Operating lease commitments

The Company has entered into leases for the tenancy of office, data center, IT equipment, storage space, residences, and for furniture rental for use within the residences. These leases have tenures of 1 to 8 years, with renewal option for most except furniture rental. The Company is restricted from subleasing the leased residences to third parties.

The future minimum lease payables under non-cancellable operating leases contracted for at the balance sheet date but not recognised as liabilities, are as follows:

	2018 $'000	2017 $'000
Not later than one year	2,812	2,030
Between one and five years	3,347	3,854
	6,159	5,884

17. Related party disclosures

The following related party transactions took place between the Company and related parties during the financial year, on terms agreed by the parties concerned:

(a) Significant transactions	2018 $'000	2017 $'000
Reimbursement of costs from related companies	59,968	57,039
Insurance premiums paid to a related company	(785)	(701)

17. Related party disclosures (continued)

(b) Balances with related companies (Note 11) are unsecured, interest-free and are repayable on demand. There are no allowance for doubtful debts in respect of balances with related companies during the year (2017: $394,000).

		2018 $'000	2017 $'000
(c)	Compensation of key management personnel		
	Short-term employee benefits	3,562	2,573
	Share based payments	1,710	2,557
	Total compensation paid to key management personnel	5,272	5,130

18. Financial risk management objectives and policies

The Company's principal financial instruments comprise cash and short-term deposits. The main purpose of these financial instruments is to finance the Company's operations. The Company has various other financial assets and liabilities such as other receivables and other payables, which arise directly from its operations.

The main risks arising from the Company's financial instruments are credit risk, liquidity risk, interest rate risk and foreign currency risk. The Company has policies for managing each of these risks and they are summarised below.

Credit risk

The Company principally derives its revenue by providing managerial and consultative support services to related regional entities. Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Company's exposure to credit risk arises from cash and cash equivalents and trade and other receivables. The maximum exposure to credit risk is limited to the amount on the balance sheet.

The Company attempts to minimise its credit risk by monitoring the credit exposure and creditworthiness of these entities. As such, the Company is not exposed to material credit risk.

(i) Financial assets that are neither past due nor impaired

Cash and short-term deposits that are neither past due nor impaired are mainly deposits with banks which have high credit-ratings as determined by international credit-rating agencies. Other receivables and amount due from related companies that are neither past due nor impaired are substantially companies with good collection track records with the Company.

18. Financial risk management objectives and policies (continued)

Credit risk (continued)

(ii) Financial assets that are past due and/or impaired

There is no other class of financial assets that is past due and/or impaired except for amount due from related companies.

(iii) Financial assets that are past due but not impaired

There is no other class of financial assets that is past due and/or impaired except for amount due from related companies. Amount due from related companies that are past due but not impaired amount to $8,180,000 (2017: $1,445,000).

The Company has applied the simplified approach by using the provision matrix to measure the lifetime expected credit losses for trade and other receivables. To measure the expected credit losses, these receivables have been grouped based on shared credit risk characteristics and days past due. In calculating the expected credit loss rates, the Company considers historical loss rates for each category of customers, and adjusts for forward-looking macroeconomic data. There is no expected credit losses recognised as at 31 December 2018 (2017: Nil).

Cash and cash equivalent with banks are placed with or entered into with reputable financial institutions of investment grade ratings ranging from A to AA.

Amount due from related companies have no history of default. As at 1 January 2018 and 31 December 2018, management does not foresee any circumstances which will result in non-repayment of this balances.

The Company uses the following categories of internal credit risk rating for financial assets which are subject to expected credit losses under the 3-stage general approach. These four categories reflect the respective credit risk and how the loss provision is determined for each of those categories.

18. Financial risk management objectives and policies (continued)

Credit risk (continued)

Category of internal credit rating	Definition of category	Basis for recognition of expected credit losses
Performing	Borrower or issuer have a low risk of default and a strong capacity to meet contractual cash flows	12-month expected credit losses
Under-performing	Borrower or issuer for which there is a significant increase in credit risk; as significant in credit risk is presumed if interest and/or principal repayment are 30 days past due	Lifetime expected credit losses
Non-performing	Interest and/or principal payment are 90 days past due	Lifetime expected credit losses
Write-off	Interest and/or principal repayments are 120 days past due and there is no reasonable expectation of recovery	Asset is written off

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Company manages the risk by holding sufficient funds as cash and cash equivalents.

The table below summaries the maturity profile of the Company's financial liabilities at the reporting date based on contractual undiscounted payments.

	2018 $'000			2017 $'000		
	One year or less	**More than one year**	**Total**	One year or less	More than one year	Total
Other payables	52,818	-	52,818	47,600	-	47,600
	52,818	-	52,818	47,600	-	47,600

18. Financial risk management objectives and policies (continued)

Interest rate risks

The Company's assets and liabilities are mainly short-term in nature and non-interest bearing. As such, the Company is not exposed to material interest rate risks.

Foreign currency risks

The table below sets out the Company's exposure to currency risk as at the balance sheet date. Included in the table are the Company's financial assets and financial liabilities at carrying amounts, categorised by currency.

	HKD $'000	GBP $'000	Total $'000
31 December 2018			
Financial Assets			
Cash and cash equivalents	1,312	-	1,312
Trade and other receivables	230	-	230
Total Financial Assets	**1,542**	**-**	**1,542**
Financial Liabilities			
Other payables	1,271	18,605	19,876
Total Financial Liabilities	**1,271**	**18,605**	**19,876**
Net financial assets/(liabilities)	**271**	**(18,605)**	**(18,334)**
31 December 2017			
Financial Assets			
Cash and cash equivalents	1,158	-	1,158
Trade and other receivables	2,171	-	2,171
Total Financial Assets	**3,329**	**-**	**3,329**
Financial Liabilities			
Other payables	639	16,047	16,686
Total Financial Liabilities	**639**	**16,047**	**16,686**
Net financial assets/(liabilities)	**2,690**	**(16,047)**	**(13,357)**

A 5% strengthening of Singapore dollar against the following currencies at the reporting date would decrease/(increase) loss before tax by the amount shown below. The analysis assumes that all other variables remain constant.

	2018 **$'000**	2017 $'000
HKD	**(14)**	(135)
GBP	**930**	802

18. Financial risk management objectives and policies (continued)

Foreign currency risks (continued)

A 5% weakening of Singapore dollar against the above currencies would have had an equal but opposite effect to the amounts shown above, on the basis that all other variables remain constant.

19. Financial instruments

Fair values

The fair value of a financial instrument is the amount at which the instrument could be exchanged or settled between knowledgeable and willing parties in an arm's length transaction, other than in a forced or liquidation sale.

Financial instruments whose carrying amount approximates fair value

Management has determined that the carrying amounts of cash and short-term deposits, other receivables, other payables and amounts due from/to related companies based on their notional amounts, reasonably approximate their fair values because these are mostly short-term in nature. Fair value is determined at initial recognition and, for disclosure purposes, at each annual reporting date.

20. Capital management

The primary objective of the Company's capital management is to safeguard the Company's ability to continue as a going concern and to maintain healthy capital structure in order to support its business and maximise shareholder value.

The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the year ended 31 December 2018. The Company is not subject to any externally imposed capital requirements.

21. New or revised accounting standards and interpretations

Below are the mandatory standards, amendments and interpretations to existing standards that have been published, and are relevant for the Company's accounting periods beginning on or after 1 January 2019 and which the Company has not early adopted:

a) FRS 116 *Leases* (effective for annual periods beginning on or after 1 January 2019)

FRS 116 will result in almost all leases being recognised on the balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases. The accounting for lessors will not change significantly.

As at the reporting date, the Company has non-cancellable operating lease commitments of $6,159,000, see Note 16. Of these commitments, approximately $18,000 relate to short-term leases and $308,000 to low value leases which will both be recognised on a straight-line basis as expense in profit or loss.

For the remaining lease commitments, the Company expects to recognise right-of-use assets and lease liabilities of approximately $5,531,000 on 1 January 2019. Net current assets will be $2,525,000 lower due to the presentation of a portion of the liability as a current liability.

The Company expects that net loss before tax will increase by approximately $78,000 for 2019 as a result of adopting FRS 116. Operating cash flows will increase and financing cash flows decrease by approximately $2,447,000 as repayment of the principal portion of the lease liabilities will be classified as cash flows from financing activities.

b) INT FRS 123 *Uncertainty Over Income Tax Treatments* (effective for annual periods beginning on or after 1 January 2019)

The interpretation explains how to recognise and measure deferred and current income tax assets and liabilities where there is uncertainty over a tax treatment. In particular, it discusses:

i) how to determine the appropriate unit of account, and that each uncertain tax treatment should be considered separately or together as a group, depending on which approach better predicts the resolution of the uncertainty;

ii) that the entity should assume a tax authority will examine the uncertain tax treatments and have full knowledge of all related information, i.e. that detection risk should be ignored;

21. New or revised accounting standards and interpretations (continued)

b) INT FRS 123 *Uncertainty Over Income Tax Treatments* (effective for annual periods beginning on or after 1 January 2019) (continued)

iii) that the entity should reflect the effect of the uncertainty in its income tax accounting when it is not probable that the tax authorities will accept the treatment;

iv) that the impact of the uncertainty should be measured using either the most likely amount or the expected value method, depending on which method better predicts the resolution of the uncertainty; and

v) that the judgements and estimates made must be reassessed whenever circumstances have changed or there is new information that affects the judgements.

The Company does not expect additional tax liability to be recognised arising from the uncertain tax positions on the adoption of the interpretation on 1 January 2019.

22. Comparative information

Certain comparative figures have been reclassified to conform with current year's presentation.

23. Events occurring after balance sheet date

On 23 November 2018, the directors of the Company passed a resolution to approve the proposal of the combination of Aviva Asia Digital Pte. Ltd. ("AADPL") with the Company to form a single Asia service company in 2019. AADPL would transfer its assets over to the Company in 2019. This move would optimize intra-group services within the Asia Region.

On 7 March 2019, the Company issued 37,400,000 ordinary shares for a consideration of $37,400,000 in cash. These new shares were fully subscribed by Aviva Group Holdings Limited. The newly issued ordinary shares rank pari passu in all respects with the previously issued ordinary shares.

24. Authorisation of financial statements

The financial statements for the year ended 31 December 2018 were authorised for issue in accordance with a resolution of the directors on 17 JUN 2019

AVIVA ASIA PTE LTD

(Incorporated in Singapore. Registration Number: 199900597Z)

ANNUAL REPORT

For the financial year ended 31 December 2017

AVIVA ASIA PTE LTD
(Incorporated in Singapore)

ANNUAL REPORT
For the financial year ended 31 December 2017

Contents

DIRECTORS' STATEMENT
For the financial year ended 31 December 2017

The directors present their statement to the member together with the audited financial statements for the financial year ended 31 December 2017.

In the opinion of the directors,

(i) the financial statements of the Company as set out on pages 6 to 36 are drawn up so as to give a true and fair view of the financial position of the Company as at 31 December 2017 and the financial performance, changes in equity and cash flows of the Company for the financial year covered by the financial statements, and

(ii) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

Directors

The directors in office at the date of this statement are as follows:

Christopher Brian Wei
Neil Harrison
Randy Lianggara (appointed on 1 March 2018)
Kenneth Joseph Rappold Jr (resigned on 1 March 2018)

Arrangements to enable directors to acquire shares and debentures

Certain directors are entitled to participate in bonus plans operated by the Ultimate Holding Company, Aviva plc. Under these arrangements, participants may be awarded shares and/or options to acquire shares of Aviva plc.

Other than the above, neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose object was to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Directors' interests in shares or debentures

According to the register of directors' shareholdings, none of the directors holding office at the end of the financial year had any interest in the shares or debentures of the Company or its related corporations, except as follows:

Name of director	**At 31.12.2017**	At 1.1.2017
Aviva plc		
(Ordinary shares of 25 pence each)		
Christopher Brian Wei	**1,223,168**	1,104,277
Neil Harrison	**40,137**	33,167
Kenneth Joseph Rappold Jr	**147,424**	137,912

Share options

There were no options granted during the financial year to subscribe for unissued shares of the Company. No shares have been issued during the financial year by virtue of the exercise of options to take up unissued shares of the Company. There were no unissued shares of the Company under option at the end of the financial year.

Independent auditor

The independent auditor, PricewaterhouseCoopers LLP has expressed its willingness to accept re-appointment.

On behalf of the directors,

Randy Lianggara
Director

Neil Harrison
Director

25 June 2018

INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF AVIVA ASIA PTE LTD
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

Report on the Audit of the Financial Statements

Our opinion

In our opinion, the accompanying financial statements of Aviva Asia Pte Ltd ("the Company") are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 ("the Act") and Financial Reporting Standards in Singapore ("FRSs") so as to give a true and fair view of the financial position of the Company as at 31 December 2017 and of the financial performance, changes in equity and cash flows of the Company for the year ended on that date.

What we have audited

The financial statements of the Company comprise:
- the statement of comprehensive income for the year ended 31 December 2017;
- the balance sheet as at 31 December 2017;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, including a summary of significant accounting policies.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the Accounting and Corporate Regulatory Authority Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code.

Other Information

Management is responsible for the other information. The other information comprises the Directors' Statement but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Directors for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and FRSs, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

PricewaterhouseCoopers LLP
Public Accountants and Chartered Accountants
Singapore, 25 June 2018

AVIVA ASIA PTE LTD

STATEMENT OF COMPREHENSIVE INCOME
For the financial year ended 31 December 2017

	Notes	2017 $'000	2016 $'000
Revenue			
Reimbursement of costs	4	**57,039**	61,422
Other operating income	5	**347**	614
Other (losses)/gains			
Exchange (losses)/gains		**(2,149)**	910
Expenses			
Staff costs	6	**(56,744)**	(62,135)
Depreciation of plant and equipment	9	**(1,988)**	(3,163)
Amortisation of intangible assets	10	**(497)**	(23)
Amortisation of club membership		**(129)**	(131)
Rental expense		**(3,477)**	(4,005)
Utilities and maintenance expense		**(707)**	(1,341)
Write-off of plant and equipment	9	**(894)**	-
Marketing costs		**(637)**	(941)
Provision for impairment loss		**(394)**	-
Other operating expenses	8	**(31,061)**	(35,523)
Loss before tax		**(41,291)**	(44,316)
Tax expense	7	**(381)**	(928)
Loss after tax		**(41,672)**	(45,244)
Other comprehensive loss:			
Items that may be subsequently reclassified to profit or loss:			
Currency translation differences		**2,402**	(1,559)
Total comprehensive loss		**(39,270)**	(46,803)

The accompanying notes form an integral part of these financial statements.

AVIVA ASIA PTE LTD

BALANCE SHEET
As at 31 December 2017

	Notes	2017 $'000	2016 $'000
Non-current assets			
Plant and equipment	9	**1,663**	3,359
Intangible assets	10	**7,569**	399
Club memberships		**77**	206
		9,309	3,964
Current assets			
Other receivables	11	**19,958**	25,803
Other assets		**227**	337
Cash and cash equivalents	12	**44,576**	24,676
		64,761	50,816
Current liabilities			
Other payables	13	**47,600**	37,483
Finance lease payable	16	**-**	1,375
Tax payable	7	**1,821**	2,003
		49,421	40,861
Net current assets		**15,340**	9,955
Net assets		**24,649**	13,919
Share capital	14	**309,165**	259,165
Translation reserve		**843**	(1,559)
Accumulated losses		**(285,359)**	(243,687)
Total equity		**24,649**	13,919

The accompanying notes form an integral part of these financial statements.

AVIVA ASIA PTE LTD

STATEMENT OF CHANGES IN EQUITY
For the financial year ended 31 December 2017

	Notes	Share capital $'000	Accumulated losses $'000	Translation reserves $'000	Share reserves $'000	Total equity $'000
2017						
Beginning of financial year		259,165	(243,687)	(1,559)	-	13,919
Net loss for the year		-	(41,672)	-	-	(41,672)
Currency translation differences				2,402		2,402
Increase in equity due to value of employee services	15	-	-	-	5,851	5,851
Transfer to share-based remuneration payables	15	-	-	-	(5,851)	(5,851)
Total comprehensive loss for the year		-	(41,672)	2,402	-	(39,270)
Issuance of ordinary shares	14	50,000	-	-	-	50,000
End of financial year		**309,165**	**(285,359)**	**843**	**-**	**24,649**
2016						
Beginning of financial year		232,365	(198,443)	-	-	33,922
Net loss for the year		-	(45,244)	-	-	(45,244)
Currency translation differences				(1,559)		(1,559)
Increase in equity due to value of employee services	15	-	-	-	1,124	1,124
Transfer to share-based remuneration payables	15	-	-	-	(1,124)	(1,124)
Total comprehensive loss for the year		-	(45,244)	(1,559)	-	(46,803)
Issuance of ordinary shares	14	26,800	-	-	-	26,800
End of financial year		259,165	(243,687)	(1,559)	-	13,919

The accompanying notes form an integral part of these financial statements.

AVIVA ASIA PTE LTD

STATEMENT OF CASH FLOWS

For the financial year ended 31 December 2017

	Note	**2017 $'000**	2016 $'000
Cash flows from operating activities			
Loss after tax		**(41,672)**	(45,244)
Adjustments for:			
- Depreciation of plant and equipment	9	**1,988**	3,163
- Amortisation of intangible asset	10	**497**	23
- Write-off of plant and equipment	9	**894**	-
- (Gain)/loss on disposal of plant and equipment	8	**(35)**	56
- Amortisation of club membership		**129**	131
- Income tax expense		**381**	928
- Interest income	5	**(315)**	(298)
		(38,133)	(41,241)
Change in working capital:			
- Other receivables	11	**7,457**	(17,714)
- Other assets		**110**	548
- Other payables		**10,853**	6,527
Cash used in operations		**(19,713)**	(51,880)
Interest received		**315**	171
Income tax refund received		**17**	-
Income tax paid		**(580)**	(337)
Net cash used in operating activities		**(19,961)**	(52,046)
Cash flows from investing activities			
Disposal of plan and equipment	9	**126**	-
Purchase of plant and equipment	9	**(1,311)**	(1,231)
Purchase of intangible asset	10	**(7,667)**	(422)
Net cash used in investing activities		**(8,852)**	(1,653)
Cash flows from financing activities			
Proceeds from issuance of ordinary shares	14	**50,000**	26,800
Repayment of finance lease		**(1,320)**	(1,708)
Interest paid on finance lease		**(55)**	(125)
Net cash generated from financing activities		**48,625**	24,967
Net decrease in cash and cash equivalents		**19,812**	(28,732)
Cash and cash equivalents at beginning of the year		**24,676**	53,753
Effects of currency translation		**88**	(345)
Cash and cash equivalents at end of the year	12	**44,576**	24,676

The accompanying notes form an integral part of these financial statements.

1. Corporate information

Aviva Asia Pte Ltd (the "Company") is a limited liability company incorporated and domiciled in Singapore. The Company's immediate holding company and ultimate holding company are Aviva Group Holdings Limited and Aviva plc respectively. Both the immediate holding company and ultimate holding company are incorporated in the United Kingdom.

The address of the Company's registered office is 6 Temasek Boulevard, #29-00 Suntec Tower Four, Singapore 038986, and the principal place of business is located at 4 Shenton Way, #26-01 SGX Centre 2, Singapore 068807.

The principal activity of the Company is to provide management services to related corporations in Asia Pacific. There has been no change in the nature of this activity during the financial year.

2. Basis of preparation

2.1 Statement of compliance

The financial statements have been prepared in accordance with Singapore Financial Reporting Standards ("FRS").

The financial statements are prepared in accordance with the historical cost convention, except as disclosed in the accounting policies below.

2.2 Functional and presentation currency

The financial statements are presented in Singapore Dollars ($), the functional currency of the Company and all values are rounded to the nearest thousand ($'000) except when otherwise indicated.

3. Significant accounting policies

The accounting policies have been consistently applied by the Company and are consistent with those used in the previous financial year, except as set out in Note 3.1 below.

3.1 Changes in accounting policies

On 1 January 2017, the Company adopted the new or amended FRS and Interpretations to FRS ("INT FRS") that are mandatory for application for the financial year. Changes to the Company's accounting policies have been made as required, in accordance with the transitional provisions in the respective FRS and INT FRS.

3. **Significant accounting policies** (continued)

3.1 Changes in accounting policies

The adoption of these new or amended FRS and INT FRS did not result in substantial changes to the Company's accounting policies and had no material effect on the amounts reported for the current or prior financial years.

The following are the new or amended standards and interpretations that are effective for the year ended 31 December 2017:

Effective for annual periods beginning on or after 1 January 2017:

- Amendments to FRS 7 Statement of Cash Flows (Disclose initiative)

3.2 New or revised accounting standards and interpretations

Below are the mandatory standards, amendments and interpretations to existing standards that have been published, and are relevant for the Company's accounting periods beginning on or after 1 January 2018 and which the Company has not early adopted:

- FRS 109 *Financial instruments*
  (effective for annual periods beginning on or after 1 January 2018)

  FRS 109 replaces FRS 39 *Financial instruments: Recognition and Measurement* and its relevant interpretations.

  FRS 109 retains the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through Other Comprehensive Income ("OCI") and fair value through Profit or Loss. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with an irrevocable option at inception to present changes in fair value in OCI ("FVOCI"). Gains and losses realised on the sale of such financial assets at FVOCI are not transferred to profit or loss on sale but reclassified from the FVOCI reserve to retained earnings.

  Under FRS 109, there are no changes to the classification and measurement requirements for financial liabilities except for the recognition of fair value changes arising from changes in own credit risk. For liabilities designated at fair value through profit or loss, such changes are recognised in OCI.

3. **Significant accounting policies** (continued)

3.2 **New or revised accounting standards and interpretations** (continued)

- FRS 109 *Financial instruments*
(effective for annual periods beginning on or after 1 January 2018) (continued)

FRS 109 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. It requires an economic relationship between the hedged item and hedging instrument and for the 'hedged ratio' to be the same as the one management uses for risk management purposes.

There is also now a new expected credit losses impairment model that replaces the incurred loss impairment model used in FRS 39. It applies to financial assets classified at amortised cost, debt instruments measured at fair value through OCI, contract assets under FRS 115 *Revenue from Contracts with Customers*, lease receivables, loan commitments and certain financial guarantee contracts.

The new standard also introduces expanded disclosure requirements and changes in presentation.

(i) *Transition*

The Company plans to adopt the new standard retrospectively from 1 January 2018, in line with the transition provisions permitted under the standard. Comparatives for 2017 will not be restated and the Company will recognise any difference between the carrying amounts at 31 December 2017 and 1 January 2018 in the opening retained earnings.

(ii) *Impairment of financial assets*

Loan and receivables will be subject to the expected credit losses impairment model under FRS 109. As the Company has no history of uncollectible debts, the additional provisions for expected losses are expected to be minimal.

3. Significant accounting policies (continued)

3.2 New or revised accounting standards and interpretations (continued)

- FRS 115 Revenue from contracts with customers
  (effective for annual periods beginning on or after 1 January 2018)

  FRS 115 replaces FRS 11 *Construction contracts*, FRS 18 *Revenue*, and related interpretations.

  Revenue is recognised when a customer obtains control of a good or service. A customer obtains control when it has the ability to direct the use of and obtain the benefits from the good or service. The core principle of FRS 115 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. An entity recognises revenue in accordance with that core principle by applying the following steps:

  - Step 1: Identify the contract(s) with a customer
  - Step 2: Identify the performance obligations in the contract
  - Step 3: Determine the transaction price
  - Step 4: Allocate the transaction price to the performance obligations in the contract
  - Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

  FRS 115 also includes a cohesive set of disclosure requirements that will result in an entity providing users of financial statements with comprehensive information about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers. Either a full or modified retrospective application is required for annual periods beginning on or after 1 January 2018 with early adoption permitted.

  The Company does not expect any change to how revenue is recognised. The Company does not expect any other material impact upon adoption of the standard.

3. **Significant accounting policies** (continued)

3.2 **New or revised accounting standards and interpretations** (continued)

- FRS 116 Leases
  (effective for annual periods beginning on or after 1 January 2019)

  FRS 116 will result in almost all leases being recognised on the balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases. The accounting for lessors will not change significantly.

  Some of the Company's commitments may be covered by the exception for short-term and low-value leases and some commitments may relate to arrangements that will not qualify as leases under FRS 116.

  The new standard also introduces expanded disclosure requirements and changes in presentation.

  The Company has yet to determine to what extent the commitments as at 31 December 2017 will result in the recognition of an asset and a liability for future payments and how this will affect the Company's profit and classification of cash flows.

3.3 **Critical accounting estimates, assumptions and judgements**

The preparation of the Company's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the end of each reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are described below.

Impairment of non-financial assets and receivables

The Company's non-financial assets consist of plant and equipment, intangible assets and club memberships, which are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired.

3. Significant accounting policies (continued)

3.3 Critical accounting estimates, assumptions and judgements (continued)

Income taxes

The Company is a service company set up to provide management support to the Asian life insurance operations of Aviva. All costs incurred by the Company are recoverable from related companies as well as its holding company. Therefore, the Company is taxed as an operational head quarter under the FSI-HQ incentive scheme based on 5% imputed profits on its rechargeable costs.

Significant judgement is involved in determining the provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax in the period in which such determination is made.

3.4 Currency translation

Transactions in a currency other than the functional currency ("foreign currency") are translated to the functional currency using exchange rates at the dates of transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to Singapore Dollars at the exchange rates at that date. Currency translation differences resulting from the settlement of such transactions and the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the reporting date are recognised in profit or loss.

Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rates as at the date of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair values were determined.

3. Significant accounting policies (continued)

3.5 Financial assets

(a) Classification

The Company classifies its financial assets as loans and receivables.

Loans and receivables

Non-derivative financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. They are presented as current assets, except for those expected to be realised later than 12 months after the balance sheet date which are presented as non-current assets. Loans and receivables include cash and cash equivalents and other receivables.

(b) Recognition and derecognition

The Company determines the classification of its financial assets and liabilities at initial recognition and evaluates this designation at every reporting date.

Financial assets and liabilities are recognised on the balance sheet on the date at which they are originated or the trade date at which the Company becomes a party to the contractual provisions of the financial instrument.

A financial asset is derecognised when the contractual right to receive cash flows have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership of the assets. On disposal of the financial asset, the difference between the carrying amount and the sale proceeds is recognised in profit or loss. Any amount previously recognised in other comprehensive income relating to the asset is reclassified to profit or loss.

(c) Initial measurement

Financial assets are initially recognised at fair value plus transaction costs.

(d) Subsequent measurement

Loans and receivables are subsequently carried at amortised cost using the effective interest method.

3. Significant accounting policies (continued)

3.5 Financial assets (continued)

(e) Impairment

The Company assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired and recognises an allowance for impairment when such evidence exists.

(i) Loans and receivables

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy and default or significant delay in payments are objective evidence that these financial assets are impaired.

The carrying amount of these assets is reduced through the use of an impairment allowance account which is calculated as the difference between the carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. When the asset becomes uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are recognised against the same line item in profit or loss.

The impairment allowance is reduced through profit or loss in a subsequent period when the amount of impairment loss decreases and the related decrease can be objectively measured. The carrying amount of the asset previously impaired is increased to the extent that the new carrying amount does not exceed the amortised cost had no impairment been recognised in prior periods.

3. Significant accounting policies (continued)

3.6 Plant and equipment

All items of plant and equipment are initially recorded at cost. Such cost includes the cost that are directly attributable to the acquisition of a qualifying plant and equipment, and the estimated cost of dismantling and removing the items and restoring the site on which they are located when the Company has an obligation to remove the asset or restore the site. The cost of an item of plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment. Subsequent to initial recognition, office equipment and furniture and fittings are measured at cost less accumulated depreciation and any accumulated impairment losses.

An item of plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of the asset (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is included in profit or loss in the year the asset is derecognised.

Depreciation is provided on a straight line method over the shorter of the lease term and their useful lives. Depreciation is recognised from the date that the plant and equipment are installed and ready for use.

The estimated useful lives for the current and comparative years are as follows:

Computer equipment	:	3 years
Furniture and fittings	:	3 years
Motor vehicle	:	3 years

The residual value, useful life and depreciation method are reviewed, and adjusted as appropriate, at each balance sheet date to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of plant and equipment. The effects of any revision are recognised in profit or loss when the changes arise.

Subsequent expenditure relating to property, plant and equipment that has already been recognised is added to the carrying amount of the asset only when it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably. All other repair and maintenance expenses are recognised in profit or loss when incurred.

3. Significant accounting policies (continued)

3.7 Cash and cash equivalents

Cash and cash equivalents comprise cash at banks and on hand, and fixed deposits. For the purposes of the statement of cash flows, cash and cash equivalents consist of cash on hand and short-term deposits in banks.

Cash and cash equivalents are carried at amortised cost in the balance sheet.

3.8 Intangible assets

Acquired computer software licences

Acquired computer software licences are initially capitalised at cost which includes the purchase price (net of any discounts and rebates) and other directly attributable costs of preparing the asset for its intended use. Direct expenditure including employee costs, which enhance or extend the performance of computer software beyond its specifications and which can be reliably measured, are added to the original cost of the software. Costs associated with maintaining the computer software are expensed off when incurred.

Computer software licences are subsequently carried at cost less accumulated amortisation and accumulated impairment losses. These costs are amortised to profit or loss using the straight-line method over their estimated useful lives of three years.

The amortisation period of intangible assets are reviewed at least at each balance sheet date. The effects of revision are recognised in profit or loss when the changes arise.

3.9 Club memberships

Club memberships are initially recorded at cost which includes purchase price and other directly attributed cost. After initial recognition, the club memberships are carried at cost less any accumulated impairment losses.

3. Significant accounting policies (continued)

3.10 Impairment of non-financial assets

The carrying amounts of the Company's non-financial assets (which includes intangible assets, plant and equipment, and club memberships) are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount (i.e. higher of the fair value less cost to sell and the value-in-use) is estimated.

An impairment loss is recognised if the carrying amount of an asset exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss.

In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of accumulated depreciation or amortisation, if no impairment loss had been recognised.

3.11 Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the Company prior to the end of financial year which are unpaid. They are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). Otherwise, they are presented as non-current liabilities.

Trade and other payables are initially recognised at fair value, and subsequently carried at amortised cost using the effective interest method.

3.12 Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of a past event, it is more likely than not that an outflow of economic resources will be required to settle the obligation and the amount of the obligation has been estimated reliably.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed.

3. Significant accounting policies (continued)

3.13 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new ordinary shares are deducted against the share capital account.

3.14 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is made. Revenue is measured at the fair value of consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty. The Company assesses its revenue arrangements to determine if it is acting as principal or agent. The Company has concluded that it is acting as a principal in all of its revenue arrangements. The following specific recognition criteria must also be met before revenue is recognised:

Reimbursement of costs represents all actual expenses incurred on behalf of related companies at a mark-up on cost of agreed rate with the related parties and recognised as the relevant costs are incurred.

Interest income is recognised using the effective interest method.

3.15 Taxes

(i) Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance sheet date.

Current income tax is recognised on the chargeable income for the year. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

3. **Significant accounting policies** (continued)

3.15 **Taxes** (continued)

(ii) Deferred tax

Deferred tax is provided using the liability method on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax assets and liabilities are measured using the tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled based on tax rates enacted or substantively enacted by the balance sheet date.

Deferred tax assets are recognised for all deductible temporary differences, carry-forward of unabsorbed capital allowances and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, carry-forward of unabsorbed capital allowances and unused tax losses can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

Current and deferred tax are recognised as income or expense in profit or loss, except to the extent that the tax arises from a business combination or a transaction which is recognised directly in equity.

Current tax and deferred tax are charged or credited directly to equity if the tax relates to items that are credited or charged, in the same or a different period, directly to equity.

Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists and the deferred income taxes relate to the same taxable entity and the same taxation authority.

3.16 **Employee benefits**

Defined contribution plan

Defined contribution plans are post-employment benefit plans under which the Company pays fixed contributions into separate entities such as the Central Provident Fund ("CPF") on a mandatory, contractual or voluntary basis. The Company has no further payment obligations once the contributions have been paid. CPF contributions are recognised as an expense in profit or loss in the same period as the employment that gives rise to the contributions.

3. Significant accounting policies (continued)

3.16 Employee benefits (continued)

Defined benefit plan

The Company operates a non-contributory, defined benefit pension scheme that provides retirement benefits for certain employees. The cost of providing the benefit under the scheme is assessed using the projected unit credit method and is charged to profit or loss so as to spread the regular cost over the service lives of employees in accordance with the advice of the actuaries who carry out a full valuation of the scheme at no more than three-year intervals where the latest valuation was done on 31 January 2013.

Employee leave entitlement

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the balance sheet date.

3.17 Leases

(a) Operating lease

Leases where substantially all risks and rewards incidental to ownership are retained by the lessors are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessors) are recognised in profit or loss on a straight-line basis over the period of the lease.

(b) Finance lease

Leases where the Company assumes substantially all risks and rewards incidental to ownership of the leased assets are classified as finance leases.

The leased assets and the corresponding lease liabilities (net of finance charges) under finance leases are recognised on the balance sheet as plant and equipment and borrowings respectively, at the inception of the leases based on the lower of the fair value of the leased assets and the present value of the minimum lease payments.

Each lease payment is apportioned between the finance expense and the reduction of the outstanding lease liability. The finance expense is recognised in profit or loss on a basis that reflects a constant periodic rate of interest on the finance lease liability.

3. Significant accounting policies (continued)

3.18 Related parties

A related party is defined as follows:

(a) A person or a close member of that person's family is related to the Company if that person:

- (i) Has control or joint control over the Company;
- (ii) Has significant influence over the Company; or
- (iii) Is a member of the key management personnel of the Company or of a parent of the Company.

(b) An entity is related to the Company if any of the following conditions applies:

- (i) The entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others);
- (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);
- (iii) Both entities are joint ventures of the same third party;
- (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity;
- (v) The entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company. If the Company is itself such a plan, the sponsoring employers are also related to the Company;
- (vi) The entity is controlled or jointly controlled by a person identified in (a);
- (vii) A person identified in (a) (i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity);
- (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

4. Reimbursement of costs

These amounts relate to reimbursement of costs from related companies.

5. Other operating income

	2017 $'000	2016 $'000
Interest income - fixed deposits	315	298
Write-back of impairment	-	285
Other income	32	31
	347	614

6. Staff costs

	2017 $'000	2016 $'000
Wages, salaries and bonuses	45,924	50,196
Employer's contributions to defined contribution plan	2,656	2,814
Staff benefits	8,164	8,976
Define benefit expenses	-	149
	56,744	62,135

Include in the wages, salaries and bonuses above are the share based payments paid to the employees.

The Company operates a non-contributory, unfunded defined benefit pension scheme that provides retirement benefits for certain of its employees. As the defined benefit expenses and related assets and liabilities are not material to the total staff costs of the Company, additional disclosures of the defined benefit pension scheme are not shown.

7. Tax expense and tax payable

	2017 $'000	2016 $'000
Income tax expense attributable to results is made up of:		
- current income tax provision	839	928
- overprovision in respect of prior year	(458)	-
	381	928

7. Tax expense and tax payable (continued)

Despite operating losses, a tax charge arises for the Company because as a service company, the Company is taxed based on 5% imputed profits on its costs. The Company has been designated as an approved headquarters company under the Operational Headquarters ("OHQ") incentive scheme. The OHQ status granted by the Monetary Authority of Singapore was for an initial period of 10 years from 1 February 1999, and subsequently extended to 31 January 2017, and is currently under review for extension as at the date of this financial statements. With the OHQ status, qualifying income of the Company will be taxed at a concessionary rate of 10%.

A reconciliation between the tax expense and the product of 5% imputed profits on the Company's total costs and expenses multiplied by the corporate tax rate of 17% (2016: 17%) for the years ended 31 December was as follows:

	2017 $'000	2016 $'000
5% imputed profits on total costs and expenses	**4,934**	5,363
Tax calculated at tax rate of 17% (2016: 17%)	**839**	912
Adjustments:		
Concessionary tax rate for approved income	**-**	(386)
Tax incentive	**(41)**	(51)
Overprovision of tax in prior year	**(417)**	-
Others	**-**	453
Tax expense	**381**	928

The carrying amount of the Company's tax payable as at 31 December 2017 was $1,821,000 (2016: $2,003,000).

	2017 $'000	2016 $'000
Beginning of financial year	**2,003**	1,412
Income tax refund	**17**	-
Income tax paid	**(580)**	(337)
Tax expense	**839**	928
Overprovision of tax in prior year	**(458)**	-
End of financial year	**1,821**	2,003

8. Other operating expenses

The following items have been included in other operating expenses:

	2017 $'000	2016 $'000
Travelling expenses	**2,359**	4,239
IT expenses	**23,753**	23,553
Consultancy costs	**2,395**	5,022
(Gain)/loss on disposal of plant and equipment	**(35)**	56

9. Plant and equipment

	Computers and equipment $'000	Furniture and fittings $'000	Motor vehicle $'000	Work-in-progress $'000	Total $'000
Costs					
At 1 January 2016	7,695	4,089	397	-	12,181
Additions	302	660	301	-	1,263
Disposals	(72)	-	-	-	(72)
At 31 December 2016	7,925	4,749	698	-	13,372
Additions	746	-	-	565	1,311
Disposals	(164)	(36)	(301)	-	(501)
Write-off	(75)	(1,860)	-	-	(1,935)
At 31 December 2017	**8,432**	**2,853**	**397**	**565**	**12,247**
Accumulated depreciation				-	
At 1 January 2016	4,275	2,194	397	-	6,866
Charge for the year	2,166	826	171	-	3,163
Disposals	(16)	-	-	-	(16)
At 31 December 2016	6,425	3,020	568	-	10,013
Charge for the year	1,455	528	5	-	1,988
Disposals	(193)	(7)	(176)	-	(376)
Write-off	(39)	(1,002)	-	-	(1,041)
At 31 December 2017	**7,648**	**2,539**	**397**	**-**	**10,584**
Net book value:					
At 31 December 2016	1,500	1,729	130	-	3,359
At 31 December 2017	**784**	**314**	**-**	**565**	**1,663**

The carrying amount of equipment held under finance lease is nil (2016: $1,048,000) at the balance sheet date.

10. Intangible assets

	Computer Software $'000	Work-in-progress $'000	Total $'000
Costs			
At 1 January 2016	-	-	-
Additions	422	-	422
At 31 December 2016	422	-	422
Additions	2,272	5,395	7,667
At 31 December 2017	2,694	5,395	8,089
Accumulated amortisation			
At 1 January 2016	-	-	
Additions	23	-	23
At 31 December 2016	23	-	23
Charge for the year	497	-	497
At 31 December 2017	520	-	520
Net book value			
At 31 December 2016	399	-	399
At 31 December 2017	**2,174**	**5,395**	**7,569**

11. Other receivables

	2017 $'000	2016 $'000
Current:		
Other receivables	**4,788**	4,259
Due from related companies	**15,564**	21,544
Less: Allowance for impairment	**(394)**	-
	19,958	25,803

	2017 $'000	2016 $'000
Movement in allowance accounts:		
At 1 January	-	(285)
Allowance made	**(394)**	-
Write-back	-	285
At 31 December	**(394)**	-

12. Cash and cash equivalents

	2017 $'000	2016 $'000
Short term deposits	**30,000**	14,000
Cash at bank and on hand	**14,576**	10,676
	44,576	24,676

Short term deposits are made for varying periods of between one month and three months and earn interests at the respective short term deposits rates. The interest rate of short term deposits ranges from 0.25% to 0.92% (2016: 0.16% to 1.00%) per annum.

13. Other payables

	2017 $'000	2016 $'000
Current:		
Accrued operating expenses	**31,553**	27,287
Accrued share based remuneration	**16,047**	10,196
Total other payables	**47,600**	37,483

14. Share capital

	2017		2016	
	No. of shares '000	$'000	No. of shares '000	$'000
Issued and fully paid:				
Balance at beginning of year	**259,165**	**259,165**	232,365	232,365
Issuance of ordinary shares	**50,000**	**50,000**	26,800	26,800
Balance at end of year	**309,165**	**309,165**	259,165	259,165

All issued ordinary shares carry one vote per share without restriction. The ordinary shares have no par value. The holders of ordinary shares are entitled to receive dividends as and when declared by the Company.

On 8 February 2017 and 6 October 2017, the Company issued 38,100,000 ordinary shares and 11,900,000 ordinary shares for cash consideration of $38,100,000 and $11,900,000 respectively. These new shares were fully subscribed by Aviva Group Holdings Limited. The newly issued ordinary shares rank pari passu in all respects with the previously issued ordinary shares.

On 18 July 2016, the Company issued 26,800,000 ordinary shares for a cash consideration of $26,800,000. These new shares were fully subscribed by Aviva Group Holdings Limited. The newly issued ordinary shares rank pari passu in all respects with the previously issued ordinary shares.

15. Share based remuneration

Aviva Plc, the ultimate holding company operates a number of share based remuneration schemes. A number of the employees of the Company are eligible to participate in these schemes. A description of the key features of each of the schemes is set out below:

(a) *Long Term Incentive Plan ("LTIP")*

The LTIP awards are Aviva plc share awards.

Of each grant, 50% of shares awarded are subject to a non-market based performance condition, with the rest being subject to a market based performance condition. The non-market based performance is measured in relation to the Return on Equity ("ROE").

The market-based performance is a Total Shareholder Return ("TSR") performance condition. The TSR growth over a three-year performance period is ranked against a comparator of 14 companies. 10% of shares subject to the TSR performance condition vest at median performance, 50% of these shares vest at the upper quantile and there is straight line vesting in between.

(b) *Annual Bonus Plan ("ABP")*

Part of the bonus for the Senior Management team will be made in deferred Aviva shares. These shares will vest after 3 years and are not subject to any performance conditions.

The total share based remuneration expenses charged to profit or loss was $5,851,000 (2016: $1,124,000).

(i) *Outstanding awards*

At 31 December 2017, awards issued under the incentive plans over ordinary shares of 25 pence each in Aviva Plc were outstanding as follows:

Scheme	Number of shares	Vesting period
Aviva Long Term Incentive Plan	291,657	2018
	263,420	2019
	40,919	2020
Aviva Annual Bonus Plan	108,476	2018
	108,367	2019
	114,466	2020

15. Share based remuneration (continued)

(ii) Fair value of share awards granted

The weighted average fair values of options and awards granted during the year, estimated by using the Binomial option pricing model and Monte Carlo Simulation model, were £1.00 and £4.94 (2016: £0.96 and £3.72) respectively.

The fair value of the awards was estimated on the date of grant based on the following weighted average assumptions:

Weighted average assumption	**2017**	2016
Share price	**523p**	472p
Expected volatility	**28%**	25%
Expected volatility of comparator companies' share price	**26%**	24%
Correlation between Aviva and competitors' share price	**59%**	53%
Expected life	**2.76 years**	2.66 years
Expected dividend yield	**0.00%**	4.00%
Risk-free interest rate	**0.59%**	0.59%

Movement in share-based remuneration reserves

	2017 $'000	2016 $'000
Beginning of financial year	**-**	-
Increase in equity due to value of employee services	**5,851**	1,124
Transfer to share-based remuneration payables	**(5,851)**	(1,124)
	-	-

16. Commitments and contingencies

Operating lease commitments

The Company has entered into leases for the tenancy of storage space and residences, and for furniture rental for use within the residences. These leases have tenures of 1 to 8 years, with renewal option for most except furniture rental. The Company is restricted from subleasing the leased residences to third parties.

16. Commitments and contingencies (continued)

The future minimum lease payables under non-cancellable operating leases contracted for at the balance sheet date but not recognised as liabilities, are as follows:

	2017	2016
	$'000	$'000
Not later than one year	**2,030**	2,074
Between one and five years	**3,854**	5,278
	5,884	7,352

Finance lease commitments

The Company leases an IT equipment from a non-related party under finance lease. The lease agreement provides the Company with options to purchase the leased equipment at nominal value, renew the existing lease agreement, or enter into a new lease agreement for newer technology available at the end of the lease term.

	2017	2016
	$'000	$'000
Minimum lease payments due:		
Not later than one year	**-**	1,375
Between one and five years	**-**	-
	-	1,375
Less: Future finance charges	**-**	(54)
Present value of finance lease liabilities	**-**	1,321

The present values of finance lease liabilities are analysed as follows:

	2017	2016
	$'000	$'000
Not later than one year	**-**	1,321
Between one and five years	**-**	-
	-	1,321

17. Related party disclosures

The following related party transactions took place between the Company and related parties during the financial year. on terms agreed by the parties concerned:

(a) Significant transactions

	2017 $'000	2016 $'000
Reimbursement of costs from related companies	57,039	61,422
Expenses recharged to immediate holding company	-	9,380
Insurance premiums paid to a related company	(701)	(594)

(b) Balances with related companies (Note 11) are unsecured, interest-free and are repayable on demand. Allowance for doubtful debts in respect of balances with related companies amounted to a provision of $394,000 (2016: Nil) during the year.

(c) Compensation of key management personnel

	2017 $'000	2016 $'000
Short-term employee benefits	2,573	2,866
Post-employment benefits	-	208
Share based payments	2,557	186
Total compensation paid to key management personnel	5,130	3,260

18. Financial risk management objectives and policies

The Company's principal financial instruments comprise cash and short term deposits. The main purpose of these financial instruments is to finance the Company's operations. The Company has various other financial assets and liabilities such as other receivables and other payables, which arise directly from its operations.

The main risks arising from the Company's financial instruments are interest rate risk, foreign currency risk, credit risk and liquidity risk. The Company has policies for managing each of these risks and they are summarised below.

Credit risk

The Company principally derives its revenue by providing managerial and consultative support services to related regional entities. The Company attempts to minimise its credit risk by monitoring the credit exposure and creditworthiness of these entities. As such, the Company is not exposed to material credit risk.

18. Financial risk management objectives and policies (continued)

Credit risk

(i) Financial assets that are neither past due nor impaired

Bank deposits that are neither past due nor impaired are mainly deposits with banks which have high credit-ratings as determined by international credit-rating agencies. Other receivables and amount due from related companies that are neither past due nor impaired are substantially companies with good collection track records with the Company.

(ii) Financial assets that are past due and/or impaired

There is no other class of financial assets that is past due and/or impaired except for amount due from related companies.

Amount due from related companies that are past due but not impaired amount to $1,445,000 (2016: $305,000).

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Company manages the risk by holding sufficient funds as cash and cash equivalents.

The table below summaries the maturity profile of the Company's financial liabilities at the reporting date based on contractual undiscounted payments.

	2017 $'000			2016 $'000		
	One year or less	More than one year	Total	One year or less	More than one year	Total
Other payables	47,600	-	47,600	37,483	-	37,483
Finance lease payable	-	-	-	1,375	-	1,375
	47,600	-	47,600	38,858	-	38,858

Interest rate risks

The Company's assets and liabilities are mainly short-term in nature and non-interest bearing. As such, the Company is not exposed to material interest rate risks.

18. Financial risk management objectives and policies (continued)

Foreign currency risks

Foreign currency risk arises from the Company's operations in Hong Kong. Foreign currency risk associated with assets and liabilities denominated in non-functional currencies results in gains and losses being recognised in profit or loss. Foreign currency risk associated with the translation of the net assets of operations in Hong Kong results in gains or losses being recorded directly in equity.

19. Financial Instruments

Fair values

The fair value of a financial instrument is the amount at which the instrument could be exchanged or settled between knowledgeable and willing parties in an arm's length transaction, other than in a forced or liquidation sale.

Financial instruments whose carrying amount approximates fair value

Management has determined that the carrying amounts of cash and short term deposits, other receivables, other payables and amounts due from/to related companies based on their notional amounts, reasonably approximate their fair values because these are mostly short term in nature. Fair value is determined at initial recognition and, for disclosure purposes, at each annual reporting date.

20. Capital management

The primary objective of the Company's capital management is to safeguard the Company's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholder value.

The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the year ended 31 December 2017. The Company is not subject to any externally imposed capital requirements.

21. Events occurring after balance sheet date

On 30 April 2018, the Company issued 35,300,000 ordinary shares for a consideration of $35,300,000 in cash. These new shares were fully subscribed by Aviva Group Holdings Limited. The newly issued ordinary shares rank pari passu in all respects with the previously issued ordinary shares.

22. Authorisation of financial statements

The financial statements for the year ended 31 December 2017 were authorised for issue in accordance with a resolution of the directors on 25 June 2018.

Company Registration No. 201405619W

Singapore Life Pte. Ltd. and its subsidiary

Unaudited Interim Condensed Financial Statements
30 June 2020

Contents **Page**

We, Walter Mark de Oude and Raymond John Ferguson, being two of the Directors of Singapore Life Pte. Ltd. and its subsidiary (collectively, the 'Group'), do hereby confirm on behalf of the Board of Directors of the Group, that to the best of our knowledge, nothing has come to our attention that causes us to believe that the accompanying interim condensed financial statements do not present fairly, in all material respects, the financial position of the Group as at 30 June 2020 and of the Group's financial performance, and cash flows, and changes in equity of the Group for the six-month period then ended in accordance with FRS 34.

On behalf of the Board of Directors:

Walter Mark de Oude
Director

Ray Ferguson (Nov 17, 2020 14:55 GMT+8)

Raymond John Ferguson
Director

Singapore
10 November 2020

Report on Review of Interim Condensed Financial Statements to the members of Singapore Life Pte. Ltd.

Introduction

We have reviewed the accompanying interim condensed financial statements of Singapore Life Pte. Ltd. and its subsidiary (collectively, the "Group"), which comprise the interim condensed balance sheet of the Group as at 30 June 2020, and the Group's related interim condensed statement of comprehensive income and the condensed statement of cash flows, and condensed statements of changes in equity of the Group, for the six-month period then ended, and notes to the interim condensed financial statements. Management is responsible for the preparation and fair presentation of these interim condensed financial statements in accordance with Singapore Financial Reporting Standards 34 Interim Financial Reporting ("FRS 34"). Our responsibility is to express a conclusion on these interim condensed financial statements based on our review.

Scope of Review

We conducted our review in accordance with Singapore Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Singapore Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed financial statements do not present fairly, in all material respects, the financial position of the Group as at 30 June 2020 and of the Group's financial performance, and cash flows, and changes in equity of the Group for the six-month period then ended in accordance with FRS 34.

Ernst & Young LLP

Public Accountants and
Chartered Accountants
Singapore

10 November 2020

Singapore Life Pte. Ltd. and its subsidiary
Interim condensed balance sheet
As at 30 June and 31 December

	Note	2020 US$ Unaudited	2019 US$ Audited
Assets			
Property, plant and equipment	3	11,829,511	10,848,615
Intangible assets		97,021	102,067
Prepayments		130,410	214,643
Reinsurers' share of insurance contract liabilities	6	661,960	1,374,008
Investments	5	298,487,620	261,276,340
Insurance and other receivables	4	4,194,145	4,451,042
Cash and cash equivalents	4	180,774,600	85,336,158
Total assets		496,165,267	363,602,873
Equity			
Share capital		154,859,142	154,859,142
Fair value reserve		23,027,906	16,954,924
Translation reserve		318,298	28,632
Share option reserve		12,062,735	6,959,915
Accumulated losses		(84,552,106)	(50,856,660)
Shareholders' equity		105,715,975	127,945,953
Non-controlling interests		8,715,468	8,563,560
Total equity		114,431,443	136,509,513
Liabilities			
Gross insurance contract liabilities	6	373,130,777	216,617,083
Derivative financial liabilities	7	15,658	711,770
Insurance and other payables	8	8,587,389	9,764,507
Total liabilities		381,733,824	227,093,360
Total equity and liabilities		496,165,267	363,602,873

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Singapore Life Pte. Ltd. and its subsidiary
Interim condensed statement of comprehensive income
For the financial period ended 30 June

	Note	2020 US$ Unaudited	2019[1] US$ Unaudited
Income			
Gross premiums		151,661,213	44,018,952
Premiums ceded to reinsurers		(1,648,052)	(46,427,046)
Net premiums earned		150,013,161	(2,408,094)
Changes in fair value of investments		3,933,226	2,051,093
Interest income	9	5,158,995	3,188,240
Other income		1,074,895	425,313
Reinsurance and profit commission		–	6,140,347
Total income		160,180,277	9,396,899
Expenses			
Claims and surrenders	6	15,388,354	2,012,357
Change in insurance contract liabilities		157,235,742	13,451,384
Fee and commission expenses		1,098,066	4,141,000
Employee benefits expenses	10	10,578,808	6,714,326
Depreciation	3	1,302,609	678,031
Amortisation		5,046	23,285
Management expenses	11	5,857,269	3,828,947
Other expenses	11	2,413,895	360,746
Total expenses		193,879,789	31,210,076
Loss before tax		(33,699,512)	(21,813,177)
Taxation expense		–	-
Net loss for the financial period		(33,699,512)	(21,813,177)
Other comprehensive income for the financial period:			
Items that may be reclassified subsequently to profit or loss			
Net gain on fair value changes of available-for-sale financial assets		4,542,093	12,769,770
Exchange differences on translation of foreign operations		445,640	–
Transfer of realised loss to profit and loss		1,530,889	201,588
Total comprehensive income for the financial period		(27,180,890)	(8,841,819)
Attributable to:			
Shareholders		(27,332,798)	(8,841,819)
Non-controlling interests		151,908	–
		(27,180,890)	(8,841,819)

[1] *Relates to the Company's Profit or Loss Statement for the financial period ended 30 June 2019.*

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Interim condensed statement of changes in equity
For the financial period ended 30 June 2020

		Attributable to shareholders of the Group							
	Note	**Share capital US$**	**Fair value reserve US$**	**Translation reserve US$**	**Employee share option reserve US$**	**Accumulated losses US$**	**Total US$**	**Non-controlling interests US$**	**Total Equity US$**
Balance at 1 January 2020		**154,859,142**	**16,954,924**	**28,632**	**6,959,915**	**(50,856,660)**	**127,945,953**	**8,563,560**	**136,509,513**
Net loss for the financial year		–	–	–	–	(33,695,446)	(33,695,446)	(4,066)	(33,699,512)
Other comprehensive income for the financial year		–	6,072,982	289,666	–	–	6,362,648	155,974	6,518,622
Total comprehensive income for the financial year		–	**6,072,982**	**289,666**	–	**(33,695,446)**	**(27,332,798)**	**151,908**	**(27,180,890)**
Grant of equity-settled share options	10	–	–	–	5,102,820	–	5,102,820	–	5,102,820
Non-controlling interests on acquisition of subsidiary		–	–	–	–	–	–	–	–
Issuance of new shares		–	–	–	–	–	–	–	–
Balance at 30 June 2020 (Unaudited)		**154,859,142**	**23,027,906**	**318,298**	**12,062,735**	**(84,552,106)**	**105,715,975**	**8,715,468**	**114,431,443**

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Statement of changes in equity
For the financial year ended 31 December 2019

	Note	Share capital US$	Fair value reserve US$	Translation reserve US$	Employee share option reserve US$	Accumulated losses US$	Total US$	Non-controlling interests US$	Total Equity US$
		Attributable to shareholders of the Group							
Balance at 1 January 2019		**84,807,555**	**(3,684,899)**	**–**	**15,976**	(3,424,493)	77,714,139	**–**	**77,714,139**
Net loss for the financial year		–	–	–	–	(47,432,167)	(47,432,167)	(408,552)	(47,840,719)
Other comprehensive income for the financial year		–	20,639,823	28,632	–	–	20,668,455	15,418	20,683,873
Total comprehensive income for the financial year		**–**	**20,639,823**	**28,632**	**–**	**(47,432,167)**	**(26,763,712)**	**(393,134)**	**(27,156,846)**
Grant of equity-settled share options	10	–	–	–	6,943,939	–	6,943,939	–	6,943,939
Non-controlling interests on acquisition of subsidiary		–					–	8,956,694	8,956,694
Issuance of new shares		70,051,587	–	–	–	–	70,051,587	–	70,051,587
Balance at 31 December 2019 (Audited)		**154,859,142**	**16,954,924**	**28,632**	**6,959,915**	**(50,856,660)**	**127,945,953**	**8,563,560**	**136,509,513**

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Singapore Life Pte. Ltd. and its subsidiary

Interim condensed statement of cash flows
For the financial period ended 30 June 2020

	Note	2020 US$ Unaudited	2019[1] US$ Unaudited
Cash flows from operating activities			
Loss before taxation		(33,699,512)	(21,813,177)
Adjustments for:			
Depreciation of property, plant and equipment	3	1,302,609	696,271
Amortisation		5,046	5,045
Property, plant and equipment written off		–	146,843
Interest expense on lease liabilities		19,104	3,972
Interest income	9	(5,158,995)	(3,188,240)
Changes in fair value of investments		(3,933,226)	(2,051,093)
Grant of equity-settled share options	10	5,102,820	2,659,386
Loss from operating cash flows before changes in working capital		(36,362,154)	(23,540,993)
Changes in working capital:			
Decrease in insurance receivables		177,521	1,578,934
Decrease/(increase) in other receivables		180,909	(483,431)
Decrease/(increase) in prepayments		84,234	(164,122)
Decrease in other payables		(1,029,901)	(1,847,420)
Increase in insurance payables		253,555	36,752,510
Increase in insurance contract liabilities		157,235,742	13,451,384
Cash flows from operating activities		120,539,906	25,746,862
Cash flows from investing activities			
Purchase of property, plant and equipment	3	(2,283,059)	(2,722,818)
Purchase of intangible assets		–	(81)
Net purchase of investments		(27,570,882)	(45,114,653)
Interest received		5,124,886	2,701,442
Net cash flows used in investing activities		(24,729,065)	(45,136,110)
Cash flows from financing activities			
Proceeds from issuance of share capital		–	70,131,589
Payment for principal portion of lease liabilities		(488,939)	(147,309)
Net cash flows (used)/from financing activities		(488,939)	69,984,280
Net increase in cash and cash equivalents		95,321,902	50,595,032
Effect of exchange rate on cash and cash equivalents		116,540	–
Cash and cash equivalents at beginning of financial period		85,336,158	55,198,709
Cash and cash equivalents at end of financial period		180,774,600	105,793,741

[1] *Relates to the Company's Statement of Cash Flows for the financial period ended 30 June 2019.*

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

1. Corporate information

The Interim condensed consolidated financial statements of Singapore Life Pte. Ltd. and its subsidiary (collectively, the Group) for the six months ended 30 June 2020 were authorized for issue in accordance with a resolution of the directors on 10 November 2020.

Singapore Life Pte Ltd. (the "Company") is a private limited company, incorporated and domiciled in Singapore. The registered office and principal place of business of the Company is located at 18 Robinson Road, #04-03 18 Robinson, Singapore 048547.

On 9 June 2017, the Company was granted license by the Monetary Authority of Singapore ("MAS") to carry on life insurance business in Singapore. On 28 January 2020, the Company was granted exemption from holding a license under Payment Services Act to provide specific money payment services in Singapore.

The principal activity of the Company consists of underwriting of life insurance business.

2. Basis of preparation and changes to the Group's accounting policies

2.1 *Basis of preparation*

The unaudited interim consolidated financial statements have been prepared in accordance with FRS 34 Interim Financial Reporting, and do not include all the information and disclosures required in the annual financial statements. These unaudited interim condensed consolidated financial statements should be read in conjunction with the Group's annual consolidated financial statements as at 31 December 2019.

The unaudited interim consolidated financial statements have been prepared on the historical cost basis.

The unaudited condensed financial statements are presented in United States dollar ("USD" or "US$"), being the functional currency of the Group.

The notes refer to the Group unless otherwise stated.

2.2 *New standards, interpretations and amendments adopted by the Group*

The accounting policies adopted in the preparation of the unaudited interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2019, except for the adoption of new standards effective as of 1 January 2020. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

Several amendments and interpretations apply for the first time in 2020, but do not have an impact on the Interim condensed consolidated financial statements of the Group

3. Property, plant and equipment

	IT software under development US$	IT software US$	IT equipment US$	Furniture & fittings US$	Office equipment US$	Renovation US$	Office premises US$	Total US$
Cost								
At 1 January 2019	2,009,293	2,910,661	173,644	15,795	10,379	170,067	475,678	5,765,717
Additions	4,641,903	–	208,492	–	12,663	982,666	2,623,852	8,469,576
Transfer	(3,633,094)	3,633,094	–	–	–	–	–	–
Written off	(105,613)	(333,368)	–	(15,795)	(1,323)	(170,065)	–	(626,164)
Derecognition of right-of-use asset	–	–	–	–	–	–	(475,678)	(475,678)
At 31 December 2019 and at 1 January 2020	2,912,489	6,210,587	382,136	–	21,719	982,668	2,623,852	13,133,451
Additions	2,215,185	–	67,684	–	–	–	–	2,283,055
Transfer	(2,458,370)	2,458,370	–	–	–	–	–	–
Written off	–	–	–	–	–	–	–	–
Derecognition of right-of-use asset	–	–	–	–	–	–	–	–
Exchange differences	–	–	589	–	11	–	–	600
At 30 June 2020	2,669,304	8,668,957	450,609	–	21,730	982,668	2,623,852	15,417,120
Accumulated depreciation								
At 1 January 2019	–	573,472	67,030	6,657	4,139	71,250	–	722,618
Depreciation charge	–	1,171,462	77,809	4,883	4,439	132,527	627,269	2,018,409
Written off	–	(83,320)	–	(11,540)	(525)	(122,470)	–	(217,964)
Derecognition of right-of-use asset	–	–	–	–	–	–	(238,241)	(238,241)
Exchange differences	–	–	14	–	–	–	–	14
At 31 December 2019 and at 1 January 2020	–	1,661,625	144,853	–	8,013	81,317	389,028	2,284,836
Depreciation charge	–	691,138	65,889	–	3,603	159,062	382,917	1,302,609
Written off	–	–	–	–	–	–	–	–
Derecognition of right-of-use asset	–	–	–	–	–	–	–	–
Exchange differences	–	–	161	–	3	–	–	164
At 30 June 2020	–	2,352,763	210,903	–	11,619	240,379	771,945	3,587,609

3. Property, plant and equipment (cont'd)

	IT software under development US$	IT software US$	IT equipment US$	Furniture & fittings US$	Office equipment US$	Renovation US$	Office premises US$	Total US$
Net carrying value								
At 31 December 2019	2,912,469	4,548,952	237,283	–	13,706	901,351	2,234,824	10,848,615
At 30 June 2020	2,589,304	6,316,194	239,706	–	10,111	742,289	1,851,907	11,829,511

4. Insurance and other receivables

	30 June 2020 US$	31 December 2019 US$
Insurance receivables	821,734	999,255
Less: Allowance for impairment	–	–
	821,734	999,255
Rental deposit	248,699	350,299
Other receivables	3,123,712	3,101,488
	4,194,145	4,451,042
Loans and receivables		
Cash and cash equivalents	180,774,600	85,336,158
Total loans and receivables	184,968,745	89,787,200

5. Investments

	AFS financial assets US$	Financial assets at FVTPL US$	Total US$
30 June 2020			
Debt securities:			
- Bonds	191,720,912	83,755,190	275,476,102
Investment securities:			
- Unit trusts (for investment-linked insurance fund)	–	17,468,055	17,468,055
- Other equity securities	–	5,320,812	5,320,812
Derivative financial instruments:			
- Forward exchange contract	–	222,651	222,651
	191,720,912	106,766,708	298,487,620
31 December 2019			
Debt securities:			
- Bonds	199,451,859	40,132,660	239,584,519
Investment securities:			
- Unit trusts (for investment-linked insurance fund)	–	18,173,263	18,173,263
- Other equity securities	–	2,799,985	2,799,985
Derivative financial instruments:			
- Forward exchange contract	–	718,000	718,000
- Interest rate swaps	–	573	573
	199,451,859	61,824,481	261,276,340

5. Investments (cont'd)

The table below shows the fair values of derivative financial instruments, recorded as assets or liabilities, together with their notional amounts. The notional amount, recorded gross, is the amount of a derivative's underlying asset, reference rate or index and is the basis upon which changes in the value of derivatives are measured. The notional amounts indicate the volume of transactions outstanding at the year end and are neither indicative of the market risk nor the credit risk

The Group has a legally enforceable right to set off the balances and has the intention to realise the derivative asset and settle the derivative liability simultaneously. The amounts that are subjected to the netting arrangement are presented below:

30 June 2020

	Principal/ Notional amount	Asset	Liability	Net carrying amount
	US$	US$	US$	US$
Forward foreign exchange contract	24,821,500	248,840	(26,189)	222,651
Interest rate swaps	47,653,265	452,585	(468,443)	(15,858)

31 December 2019

	Principal/ Notional amount	Asset	Liability	Net carrying amount
	US$	US$	US$	US$
Forward foreign exchange contract	718,000	718,000	(711,770)	6,230
Interest rate swaps	1,405,166	573	–	573

The fair value of derivatives is derived based on valuation techniques from market observable inputs and are revalued at the reporting date based on valuations provided by the respective counterparties. An analysis of the fair value measurement bases used in the determination of the fair values of derivatives are further disclosed in Note 12 to the financial statements.

Forwards are customised contracts transacted with a specific counterparty who agrees to buy or sell a specified asset at a pre-agreed rate at a specified future date. The contracts are settled at gross at a specified future date and are considered to bear a higher liquidity risk than futures contracts which are settled on a net basis. It also bears market risks related to the underlying investments. The Group enters into forward foreign exchange contract and foreign currency swap for the purpose of hedging part of its investment portfolio in USD denominated debt securities.

The Group has representation in the directors of the corporation where the Group has investment classified as other equity securities. During the financial year, the corporation provides professional technology services to the Group.

6. **Insurance contract liabilities and change in insurance contract liabilities**

(a) Insurance contract liabilities comprised the following:

	30 June 2020 Insurance contract liabilities US$	Reinsurance of liabilities US$	Net US$
Contracts without DPF	354,328,143	(651,960)	353,676,183
Investment-linked contracts	18,802,634	–	18,802,634
At the end of the period	373,130,777	(651,960)	372,478,817

	31 December 2019 Insurance contract liabilities US$	Reinsurance of liabilities US$	Net US$
Contracts without DPF	197,527,705	(1,374,008)	196,153,697
Investment-linked contracts	19,089,378	–	19,089,378
At the end of the period	216,617,083	(1,374,008)	215,243,075

(b) Claims and surrenders comprised the following:

	30 June 2020 Gross claims and surrenders US$	Reinsurance recoveries US$	Net US$
Contracts without DPF	14,269,923	(311,097)	13,958,826
Investment-linked contracts	1,431,634	(2,106)	1,429,528
At the end of the period	15,701,557	(313,203)	15,388,354

	31 December 2019 Gross claims and surrenders US$	Reinsurance recoveries US$	Net US$
Contracts without DPF	1,773,825	(965,493)	808,332
Investment-linked contracts	3,624,457	(38,222)	3,586,235
At the end of the period	5,398,282	(1,003,715)	4,394,567

6. **Insurance contract liabilities and change in insurance contract liabilities (cont'd)**

(c) Insurance contract liabilities of contracts without DPF and investment-linked contracts during the year are analysed as follows:

	30 June 2020 US$	31 December 2019 US$
Contracts without DPF		
Net contracts without DPF as at 1 January	196,153,697	24,200,875
Expected roll-forward and unwind of discount rate	471,721	1,045,267
Actual versus expected experience	2,751,054	264,415
New business	140,493,472	19,227,564
Change in valuation basis	20,316,183	724,872
Recognition of liabilities due to cessation of co-insurance arrangement	–	148,162,629
Exchange differences	(6,509,944)	2,528,075
Net contracts without DPF at the end of the period	353,676,183	196,153,697
Reinsurance assets as at 1 January	1,374,008	58,883,646
Movement during the year	(722,048)	(57,509,638)
Reinsurance assets as at 31 December	651,960	1,374,008
Gross contracts without DPF as at 1 January	197,527,705	83,084,521
Gross contracts without DPF at the end of the period	354,328,143	197,527,705
Investment-linked contracts		
At 1 January	19,089,378	18,785,799
Expected roll-forward and unwind of discount rate	(54,735)	328,619
Actual versus expected experience	(108,824)	157,640
Change in valuation basis	516,820	(635,738)
Exchange differences	(642,005)	453,058
At the end of the period	18,802,634	19,089,378

7. Derivative liabilities

	30 June 2020 US$	31 December 2019 US$
Derivative financial instruments at FVTPL:		
- Forward exchange contract used for hedging	–	711,770
- Interest rate swaps used for hedging	15,858	–
	15,858	711,770

8. Insurance and other payables

	30 June 2020 US$	31 December 2019 US$
Amounts due to reinsurers:		
- Modco reinsurance premiums payable	2,168,003	1,823,710
- Other reinsurance premiums payable	547,936	251,447
Amounts due to agents, brokers and policyholders:		
- Claims payable	251,995	587,811
- Commission payable	956,136	1,007,549
Other payables	4,663,119	6,093,990
Total financial liabilities carried at amortised cost	8,587,189	9,764,507

9. Interest income

	For the six months ended 30 June	
	2020 US$	2019 US$
Financial assets at FVTPL	269,361	264,626
AFS financial assets	4,541,835	2,874,098
Cash and cash equivalents	347,799	49,516
	5,158,995	3,188,240

10. Employee benefits expenses

	For the six months ended 30 June	
	2020	2019
	US$	US$
Salaries and bonuses	4,576,358	3,639,280
Share option plans	5,102,820	2,659,386
Central Provident Fund contributions	339,687	291,286
Other staff-related expenses	559,943	124,374
	10,578,808	6,714,326

Included in the above was total compensation to the key management personnel of the Group amounting to US$1,299,279 (2019: US$1,039,678).

Share option plans

The Group has granted 805,000 (2019: 9,012,500) share options to employees and directors in the Group. The contractual life of the options is 10 years, where by 500,000 options will expire on 2 January 2030 and 305,000 options will expire on 17 April 2030. The options are exercisable if the employee/director remains in service at each tranche's vesting date. The market price of the shares on the date of grant is US$3.73 (2019: ranges from US$2.90 to US$3.73). There are no cash settlement alternatives and options forfeited during the financial year. No options were exercised, modified or cancelled during the financial year.

The fair value of share options granted was estimated at the date of the grant using a Binomial Lattice Method, taking into account the terms and conditions upon which the options were granted.

11. Management and other expenses

	For the six months ended 30 June	
	2020	2019
	US$	US$
Management expenses include:		
- IT expenses	1,560,640	1,609,880
- Sales and marketing expenses	1,694,617	600,013
- Professional and consultancy fees	1,332,246	820,227
- Directors' fees	91,117	–
- Office and rental expenses	121,944	117,938
- Miscellaneous expenses	1,056,705	680,889
	5,857,269	3,828,947

11. Management and other expenses (cont'd)

	For the six months ended 30 June	
	2020	2019
	US$	US$
Other expenses include:		
- Foreign exchange losses (net)	2,413,895	–
- Change in reinsurance allowance reserve	–	360,746
	2,413,895	360,746

12. Fair value of financial instruments

The following table shows an analysis of financial instruments carried at fair value by level of fair value hierarchy:

	30 June 2020			
	Quoted prices in active markets for identical instruments (Level 1) US$	Significant other observable inputs (Level 2) US$	Significant unobservable inputs (Level 3) US$	Total fair value US$
Recurring fair value measurements				
Financial assets at FVTPL				
Debt securities:				
- Bonds	83,755,190	–	–	83,755,190
Investment securities:				
- Unit trusts (for investment-linked insurance fund)	17,468,055	–	–	17,468,055
- Other equity securities	2,520,827	–	2,799,985	5,320,812
Derivative financial instruments:				
- Forward exchange contract	–	222,651	–	222,651
- Interest rate swaps	–	–	–	–

12. Fair value of financial instruments (cont'd)

	30 June 2020			
	Quoted prices in active markets for identical instruments (Level 1) US$	Significant other observable inputs (Level 2) US$	Significant unobservable inputs (Level 3) US$	Total fair value US$
Recurring fair value measurements				
AFS financial assets				
Debt securities:				
- Bonds	191,720,912	–	–	191,720,912
Derivative liabilities:				
- Forward exchange contract	–	–	–	–
- Interest rate swap	–	(15,858)	–	(15,858)
As at 30 June 2020	295,464,984	206,793	2,799,985	298,471,762

12. Fair value of financial instruments (cont'd)

	31 December 2019			
	Quoted prices in active markets for identical instruments (Level 1) US$	**Significant other observable inputs (Level 2)** US$	**Significant unobservable inputs (Level 3)** US$	**Total fair value** US$
Recurring fair value measurements				
Financial assets at FVTPL				
Debt securities:				
- Bonds	40,132,660	–	–	40,132,660
Investment securities				
- Unit trusts (for investment-linked insurance fund)	18,173,263	–	–	18,173,263
- Other equity securities	–	–	2,799,985	2,799,985
Derivative financial instruments:				
- Forward exchange contract	–	718,000	–	718,000
- Interest rate swaps	–	573	–	573
AFS financial assets				
Debt securities:				
- Bonds	199,451,859	–	–	199,451,859
Derivative liabilities:				
- Forward exchange contract	–	(711,770)	–	(711,770)
As at 31 December 2019	257,757,782	6,803	2,799,985	260,564,570

Fair value hierarchy

The Group classifies fair value measurement using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities;
Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
Level 3 - Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

12. Fair value of financial instruments (cont'd)

Determination of fair value

A. Fair value of financial instruments that are carried at fair value

Debt securities: Fair value is determined by direct reference to their bid price quotations in an active market at the end of the reporting date.

The fair value of forward exchange contracts and interest rate swaps are determined based on over the counter quotes at the reporting date. These are based on market observable inputs such as benchmark market rates of interest, reported trade and broker-dealer quotes available for these investments. These investments are included in Level 2.

B. Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value

The carrying amounts of cash and cash equivalents, loans and receivables, and insurance and other payables are reasonable approximation of fair values due to their short-term nature.

The following table presents the reconciliation for the investments measured at fair value based on significant unobserved inputs (Level 3):

	30 June 2020 US$	31 December 2019 US$
Financial assets at fair value through profit or loss:		
Opening balance	2,799,985	–
Purchases during the year	–	2,799,985
Net changes in fair value of financial assets at fair value through profit or loss	–	–
Closing balance	2,799,985	2,799,985

Valuations are the responsibility of the management of the Group

12. Fair value of financial instruments (cont'd)

Determination of fair value (cont'd)

The table below presents the investment in unquoted equity whose fair value is indirectly derived and recognised using valuation techniques based on assumptions that are not supported by prices or other inputs from observable current market transactions and the estimated fair value may differ significantly from the value that would have been used had a ready market for this investment existed, and the difference could be material.

Description	Fair value at 30 June 2020 US$	Valuation technique	Unobservable inputs
Financial assets at fair value through profit or loss			
- Unquoted equity investments – ordinary shares	2,799,985	Adjusted net asset value/Last transaction price	N/A

Description	Fair value at 31 December 2019 US$	Valuation technique	Unobservable inputs
Financial assets at fair value through profit or loss			
- Unquoted equity investments – ordinary shares	2,799,985	Adjusted net asset value/Last transaction price	N/A

13. Related party transactions

In addition to the related party information disclosed elsewhere in the financial statements, the following significant transactions between the Group and related parties took place at terms agreed between the parties during the financial period:

	For the six months ended	
	2020	2019
	US$	US$
Payment made on behalf of subsidiary:		
- Singapore Life (Philippines) Inc.	–	930,200
Management fees paid to related party:		
- Aberdeen Standard Investments (Asia) Limited	84,246	–
Service fees paid to related parties:		
- Railsbank Technologies Pte Ltd	214,000	310,000
- Rhino Partners Pte Ltd	234,389	–
Director reimbursement paid to related parties:		
- IPGL Limited	1,794	7,423
- Sumitomo Life Insurance Company	1,794	3,711
	536,223	1,251,334

Balance sheet balances with related parties as at 30 June and 31 December are as follows.

	30 June 2020	31 December 2019
	US$	US$
Amount due from subsidiary	–	65,752
	–	65,752

Outstanding balances at balance sheet date are unsecured and interest free. Settlement will take place in cash.

There was no provision for doubtful debts at the balance sheet date and no bad debt expense for the period ended 30 June 2020 (2019: US$ Nil).

14. Events after the reporting period

On 11th September 2020, the Group announced that it has entered into an agreement to acquire Aviva Singapore. The transaction is subject to closing conditions, including regulatory approval and is expected to complete by early 2021.

Company Registration No. 201405619W

Singapore Life Pte. Ltd. and its subsidiary

Annual Financial Statements
31 December 2019

Building a better working world

General information

Directors

Raymond John Ferguson
Walter Mark de Oude
David Gelber
Chiu Estella Sheun Fun
Wong Yuen Tin Laurence
Kenji Yoneda (Appointed on 2 July 2019)
Max Kristian Broden (Appointed on 9 September 2019)

Company Secretary

Varsha Abdullah @ Varsha D/O Bipinchandra

Registered Office

18 Robinson Road
#04-03 18 Robinson
Singapore 048547

Auditor

Ernst & Young LLP

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The directors are pleased to present their statement to the members together with the audited consolidated financial statements of Singapore Life Pte. Ltd. (the "Company") and its subsidiary (collectively, the "Group") and the balance sheet and statement of changes in equity of the Company for the financial year ended 31 December 2019.

Opinion of the directors

In the opinion of the directors,

(a) the consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2019 and the financial performance, changes in equity and cash flows of the Group and changes in equity of the Company for the financial year ended on that date; and

(b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

Directors

The directors of the Company in office at the date of this statement are:

Raymond John Ferguson
Walter Mark de Oude
David Gelber
Chiu Sheun Fun Estella
Wong Yuen Tin Laurence
Kenji Yoneda (Appointed on 2 July 2019)
Max Kristian Broden (Appointed on 9 September 2019)

Arrangements to enable directors to acquire shares and debentures

Except as described below, neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose objects are, or one of whose objects is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares or debentures of the Company or any other body corporate.

Directors' interest in shares and debentures

The following directors, who held office at the end of the financial year, had, according to the register of directors' shareholdings required to be kept under section 164 of the Singapore Companies Act, Chapter 50, an interest in shares of the Company and related corporations as stated below:

	Direct interest		Deemed interest	
Name of director	**At the beginning of financial year**	**At the end of financial year**	**At the beginning of financial year**	**At the end of financial year**
Singapore Life Pte. Ltd.				
Ordinary shares				
Walter Mark de Oude	–	–	7,145,298	9,326,353
Raymond John Ferguson	113,283	113,283	–	–

Share options

During the financial year:

(a) the Company has granted 9,012,500 share options to employees and directors in the Company. 7,300,000 options expire on 11 February 2029, 325,000 options expire on 11 March 2029 and 1,387,500 options expire on 18 December 2029. There options are exercisable if the employee/director remains in service at each tranche's vesting date and that certain market conditions as detailed in Note 16 to the financial statements are met; and

(b) there were no share issued by virtue of any exercise of option to take up unissued shares of the Company.

At the end of the financial year, there was no unissued share of the Company under option.

Details of the options to subscribe for ordinary shares of the Company granted to directors of the Company are as follows:

Name of director	At the beginning of financial year	Options granted during financial year	Options exercised during financial year	At the end of financial year	Options vested during the financial year
Walter Mark de Oude	–	5,500,000	–	5,500,000	
Raymond John Ferguson	368,000	1,800,000	–	2,168,000	73,600

Auditor

Ernst & Young LLP have expressed their willingness to accept re-appointment as auditor.

On behalf of the Board of Directors:

Director
Walter Mark de Oude

Director
Raymond John Ferguson

Singapore
20 March 2020

Independent auditor's report to the members of Singapore Life Pte. Ltd.

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Singapore Life Pte. Ltd. (the "Company") and its subsidiary (collectively, the "Group"), which comprise the statement of balance sheet of the Group and the Company as at 31 December 2019, the statement of changes in equity of the Group and the Company, the consolidated profit and loss statement, consolidated statement of comprehensive income and consolidated statement of cash flows of the Group, for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements, the balance sheet and the statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the "Act") and Financial Reporting Standards in Singapore ("FRSs") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2019 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group, and changes in equity of the Company for the financial year ended on that date.

Basis for opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Accounting and Corporate Regulatory Authority ("ACRA") Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

Management is responsible for other information. The other information comprises the General Information and Directors' Statement, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Independent auditor's report to the members of Singapore Life Pte. Ltd.

Responsibilities of management and directors for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and FRSs, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

Independent auditor's report to the members of Singapore Life Pte. Ltd.

Auditor's responsibilities for the audit of the financial statements (cont'd)

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on other legal and regulatory requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

Ernst & Young LLP

Public Accountants and
Chartered Accountants
Singapore

20 March 2020

Singapore Life Pte. Ltd. and its subsidiary

Balance sheet - Group and Company
As at 31 December 2019

	Note	Group 2019 US$	Company 2019 US$	Company 2018 US$
Assets				
Property, plant and equipment	4	10,848,615	10,818,261	4,567,421
Intangible assets	5	102,067	102,067	294,492
Subsidiary	6	–	16,633,858	–
Prepayments		214,643	214,643	317,240
Reinsurers' share of insurance contract liabilities	11	1,374,008	1,374,008	58,883,646
Investments	9	261,276,340	256,016,002	123,487,195
Insurance and other receivables	8	4,451,042	4,475,958	4,275,000
Cash and cash equivalents	7	85,336,158	65,989,072	55,198,709
Total assets		363,602,873	355,623,869	247,023,703
Equity				
Share capital	10	154,859,142	154,859,142	84,807,555
Fair value reserve		16,954,924	16,954,924	(3,684,899)
Translation reserve		28,632	–	–
Share option reserve		6,959,915	6,959,915	15,976
Accumulated losses		(50,856,660)	(50,097,923)	(3 424,493)
Shareholders' equity		127,945,953	128,676,058	77,714,139
Non-controlling interests	6	8,563,560	–	–
Total equity		136,509,513	128,676,058	77,714,139
Liabilities				
Gross insurance contract liabilities	11	216,617,083	216,617,083	101,870,320
Derivative financial liabilities	12	711,770	711,770	–
Insurance and other payables	13	9,764,507	9,618,958	67,439,244
Total liabilities		227,093,360	226,947,811	169,309,564
Total equity and liabilities		363,602,873	355,623,869	247,023,703

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Singapore Life Pte. Ltd. and its subsidiary

Consolidated profit and loss statement
For the financial year ended 31 December 2019

	Note	2019 US$	2018[1] US$
Income			
Gross premiums		104,159,385	98,073,188
Premiums ceded to reinsurers		34,611,071	(71,847,584)
Changes in fair value of investments	14	3,024,400	(1,484,416)
Interest income	15	7,829,781	3,001,809
Other income		2,082,949	5,177,191
Reinsurance commission and profit commission		19,599,864	21,010,146
		171,307,450	53,930,334
Expenses			
Claims and surrenders		4,394,567	3,814,458
Change in insurance contract liabilities		172,256,401	16,592,920
Fee and commission expenses		12,209,221	10,908,870
Employee benefits expenses	16	16,053,455	6,219,814
Depreciation	4	2,018,409	548,788
Amortisation	5	40,494	2,523
Management expenses	17	12,070,103	6,505,812
Other expenses	17	105,519	4,160,267
		219,148,169	48,753,452
(Loss)/profit before tax		(47,840,719)	5,176,882
Taxation expense	18	–	–
Net (loss)/profit for the financial year		(47,840,719)	5,176,882
Attributable to:			
Shareholders		(47,432,167)	5,176,882
Non-controlling interests		(408,552)	–
		(47,840,719)	5,176,882

[1] *Relates to the Company's Profit or Loss Statement for the financial year ended 31 December 2018.*

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Consolidated statement of comprehensive income
For the financial year ended 31 December 2019

	Note	2019 US$	2018[1] US$
Net (loss)/profit for the financial year		(47,840,719)	5,176,882
Other comprehensive income for the financial year:			
Items that may be reclassified subsequently to profit or loss			
Net gain/(loss) on fair value changes of available-for-sale financial assets		20,657,873	(4,232,635)
Exchange differences on translation of foreign operations		44,050	–
Transfer of realised loss to profit and loss		(18,050)	57,801
Total comprehensive (loss)/income for the financial year		(27,156,846)	1,002,048
Attributable to:			
Shareholders		(26,763,712)	1,002,048
Non-controlling interests	6	(393,134)	–
		(27,156,846)	1,002,048

[1] *Relates to the Company's Statement of Comprehensive Income for the financial year ended 31 December 2018.*

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Statement of changes in equity - Company
For the financial year ended 31 December 2019

	Note	Share capital US$	Fair value reserve US$	Employee share option reserve US$	Accumulated losses US$	Total equity US$
Company						
Balance at 1 January 2019		84,807,555	(3,684,899)	15,976	(3,424,493)	77,714,139
Net loss for the financial year		–	–	–	(46,673,430)	(46,673,430)
Other comprehensive income for the financial year		–	20,639,823	–	–	20,639,823
Total comprehensive income for the financial year		–	20,639,823	–	(46,673,430)	(26,033,607)
Grant of equity-settled share options	16	–	–	6,943,939	–	6,943,939
Issuance of new shares	10	70,051,587	–	–	–	70,051,587
Balance at 31 December 2019		154,859,142	16,954,924	6,959,915	(50,097,923)	128,676,058
Balance at 1 January 2018		52,109,141	489,935	–	(8,601,375)	43,997,701
Net profit for the financial year		–	–	–	5,176,882	5,176,882
Other comprehensive income for the financial year		–	(4,174,834)	–	–	(4,174,834)
Total comprehensive income for the financial year		–	(4,174,834)	–	5,176,882	1,002,048
Grant of equity-settled share options	16	–	–	15,976	–	15,976
Issuance of new shares	10	32,698,414	–	–	–	32,698,414
Balance at 31 December 2018		84,807,555	(3,684,899)	15,976	(3,424,493)	77,714,139

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Singapore Life Pte. Ltd. and its subsidiary

Statement of changes in equity - Group
For the financial year ended 31 December 2019

	Note	Share capital US$	Fair value reserve US$	Translation reserve US$	Employee share option reserve US$	Accumulated losses US$	Total US$	Non-controlling interests US$	Total Equity US$
		Attributable to shareholders of the Company							
Group									
Balance at 1 January 2019		84,807,555	(3,684,899)	–	15,976	(3,424,493)	77,714,139	–	77,714,139
Net loss for the financial year		–	–	–	–	(47,432,167)	(47,432,167)	(408,552)	(47,840,719)
Other comprehensive income for the financial year		–	20,639,823	28,632	–	–	20,668,455	15,418	20,683,873
Total comprehensive income for the financial year		–	20,639,823	28,632	–	(47,432,167)	(26,763,712)	(393,134)	(27,156,846)
Grant of equity-settled share options	16	–	–	–	6,943,939	–	6,943,939	–	6,943,939
Non-controlling interests on acquisition of subsidiary		–					–	8,956,694	8,956,694
Issuance of new shares	10	70,051,587	–	–	–	–	70,051,587	–	70,051,587
Balance at 31 December 2019		154,859,142	16,954,924	28,632	6,959,915	(50,856,660)	127,945,953	8,563,560	136,509,513

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Singapore Life Pte. Ltd. and its subsidiary

Consolidated statement of cash flows
For the financial year ended 31 December 2019

	Note	2019 US$	2018[1] US$
Cash flows from operating activities			
(Loss)/profit before taxation		(47,840,719)	5,176,882
Adjustments for:			
Depreciation of property, plant and equipment	4	2,018,409	548,788
Amortisation	5	40,494	2,523
Loss on termination of right-of-use asset	4	48,891	–
Property, plant and equipment written off		408,200	5,384
Intangible assets written off		152,012	–
Unrealised foreign exchange (gains)/losses		(519,836)	273,352
Interest expense on lease liabilities	4	28,748	–
Interest income	15	(7,829,781)	(3,001,809)
Changes in fair value of investments	14	(3,024,400)	1,484,416
Grant of equity-settled share options	16	6,943,939	15,976
(Loss)/profit from operating cash flows before changes in working capital		(49,574,043)	4,505,512
Changes in working capital:			
Decrease/(increase) in insurance and other receivables		947,446	(2,043,149)
Decrease/(increase) in prepayments		102,597	(175,742)
(Decrease)/increase in other payables		(606,037)	2,463,820
(Decrease)/increase in insurance payables		(59,650,826)	52,673,492
Increase in insurance contract liabilities		172,256,401	42,960,437
Cash flows from operating activities		63,475,538	100,384,370
Interest paid		(28,748)	–
Net cash flows from operating activities		63,446,790	100,384,370
Cash flows from investing activities			
Purchase of property, plant and equipment		(5,845,724)	(2,457,838)
Purchase of intangible assets	5	(81)	(297,015)
Net purchase of investments		(112,538,017)	(89,328,171)
Interest received		6,640,763	1,651,591
Net cash flows used in investing activities		(111,743,059)	(90,431,433)
Cash flows from financing activities			
Proceeds from issuance of share capital	10	70,051,587	32,698,414
Payment for principal portion of lease liabilities	4	(264,264)	–
Capital contribution from non-controlling interest		8,956,694	–
Net cash flows from financing activities		78,744,017	32,698,414
Net increase in cash and cash equivalents		30,447,748	42,651,351
Effect of exchange rate on cash and cash equivalents		(310,299)	(273,352)
Cash and cash equivalents at beginning of financial year		55,198,709	12,820,710
Cash and cash equivalents at end of financial year	7	85,336,158	55,198,709

[1] *Relates to the Company's Statement of Cash Flows for the financial year ended 31 December 2018.*

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

1. Corporate information

Singapore Life Pte. Ltd. (the "Company") is a private limited company, incorporated and domiciled in Singapore. The registered office and principal place of business of the Company is located at 18 Robinson Road, #04-03 18 Robinson, Singapore 048547.

On 9 June 2017, the Company was granted license by the Monetary Authority of Singapore ("MAS") to carry on life insurance business in Singapore.

The principal activity of the Company consists of underwriting of life insurance business.

On 1 July 2019, the Company incorporated a new subsidiary, Singapore Life (Philippines) Inc, in the Philippines. The ownership of the Company and the principal activity of the subsidiary is disclosed in Note 6.

2. Summary of significant accounting policies

2.1 *Basis of preparation*

The consolidated financial statements have been prepared in accordance with Singapore Financial Reporting Standards ("FRS").

The consolidated financial statements have been prepared on the historical cost basis except as disclosed in the accounting policies below.

The financial statements are presented in United States dollar ("USD" or "US$"), being the functional currency of the Group.

The notes refer to the Company and the Group unless otherwise stated.

2.2 *Basis of consolidation*

The consolidated financial statements comprise the financials statements of the Company and its subsidiary as at 31 December 2019. The financial statements of the subsidiary used in the preparation of the consolidated financial statements uses the same reporting date and period as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances. The details of the investment subsidiary are disclosed in Note 6.

All intra-group balances, income and expenses transactions and unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full.

Subsidiary is consolidated from the date of acquisition, being the date on which the Group obtains control and continue to be consolidated until the date that such control ceases.

Losses within a subsidiary are attributed to the non-controlling interest even if that results in a deficit balance.

2. Summary of significant accounting policies (cont'd)

2.2 Basis of consolidation (cont'd)

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

2.3 Changes in accounting policies

Adoption of new and revised standards

The accounting policies used by the Group are applied consistently in these consolidated financial statements. During the financial year, the Group has adopted all the new and revised standards and interpretations of FRS ("INT FRS") that are effective for annual financial periods beginning on or after 1 January 2019. Except for the adoption of FRS 116 *Leases*, the adoption of these standards and interpretations did not have any effect on the financial performance or position of the Group. The Group has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective.

FRS 116 *Leases*

FRS 116 supersedes FRS 17 *Leases*, INT FRS 104 *Determining whether an Arrangement contains a Lease*, INT FRS 15 *Operating Leases-Incentives* and INT FRS 27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise most leases on the balance sheet.

The Group adopted FRS 116 using the modified retrospective method of adoption with the date of initial application of 1 January 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initially applying the standard recognised at the date of initial application. The Group elected to use the transition practical expedient to not reassess whether a contract is, or contains a lease at 1 January 2019. Instead, the Group applied the standard only to contracts that were previously identified as leases applying FRS 17 and INT FRS 104 at the date of application.

2. Summary of significant accounting policies (cont'd)

2.3 Changes in accounting policies (cont'd)

Adoption of new and revised standards (cont'd)

FRS 116 *Leases (cont'd)*

The Company has elected, on a lease-by-lease basis, to recognize the right-of-use assets at the amount equal to the lease liabilities hence there was no impact to the retained earnings brought forward as at 1 January 2019.

The effect of adoption of FRS 116 as at 1 January (increase/(decrease)) is, as follows:

	US$
Assets	
Property, plant and equipment	475,678
Liabilities	
Other payables	475,678

The Group has lease contract for its office premises. Before the adoption of FRS 116, the Group classified its lease (as lessee) at the inception date as operating lease.

Upon adoption of FRS 116, the Group applied a single recognition and measurement approach for all leases. The Group has no short-term leases and one lease of low-value assets. The standard provides specific transition requirements and practical expedients, which have been applied by the Group.

<u>Leases previously accounted for as operating leases</u>

The Group recognised right-of-use assets and lease liabilities for those leases previously classified as operating leases, except for short-term leases and leases of low-value assets. The right-of-use assets were recognised based on the amount equal to the lease liabilities, adjusted for any related prepaid and accrued lease payments previously recognised. Lease liabilities were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application.

The Group also applied the available practical expedients wherein it:

- Used a single discount rate to a portfolio of leases with reasonably similar characteristics
- Relied on its assessment of whether leases are onerous immediately before the date of initial application
- Applied the short-term leases exemptions to leases with lease term that ends within 12 months of the date of initial application
- Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application
- Used hindsight in determining the lease term where the contract contained options to extend or terminate the lease

2. Summary of significant accounting policies (cont'd)

2.3 Changes in accounting policies (cont'd)

Adoption of new and revised standards (cont'd)

FRS 116 *Leases (cont'd)*

Based on the above, as at 1 January 2019:

- Office premises of US$475,678 were recognised and presented under property, plant and equipment in the consolidated balance sheet; and
- Lease liabilities of US$475,678 were recognised and presented under insurance and other payables in the consolidated balance sheet.

The lease liabilities as at 1 January 2019 can be reconciled to the operating lease commitments as of 31 December 2018, as follows:

	US$
Assets	
Operating lease commitments as at 31 December 2018*	494,220
Weighted average incremental borrowing rate as at 1 January 2019	1.91%
Discounted operating lease commitments as at 1 January 2019	475,678
Add: Lease payments relating to renewal periods not included in operating lease commitments as at 31 December 2018	–
Lease liabilities as at 1 January 2019	475,678

**This excludes lease agreement that expired in June 2019 with a minimum lease payment amounting to U$96,709.*

Continuing adoption of Amendments to FRS 104. Applying FRS 109 Financial Instruments with FRS 104 Insurance Contracts

The Company applies the temporary exemption from FRS 109 permitted under the amendments to FRS 104 *Insurance Contracts* and defer its implementation of FRS 109 till 1 January 2021. The Company assessed that it has qualified for the temporary exemption as its activities are predominantly insurance related as at 31 December 2018. There were no changes in the Company's activities after this date, hence no reassessment was required at subsequent reporting year-ends.

In 2018, the Company performed an impact assessment of classification and measurement of its financial assets under FRS 109. This initial assessment is based on currently available information and may be subject to changes arising from further detailed analyses or additional reasonable and supportable information becoming available in the future. The tables below relate to the additional disclosures required when the FRS 109 temporary exemption is applied. Disclosures are based on the current financial assets portfolio and on the initial assessment conducted. There were no changes during the financial year ended 31 December 2019.

2. Summary of significant accounting policies (cont'd)

2.3 Changes in accounting policies (cont'd)

Adoption of new and revised standards (cont'd)

Continuing adoption of Amendments to FRS 104, Applying FRS 109 Financial Instruments with FRS 104 Insurance Contracts (cont'd)

The table below presents an analysis of the fair value of classes of financial assets as at 31 December 2019 and 2018, as well as the corresponding change in fair value during the financial years ended 31 December 2019 and 2018.

In USD	**Fair value as at 31 December 2019**	**Change in fair value during 2019**
Financial assets with contractual terms that meet the solely payments of principal and interest ("SPPI") test definition	239,584,519	21,381,562
Other financial assets	93,305,759	–
Total financial assets	332,890,278	21,381,562

In USD	**Fair value as at 31 December 2018**	**Change in fair value during 2018**
Financial assets with contractual terms that meet the SPPI test definition	106,512,797	(4,646,757)
Other financial assets	140,968,300	–
Total financial assets	247,481,097	(4,646,757)

The gross carrying amount of investments classified as fair value through profit or loss ("FVTPL") and fair value through other comprehensive income ("FVOCI") according to their credit risk rating grade are disclosed in Note 21 (c) of the financial statements.

2.4 Standards issued but not yet effective

The Group has not adopted the following relevant standards and interpretations that have been issued but are not yet effective:

Description	**Effective for annual periods beginning on or after**
Amendments to References to the Conceptual Framework in FRS Standards	1 January 2020
Amendments to FRS 103 *Definition of a Business*	1 January 2020
Amendments to FRS 1 and FRS 8 *Definition of Material*	1 January 2020
FRS 117 *Insurance Contracts*	1 January 2021
Amendments to FRS 110 and FRS 28 *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*	Date to be determined

2. Summary of significant accounting policies (cont'd)

2.4 Standards issued but not yet effective (cont'd)

Except for FRS 117, the management expects that the adoption of other standards above will have no material impact on the financial statements in the period of initial application. The nature of the impending changes in accounting policy on adoption of FRS 117 is described below.

FRS 117 Insurance Contracts

In March 2018, Accounting Standards Council Singapore ("ASC") issued FRS 117 *Insurance Contracts*, a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. FRS 117 provides a comprehensive model (the general model) for insurance contracts, supplemented by the variable fee approach for contracts with direct participation features that are substantially investment-related service contracts, and the premium allocation approach mainly for short duration which typically applies to certain non-life insurance contracts.

The overall objective of FRS 117 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in FRS 104, which are largely based on grandfathering previous local accounting policies, FRS 117 provides a comprehensive model, supplemented by:

- a specific adaptation for contracts with direct participation features (the variable fee approach); and
- a simplified approach (the premium allocation approach) mainly for short-duration contracts

FRS 117 is effective for annual reporting periods beginning on or after 1 January 2021, with comparative figures required. Early application is permitted, provided the entity also applies FRS 109 and FRS 115 on or before the date it first applies FRS 117. Retrospective application is required. However, if full retrospective application for a group of insurance contracts is impracticable, then the entity is required to choose either a modified retrospective approach or a fair value approach.

In November 2018, International Accounting Standard Board (the "IASB") announced a proposal to defer the effective date of IFRS 17 by one year to reporting periods beginning on or after 1 January 2022. The IASB also tentatively decided to allow insurers qualifying for the deferral of IFRS 9 an additional year of deferral, meaning they could apply both standards for the first time to reporting periods beginning on or after 1 January 2022. At the time of issuance of these financial statements, the changes to the effective dates have not yet been finalised by the IASB. It is expected that upon finalisation, any changes to the effective dates will also be adopted by the ASC to FRS 117 and the deferral of FRS 109, as above.

The Company is evaluating the impact of the new standard on its financial statements and related disclosures and plans to adopt the new standard on the required effective date together with FRS 109.

2. Summary of significant accounting policies (cont'd)

2.5 Foreign currency

(a) *Functional currency*

The Group's consolidated financial statements are presented in USD, which is also the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

(b) *Transactions and balances*

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiary and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the end of the reporting period. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the end of the reporting period are recognised in profit or loss.

(c) *Consolidated financial statements*

For consolidation purposes, the assets and liabilities of foreign operations are translated into USD at the rate of exchange ruling at the end of the reporting period. The profit and loss statement is translated at the exchange rates prevailing at the dates of the transactions. The exchange difference arising from the translation are recognised in the statement of comprehensive income as foreign currency translation reserves.

2.6 Product classification

Insurance contracts are defined as those containing significant insurance risk at the inception of the contract, or those where at the inception of the contract there is a scenario with commercial substance where the level of insurance risk may be significant over time. The significance of insurance risk is dependent on both the probability of an insurance event and the magnitude of its potential effect.

2. Summary of significant accounting policies (cont'd)

2.6 *Product classification (cont'd)*

Once a contract has been classified as an insurance contract, it remains an insurance contract for the remainder of its lifetime, even if the insurance risk reduces significantly during this financial period, unless all rights and obligations are extinguished or expired.

The Company writes a small amount of investment contracts and it accounts for these as insurance contracts. The portion of policy liabilities for such contracts is approximately 0.19%.

Insurance contracts in the non-participating fund are also classified as insurance contract without discretionary participating features ("DPF").

2.7 *Property, plant and equipment*

All items of property, plant and equipment are initially recorded at cost. Subsequent to recognition, property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. The cost includes the cost of replacing part of the property, plant and equipment and borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying property, plant and equipment. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

When significant parts of property, plant and equipment are required to be replaced in intervals, the Group recognises such parts as individual assets with specific useful lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the property, plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

Depreciation is computed on a straight-line basis over the estimated useful lives of the property, plant and equipment as follows:

IT Software	-	5 years
Furniture and Fittings	-	3 years
IT Equipment	-	3 years
Office Equipment	-	3 years
Renovation	-	3 years
Office Premise	-	40 months

Fully-depreciated assets are retained in the financial statements until they are no longer in use and no further charge for depreciation is made in respect of these assets.

The carrying values of property, plant and equipment are reviewed for impairment when events and changes in circumstances indicate that the carrying value may not be recoverable.

The residual value, useful life and depreciation method are reviewed at each financial year-end, and adjusted prospectively, if appropriate.

When assets are sold or retired, their cost and accumulated depreciation are removed from the accounts and any gain or loss resulting from their disposal is included in profit or loss.

2. Summary of significant accounting policies (cont'd)

2.7 *Property, plant and equipment (cont'd)*

An item of property, plant and equipment is de-recognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on de-recognition of the asset is included in profit or loss in the period the asset is de-recognised.

2.8 *Intangible assets*

Intangible assets are carried at cost less accumulated amortisation and impairment in value, if any. Intangible assets, consisting mainly of software (not an integral part of its related hardware), are capitalized at cost. These costs are amortised on a straight-line basis over their estimated useful life of 10 years. Periods and method of amortisation for intangible assets with finite useful lives are reviewed annually or earlier when an indicator of impairment exists.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised.

2.9 *Subsidiary*

A subsidiary is an investee that is controlled by the Group. The Group controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

In the Company's balance sheet, investment in subsidiary are accounted for at cost less impairment losses.

2.10 *Transaction with non-controlling interests*

Non-controlling interest represents the equity in a subsidiary not attributable, directly or indirectly, to shareholders of the Company, and is presented separately in the consolidated profit and loss statement, consolidated statement of comprehensive income and within the equity in the consolidated balance sheet, separately from shareholders' equity. An exception to this occurs when non-controlling interests arise through minority unit holders' interest in consolidated investment funds, when they are recognized as a liability, reflecting the net assets of the consolidated entity. These interests qualify as a financial liability as they give the holder the right to put the instrument back to the issuer for cash, changes in these liabilities are recognised in the consolidated profit and loss statement as expense.

Changes in the Company's ownership in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amount of the controlling and non-controlling interest are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to shareholders of the Company.

2.11 *Impairment of non-financial assets*

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount.

2. Summary of significant accounting policies (cont'd)

2.11 Impairment of non-financial assets (cont'd)

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. Where the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Impairment losses of continuing operations are recognised in profit or loss, except for assets that are previously revalued where the revaluation was taken to other comprehensive income. In this case, the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase.

2.12 Financial instruments

(a) *Financial assets*

<u>Initial recognition and measurement</u>

Financial assets are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial assets at initial recognition.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

<u>Subsequent measurement</u>

The subsequent measurement of financial assets depends on their classification as follows:

(i) *Financial assets at amortised cost*

Financial assets at amortised cost are subsequently measured using the effective interest ("EIR") method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

2. Summary of significant accounting policies (cont'd)

2.12 Financial instruments (cont'd)

(a) *Financial assets (cont'd)*

Subsequent measurement (cont'd)

(ii) *Financial assets at fair value through profit or loss*

Financial assets at fair value through profit or loss include financial assets held-for-trading and financial assets designated upon initial recognition at fair value through profit or loss. Financial assets are classified as held-for-trading if they are acquired for the purpose of selling or repurchasing in the near term.

Financial assets can only be designated at fair value through profit or loss upon initial recognition if the following criteria are met:

- the designation eliminates or significantly reduces the inconsistent treatment that would otherwise arise from measuring the assets or liabilities or recognising gains or losses on a different basis; or
- the assets and liabilities are part of a group of financial assets, financial liabilities or both, which are managed and their performance evaluated on a fair value basis, in accordance with a documented risk management or investment strategy.

Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in fair value are recognised in profit or loss. Net gains or losses on financial assets at fair value through profit or loss do not include exchange differences, interest and dividend income. Exchange differences, interest and dividend income on financial assets at fair value through profit or loss are recognised separately in profit or loss as part of other expenses or other income and investment income respectively. Derivative are presented as assets when the fair value is positive and as liabilities when the fair value is negative.

(iii) *Loans and receivables*

Non-derivative financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the loans and receivables are de-recognised or impaired, and through the amortisation process.

(iv) *Available-for-sale ("AFS") financial assets*

Available-for-sale securities are non-derivative financial assets that are either designated in this category or are not classified in any of the above categories of financial assets. Available-for-sale financial assets include equity and debt securities. Debt securities in this category are those which are intended to be held long term and which may be sold in response to needs for liquidity or in response to changes in the market conditions.

2. Summary of significant accounting policies (cont'd)

2.12 Financial instruments (cont'd)

(a) Financial assets (cont'd)

Subsequent measurement (cont'd)

(iv) *Available-for-sale ("AFS") financial assets (cont'd)*

After initial recognition, available-for-sale financial assets are subsequently measured at fair value. Any gains or losses from changes in fair value of the financial asset, other than impairment losses, foreign currency differences on available-for-sale debt instruments and interest calculated using the effective interest method are recognised in other comprehensive income and presented in the fair value reserve in equity. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognised.

De-recognition

A financial asset is de-recognised where the contractual right to receive cash flows from the asset has expired. On de-recognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

(b) Financial liabilities

Initial recognition and measurement

Financial liabilities are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value plus in the case of financial liabilities not at fair value through profit or loss, directly attributable transaction costs.

Subsequent measurement

Financial liabilities at amortised cost

After initial recognition, financial liabilities that are not carried at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are de-recognised, and through the amortisation process.

De-recognition

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

2. Summary of significant accounting policies (cont'd)

2.13 Impairment of financial assets

The Group assesses at each end of the reporting period whether there is any objective evidence that a financial asset is impaired.

(a) *Financial assets carried at amortised cost*

For financial assets carried at amortised cost, the Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss on financial assets carried at amortised cost has incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The impairment loss is recognised in profit or loss.

When the asset becomes uncollectible, the carrying amount of impaired financial assets is reduced directly or if an amount was charged to the allowance account, the amounts charged to the allowance account are written off against the carrying value of the financial asset.

To determine whether there is objective evidence that an impairment loss on financial assets has incurred, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

2. Summary of significant accounting policies (cont'd)

2.13 Impairment of financial assets (cont'd)

(b) *Financial assets carried at cost*

If there is objective evidence (such as significant adverse changes in the business environment where the issuer operates, probability of insolvency or significant financial difficulties of the issuer) that an impairment loss on financial assets carried at cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset Such impairment losses are not reversed in subsequent periods.

In the case of equity investments classified as available-for-sale, objective evidence of impairment includes, but not limited to, (i) significant financial difficulty of the issuer or debtor, (ii) a breach of contract such default or delinquency in payments; (iii) indications that the issuer or debtor will enter into bankruptcy or other financial reorganization; (iv) the disappearance of an active market for that financial asset due to financial difficulties and (v) a significant or prolonged decline in the fair value of the investment below its cost. "Significant" is to be evaluated against the original cost of the investment and "prolonged" against the period in which the fair value has been below its original cost.

In the case of debt instruments classified as available-for-sale, impairment is assessed based on the same criteria as financial assets carried at amortised cost. However, the amount recorded for impairment is the cumulative loss measured as the difference between the amortised cost and the current fair value, less any impairment loss on that investment previously recognised in profit or loss.

If in subsequent period, the fair value of an impaired available-for-sale debt security increases and the increase can be related objectively to an event occurring after the impairment loss was recognised, then the impairment loss is reversed through profit or loss. However, any subsequent recovery in the fair value of an impaired available-for-sale equity security is recognised in other comprehensive income.

2.14 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand and demand deposits that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

2.15 Share capital

Proceeds from issuance of ordinary shares are recognised as share capital in equity.

2. Summary of significant accounting policies (cont'd)

2.16 Insurance contract liabilities

The valuation of insurance contract liabilities is determined according to Singapore Insurance Act (Chapter 142) and Insurance (Valuation and Capital) Regulations 2004 for life insurance funds.

For policies within the non-participating fund, the insurance contract liabilities are calculated as the discounted value of expected future payments arising from the policy, including any expected expenses to be incurred and any provision for adverse deviation from the expected experience, less expected future receipts arising, using best estimate assumptions and discounting the future cash flows at interest rates determined in accordance to MAS Notice 319 ("risk-free rate").

For policies within the Investment-linked fund, the contract liabilities are calculated as the net assets value of the investment-linked contracts.

2.17 Insurance and other payables

Liabilities for insurance and other amounts payable, including amounts due to related parties, are initially recorded at fair value and subsequently measured at amortised cost using the effective interest rate method. The amounts are unsecured, interest-free and normally settled on 30 day terms.

Gains and losses are recognised in the profit or loss when the liabilities are derecognised as well as through the amortisation process.

2.18 Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) where as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

2. Summary of significant accounting policies (cont'd)

2.19 Revenue recognition

(a) *Premium income*

Premium income is recognised as soon as the amount of the premium can be reliably measured. Initial premium is recognised from inception date and subsequent premiums are recognised on due dates. At the end of the financial period, all due premiums are accounted for to the extent that they can be reliably measured.

(b) *Investment income*

Interest income is recognised using the effective interest method. Profits or losses on disposal of investments are taken to profit and loss account.

(c) *Net fair value gains or losses*

Financial assets at fair value through profit or loss are re-measured at each calendar month and the changes in the fair value are taken to the profit or loss.

2.20 Benefits and claims expenses

Benefits and claims expenses, including settlement costs, are accounted for using the case basis method and for this purpose, the amounts payable under a policy are recognised as follows:

- Maturity and other policy benefit payments due on specified dates are treated as claims payable on the due dates; and
- Death, surrender and other benefits without due dates are treated as claims payable, on the date of receipt of intimation of death of the assured or occurrence of contingency covered.

2.21 Reinsurance

The Group ceded reinsurance in the normal course of business for the purpose of limiting its net loss potential through the diversification of its risks. Reinsurance arrangements do not relieve the Group from its direct obligations to its policyholders.

Only contracts that give rise to a significant transfer of insurance risk are accounted for as insurance. Amounts recoverable under such contracts are recognised in the same year as the related claim.

Premiums ceded and benefits reimbursed are presented in the profit and loss account and balance sheet on a gross basis.

Reinsurance assets include balances due from reinsurance companies for ceded insurance liabilities. Amounts recoverable from reinsurers are estimated in a manner consistent with the outstanding claims provision or settled claims associated with the reinsured policy.

2. Summary of significant accounting policies (cont'd)

2.21 *Reinsurance (cont'd)*

Amounts recoverable under reinsurance contract are assessed for impairment at each balance sheet date. Such assets are deemed impaired if there is objective evidence, as a result of an event that occurred after its initial recognition, that the Group may not recover all amounts due and that the event has a reliably measurable impact of the amount that the Group will receive from the reinsurer.

2.22 *Fees and commission expenses*

Gross commission, which are costs directly incurred in securing premium on insurance policies, are charged to profit or loss in the financial period in which they are incurred.

2.23 *Management and other expenses*

Management and other expenses are recognised in the statement of profit and loss as incurred.

2.24 *Employee benefits*

(a) *Short-term benefits*

Wages, salaries and bonuses are recognised as an expense in the year in which the associated services are rendered by employees. Short-term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences. Short-term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

(b) *Defined contribution plans*

As required by law, the Company makes contributions to the Central Provident Fund ("CPF") scheme in Singapore. CPF contributions are recognised as an expense in the period as the employment that gives rise to the contribution.

(c) *Share option plans*

Employees and directors of the Group may receive remuneration in the form of share options as consideration for services rendered. The cost of these equity-settled share based payment transactions is measured by reference to the fair value of the options at the date on which the options are granted which takes into account market conditions and non-vesting conditions. This cost is recognised in profit or loss, with a corresponding increase in the share option reserve, over the vesting period. The cumulative expense recognised at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of options that will ultimately vest. The charge or credit to profit or loss for a period represents the movement in cumulative expense recognised as at the beginning and end of that period and is recognised in management expenses.

The share option reserve is transferred to retained earnings upon expiry of the share option.

2. Summary of significant accounting policies (cont'd)

2.25 *Taxes*

(a) *Current income tax*

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the end of the reporting period.

Current income taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

(b) *Deferred tax*

Deferred tax is provided using the liability method on temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences.

Deferred tax assets are recognised for all deductible temporary differences, unabsorbed capital allowances and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unabsorbed capital allowances and unused tax losses can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred income tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be utilised.

Deferred income tax relating items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and same taxation authority.

2. Summary of significant accounting policies (cont'd)

2.26 Leases

Before 1 January 2019

As lessee

Finance leases which transfer to the Group substantially all the risks and rewards incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability.

Finance charges are charged to profit or loss. Contingent rents, if any, are charged as expenses in the periods in which they are incurred.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term.

Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

After 1 January 2019

(a) *Right-of-use assets*

The Group recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

Office premise - 40 months

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment as described in Note 4.

2. Summary of significant accounting policies (cont'd)

2.26 Leases (cont'd)

(b) *Lease liabilities*

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate.

(c) *Short-term leases and leases of low-value assets*

The Group applies the short-term lease recognition exemption to its short-term leases of 12 months or less from the commencement date and do not contain a purchase option. It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low value assets are recognised as expense on a straight-line basis over the lease term.

2.27 Contingencies

A contingent liability is:

(a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group; or

(b) a present obligation that arises from past events but is not recognised because:

(i) It is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or

(ii) The amount of the obligation cannot be measured with sufficient reliability.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group.

Contingent liabilities and assets are not recognised on the balance sheet of the Group, except for contingent liabilities assumed in a business combination that are present obligations and which the fair values can be reliably determined.

2. Summary of significant accounting policies (cont'd)

2.28 Related parties

A related party is defined as follows:

(a) A person or a close member of that person's family is related to the Group and if that person:

(i) Has control or joint control over the Company;
(ii) Has significant influence over the Company; or
(iii) Is a member of the key management personnel of the Group or Company or of a parent of the Company.

(b) An entity is related to the Group or Company if any of the following conditions applies:

(i) The entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others);
(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);
(iii) Both entities are joint ventures of the same third party;
(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity;
(v) The entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company. If the Company is itself such a plan, the sponsoring employers are also related to the Company;
(vi) The entity is controlled or jointly controlled by a person identified in (a); and
(vii) A person identified in (a) (i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

3. Significant accounting estimates and judgments

The preparation of the Group's financial statements requires management to make judgement, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities at the end of each reporting period. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in the future periods. The most significant uses of judgement and estimates are as follows:

Assumptions underlying valuation of insurance contract liabilities

The estimation of the insurance contract liabilities arising from future claims under life insurance contracts is the Company's most critical accounting estimate. The Company determines the assumptions in relation to mortality, morbidity, voluntary terminations, investment returns and administration expenses. These assumptions are used for calculating the liabilities during the life of the contract. At the end of each reporting date, the liabilities are assessed for adequacy and adjusted in the statement of financial position in the light of the latest current estimates.

Material judgment is required in determining the liabilities and in the choice of assumptions. Such assumptions are determined as appropriate and prudent at the date of valuation. Key assumptions used are disclosed in Note 21(b).

Leases - Estimating the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate ("IBR") to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates.

Determining the lease term of contracts with renewal option

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised. The Group has the option, under some of its leases to lease the assets for additional terms of three years. The Group applies judgement in evaluating whether it is reasonably certain to exercise the option to renew. That is, it considers relevant factors that create an economic incentive for it to exercise the renewal. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise (or not to exercise) the option to renew (e.g., a change in business strategy)

Share option costs

The Group calculates the fair value of share options using the binomial mode which requires input of certain variables which are determined based on assumptions made. Further details are provided in Note 16.

4. Property, plant and equipment

Group	IT software under development US$	IT software US$	IT equipment US$	Furniture & fittings US$	Office equipment US$	Renovation US$	Office premises US$	Total US$
Cost								
At 1 January 2018	1,175,103	1,422,942	108 290	10,429	6,781	116,093	–	2,839,638
Additions	2,322,109	–	67 356	5,356	3,598	59,409	–	2,457,838
Written off	–	–	(2 002)	–	–	(5,435)	–	(7,437)
Transfer	(1,487,919)	1,487,919	–	–	–	–	–	–
At 31 December 2018 and at 1 January 2019, as previously reported	2,009,293	2,910,861	173,644	15,795	10,379	170,067	–	5,290,039
Effect of adoption of FRS 116	–	–		–	–	.	475,678	475,678
At 1 January 2019, as restated	2,009,293	2,910,861	173,644	15,795	10,379	170,067	475,678	5,765,717
Additions	4,641,903	–	208,492	–	12,663	982,666	2,623,852	8,469,576
Transfer	(3,633,094)	3,633,094	–	–	–	–	–	–
Written off	(105,613)	(333,368)	–	(15,795)	(1,323)	(170,065)	–	(626,164)
Derecognition of right-of-use asset	–	–	–	–	–	–	(475,678)	(475,678)
At 31 December 2019	2,912,489	6,210,587	382,136	–	21,719	982,668	2,623,852	13,133,451
Accumulated depreciation								
At 1 January 2018	–	137,596	18 551	1,786	1,113	16,837	–	175,883
Depreciation charge	–	435,876	48,701	4,871	3,086	56,254	–	548,788
Written off	–	–	(222)	–		(1,831)	–	(2,053)
At 31 December 2018 and at 1 January 2019, as previously reported	–	573,472	67,030	6,657	4,199	71,260	–	722,618
Effect of adoption of FRS 116	–	–	–	–		–	–	–
At 1 January 2019, as restated	–	573,472	67,030	6,657	4,199	71,260	–	722,618
Depreciation charge	–	1,171,482	77,809	4,883	4,439	132,527	627,269	2,018,409
Written off	–	(83,329)	–	(11,540)	(625)	(122,470)	–	(217,964)
Derecognition of right-of-use asset	–	–	–	–	–	–	(238,241)	(238,241)
Exchange differences	–	–	14	–	–	–	–	14
At 31 December 2019	–	1,661,625	144,853	–	8,013	81,317	389,028	2,284,836

4. Property, plant and equipment (cont'd)

Group	IT software under development US$	IT software US$	IT equipment US$	Furniture & fittings US$	Office equipment US$	Renovation US$	Office premises US$	Total US$
Net carrying value								
At 31 December 2018	2,009 293	2,337,389	106,614	9.138	6,180	98,807	–	4,567,421
At 31 December 2019	2,912,489	4,548 962	237,283	–	13.706	901,351	2,234,824	10,848,615

4. Property, plant and equipment

Company	IT software under development US$	IT software US$	IT equipment US$	Furniture & fittings US$	Office equipment US$	Renovation US$	Office premises US$	Total US$
Cost								
At 1 January 2018	1,175,103	1,422,942	108,290	10,429	6,781	116,093	–	2,839,638
Additions	2,322,109	–	67,356	5,366	3,598	59,409	–	2,457,838
Written off	–	–	(2,002)	–	–	(5,435)	–	(7,437)
Transfer	(1,487,919)	1,487,919	–	–	–	–	–	–
At 31 December 2018 and at 1 January 2019, as previously reported	2,009,293	2,910,861	173,644	15,795	10,379	170,067	–	5,290,039
Effect of adoption of FRS 116	–	–		–	–		475,678	475,678
At 1 January 2019, as restated	2,009,293	2,910,861	173,644	15,795	10,379	170,067	475,678	5,765,717
Additions	4,641,903	–	176,177	–	12,052	982,666	2,623,852	8,436,650
Transfer	(3,633,094)	3,633,094	–	–	–	–	–	–
Written off	(105,613)	(333,368)	–	(15,795)	(1,323)	(170,065)	–	(626,164)
Derecognition of right-of-use asset	–	–	–	–	–	–	(475,678)	(475,678)
At 31 December 2019	2,912,489	6,210,587	349,821	–	21,108	982,668	2,623,852	13,100,525
Accumulated depreciation								
At 1 January 2018	–	137,596	18,551	1,786	1,113	16,837	–	175,883
Depreciation charge	–	435,876	48,701	4,871	3,086	56,254	–	548,788
Written off	–	–	(222)	–	–	(1,831)	–	(2,053)
At 31 December 2018 and at 1 January 2019, as previously reported	–	573,472	67,030	6,657	4,199	71,260	–	722,618
Effect of adoption of FRS 116	–	–	–	–	–	–	–	–
At 1 January 2019, as restated	–	573,472	67,030	6,657	4,199	71,260	–	722,618
Depreciation charge	–	1,171,482	75,299	4,883	4,391	132,527	627,269	2,015,851
Written off	–	(83,329)	–	(11,540)	(625)	(122,470)	–	(217,964)
Derecognition of right-of-use asset	–	–	–	–	–	–	(238,241)	(238,241)
At 31 December 2019	–	1,661,625	142,329	–	7,965	81,317	389,028	2,282,204

4. Property, plant and equipment (cont'd)

Company	IT Software under development US$	IT software US$	IT equipment US$	Furniture & fittings US$	Office equipment US$	Renovation US$	Office premises US$	Total US$
Net carrying value								
At 31 December 2018	2,009,293	2,337,389	106,614	9,138	6,180	98,807	–	4,567,421
At 31 December 2019	2,912,489	4,548,962	207,492	–	13,143	901,351	2,234,824	10,818,261

4. Property, plant and equipment (cont'd)

The Company had entered into a commercial lease on its office premises in 2017. The lease was terminated in November 2019.

In July 2019, the Company had entered into a commercial lease on its office premises. The lease has a tenure of 40 months (including 4 months of rent-free period) and rentals are fixed for 36 months. The Company has recognized right-of-use assets and lease liabilities in relation to these leases in accordance with FRS116, *Leases*.

The Group also has a lease of IT equipment with low value. The Group applies the 'lease of low-value assets' recognition exemptions for these leases.

The Group's obligations under its leases are secured by the lessor's title to the leased assets.

The impact of the application of FRS116 to the consolidated profit or loss is shown as below:

	2019 US$
Depreciation on right-of-use assets	627,269
Interest expense on lease liabilities	(28,748)
Loss on termination of right-of-use assets	48,891
Expenses relating to leases of low-value assets (included in management expense)	1,164
Total amount recognised in profit or loss	648,576

Set out below are the carrying amounts of lease liabilities included under other payables (Note 13) and the movements during the period:

	2019 US$
At beginning of year	475,678
Additions	2,420,794
Accretion of interest	28,748
Lease payments	(293,012)
Written off	(188,546)
At end of year	2,443,662
Current	898,687
Non-current	1,544,975
Total	2,443,662

4. Property, plant and equipment (cont'd)

The impact of the application of FRS116 on the disclosures in the consolidated statement of cash flows for the financial year ended 31 December 2019 is shown as below:

	Company 2019 US$
Payment of principal portion of lease liabilities	264,264
Interest paid	28,748

The Group has no lease contracts that have not yet commenced as at 31 December 2019.

5. Intangible assets

Group and Company	Domain names US$	Source code/Intellectual property US$	Total US$
Cost			
At 1 January 2018	–	–	–
Additions	114,600	182,415	297,015
At December 31, 2018	114,600	182,415	297,015
Additions	81	–	81
Written off	–	(182,415)	(182,415)
At 31 December 2019	114,681	–	114,681
Accumulated amortisation			
At January 1, 2018	–	–	–
Amortization	2,523	–	2,523
At December 31, 2018	2,523	–	2,523
Amortisation	10,091	30,403	40,494
Written off	–	(30,403)	(30,403)
At 31 December 2019	12,614	–	12,614
Net carrying value			
At 31 December 2018	112,077	182,415	294,492
At 31 December 2019	102,067	–	102,067

6. Subsidiary

	Company 2019 US$
Investment in shares, at cost	16,633,858

Interest in subsidiary with material Non-Controlling Interest ("NCI")

The Group has the following subsidiary that has NCI that is material to the Group:

Name	Principal Place of business	Proportion of ownership interest held by NCI	Loss allocated to NCI during the financial year US$	Accumulated NCI at the end of the financial year US$
Singapore Life (Philippines) Inc.	Philippines	35%	(393,134)	8,563,560

There are no significant restrictions on the Group's ability to use or access assets and settle liabilities of the subsidiary with material NCI. As at 31 December 2019, the subsidiary is in the midst of obtaining the life insurance license from the Insurance Commission of the Philippines.

Financial information about subsidiary with material NCI

The financial information of the subsidiary is provided below. This information is based on amounts before inter-company eliminations:

Balance sheet

	2019 US$
Assets	
Property, plant and equipment	30,354
Investments	5,260,338
Other receivables	40,837
Cash and cash equivalents	19,347,086
Total assets	24,678,615
Equity	
Share capital	25,590,551
Translation reserve	44,050
Accumulated losses	(1,167,288)
Total equity	24,467,313
Liabilities	
Other payables	211,302
Total liabilities	211,302
Total equity and liabilities	24,678,615

6. Subsidiary (cont'd)

Financial information about subsidiary with material NCI (cont'd)

Statement of comprehensive income

	2019 US$
Income	
Interest income	9,374
Changes in fair value of investments	(39,402)
	(30,028)
Expenses	
Employee benefits expenses	282,714
Depreciation	2,559
Management expenses	795,360
Other expenses	56,627
	1,137,260
Loss before tax	(1,167,288)
Taxation expense	–
Net loss for the financial year	(1,167,288)

Summarised cash flow information

	2019 US$
Operating	(947,127)
Investing	(5,274,890)
Financing	25,590,551
Net increase in cash and cash equivalents	19,368,534
Effect of exchange rate on cash and cash equivalents	(21,448)
Cash and cash equivalents at beginning of financial year	–
Cash and cash equivalents at end of financial year	19,347,086

7. Cash and cash equivalents

	Group 2019 US$	Company 2019 US$	Company 2018 US$
Cash and bank balances	37,585,364	33,244,596	46,264,520
Short term deposits	47,750,804	32,744,476	8,934,189
	85,336,158	65,989,072	55,198,709

Cash and bank balances pertain to cash deposited in checking bank accounts. Short term deposits are made for varying periods averaging between 7 days and two months depending on the immediate cash requirements of the Group and earn interests at the respective short-term deposit rates. The weighted average effective interest rate as at 31 December 2019 is 1.33% (2018: 1.48%) per annum.

Cash at bank balances denominated in foreign currency as at 31 December is as follows:

	Group 2019 US$	Company 2019 US$	Company 2018 US$
Cash and bank balances	6,876,486	5,155,930	9,373,315

8. Insurance and other receivables

	Group 2019 US$	Company 2019 US$	Company 2018 US$
Rental deposit	350,299	334,611	108,897
Insurance receivables	999,255	999,255	2,484,756
Modco reinsurance receivables:			
- Reinsurance commissions	–	–	11,177,880
- Due from reinsurer in respect of reinsurance deposit	–	–	58,195,713
- Profit commission	–	–	12,120,995
Other receivables	3,101,489	3,142,092	1,681,348
	4,451,043	4,475,958	85,769,589
Set-off modco reinsurance receivables against modco reinsurance premiums payable (Note 13)	–	–	(81,494,589)
	4,451,043	4,475,958	4,275,000
Loans and receivables			
Cash and cash equivalents (Note 7)	85,336,158	65,989,072	55,198,709
Total loans and receivables	89,787,201	70,465,030	59,473,709

9. Investments

Group	AFS financial assets US$	Financial assets at FVTPL US$	Total US$
2019			
Debt securities:			
- Bonds	199,451,859	40,132,660	239,584,519
Investment securities:			
- Unit trusts (for investment-linked insurance fund)	–	18,173,263	18,173,263
- Other equity securities	–	2,799,985	2,799,985
Derivative financial instruments:			
- Forward exchange contract	–	718,000	718,000
- Interest rate swaps	–	573	573
	199,451,859	61,824,481	261,276,340

Company	AFS financial assets US$	Financial assets at FVTPL US$	Total US$
2019			
Debt securities:			
- Bonds	199,451,859	34,872,322	234,324,181
Investment securities:			
- Unit trusts (for investment-linked insurance fund)	–	18,173,263	18,173,263
- Other equity securities	–	2,799,985	2,799,985
Derivative financial instruments:			
- Forward exchange contract	–	718,000	718,000
- Interest rate swaps	–	573	573
	199,451,859	56,564,143	256,016,002
2018			
Debt securities:			
- Bonds	91,801,526	14,711,272	106,512,798
Investment securities:			
- Unit trusts (for investment-linked insurance fund)	–	16,974,397	16,974,397
	91,801,526	31,685,669	123,487,195

The table below shows the fair values of derivative financial instruments, recorded as assets or liabilities, together with their notional amounts. The notional amount, recorded gross, is the amount of a derivative's underlying asset, reference rate or index and is the basis upon which changes in the value of derivatives are measured. The notional amounts indicate the volume of transactions outstanding at the year end and are neither indicative of the market risk nor the credit risk.

9. Investments (cont'd)

The Group has a legally enforceable right to set off the balances and has the intention to realise the derivative asset and settle the derivative liability simultaneously. The amounts that are subjected to the netting arrangement are presented below:

Group and Company	Principal/ Notional amount US$	Asset US$	Liability (Note 12) US$	Net carrying amount US$
Forward foreign exchange contract	718,000	718,000	(711,770)	6,230
Interest rate swaps	1,405,166	573	–	573

The fair value of derivatives is derived based on valuation techniques from market observable inputs and are revalued at the reporting date based on valuations provided by the respective counterparties. An analysis of the fair value measurement bases used in the determination of the fair values of derivatives are further disclosed in Note 20 to the financial statements.

Forwards are customised contracts transacted with a specific counterparty who agrees to buy or sell a specified asset at a pre-agreed rate at a specified future date. The contracts are settled at gross at a specified future date and are considered to bear a higher liquidity risk than futures contracts which are settled on a net basis. It also bears market risks related to the underlying investments. The Group enters into forward foreign exchange contract and foreign currency swap for the purpose of hedging part of its investment portfolio in USD denominated debt securities.

The Group has representation in the directors of the corporation where the Group has investment classified as other equity securities. During the financial year, the corporation provides professional technology services to the Group.

10. Share capital

	Group and Company			
	2019		2018	
	No. of shares	US$	No. of shares	US$
Issued and paid-up ordinary shares:				
At beginning of year	75,209,696	84,807,555	63,000,000	52,109,141
Ordinary shares issued	20,856,435	70,051,587	12,209,696	32,698,414
At end of year	96,066,131	154,859,142	75,209,696	84,807,555

During the financial year, the Company issued 20,856,435 shares (2018: 12,209,696) shares with nominal value of US$70,051,587 (2018: US$32,698,414).

11. Insurance contract liabilities and change in insurance contract liabilities

(a) Insurance contract liabilities at 31 December comprised the following:

	Group and Company 2019 Insurance contract liabilities US$	Reinsurance of liabilities US$	Net US$
Contracts without DPF	197,527,705	(1,374,008)	196,153,697
Investment-linked contracts	19,089,378	–	19,089,378
At end of year	216,617,083	(1,374,008)	215,243,075

	Company 2018 Insurance contract liabilities US$	Reinsurance of liabilities US$	Net US$
Contracts without DPF	83,084,521	(58,883,646)	24,200,875
Investment-linked contracts	18,785,799	–	18,785,799
At end of year	101,870,320	(58,883,646)	42,986,674

(b) Claims and surrenders at 31 December comprised the following:

	Group and Company 2019 Gross claims and surrenders US$	Reinsurance recoveries US$	Net US$
Contracts without DPF	1,773,825	(965,493)	808,332
Investment-linked contracts	3,624,457	(38,222)	3,586,235
At end of year	5,398,282	(1,003,715)	4,394,567

	Company 2018 Gross claims and surrenders US$	Reinsurance recoveries US$	Net US$
Contracts without DPF	2,740,985	(1,938,674)	802,311
Investment-linked contracts	3,012,147	–	3,012,147
At end of year	5,753,132	(1,938,674)	3,814,458

11. Insurance contract liabilities and change in insurance contract liabilities (cont'd)

(c) Insurance contract liabilities of contracts without DPF and investment-linked contracts during the year are analysed as follows:

	Group and Company 2019 US$	Company 2018 US$
Contracts without DPF		
Net contracts without DPF as at 1 January	24,200,875	26,237
Transfer from Zurich Life Insurance (Singapore) Pte Ltd as at 1 April 2018	–	5,179,130
Expected roll-forward and unwind of discount rate	1,045,267	514,621
Actual versus expected experience	264,415	(187,041)
New business	19,227,564	20,981,938
Change in valuation basis	724,872	(1,706,621)
Recognition of liabilities due to cessation of co-insurance arrangement	148,162,629	–
Exchange differences	2,528,075	(607,389)
Net contracts without DPF as at 31 December	196,153,697	24,200,875
Reinsurance assets as at 1 January	58,883,646	8,629,334
Movement during the year	(57,509,638)	50,254,312
Reinsurance assets as at 31 December	1,374,008	58,883,646
Gross contracts without DPF as at 1 January	83,084,521	8,609,548
Gross contracts without DPF as at 31 December	197,527,705	83,084,521
Investment-linked contracts		
At 1 January	18,785,799	–
Transfer from Zurich Life Insurance (Singapore) Pte Ltd as at 1 April 2018	–	21,188,387
Expected roll-forward and unwind of discount rate	328,619	1,258,489
Actual versus expected experience	157,640	(2,493,022)
Change in valuation basis	(635,738)	(370,659)
Exchange differences	453,058	(797,396)
At 31 December	19,089,378	18,785,799

12. Derivative liabilities

	Group and Company US$
2019	
Derivative financial instruments at FVTPL:	
- Forward exchange contract used for hedging	711,770

13. Insurance and other payables

	Group 2019 US$	Company 2019 US$	Company 2018 US$
Payables arising from insurance and reinsurance contracts			
Modco reinsurance premiums payable	1,823,710	1,823,710	81,545,889
Other reinsurance premiums payable	251,447	251,447	892,115
Modco reinsurance deposit	–	–	58,195,713
Modco reinsurance allowance reserves	–	–	606,083
Claims payable	587,811	587,811	2,879
Commission payable	1,007,549	1,007,549	3,573,253
	3,670,517	3,670,517	144,815,932
Set-off modco reinsurance premiums payable against modco reinsurance receivables (Note 8)	–	–	(81,494,589)
	3,670,517	3,670,517	63,321,343
Other payables			
Lease liabilities (Note 4)	2,443,662	2,443,662	–
Accrued salaries	1,812,717	1,798,126	995,437
Provisions and accrued operating expenses	1,158,371	1,036,753	909,982
Other payables	679,240	669,900	2,212,482
	6,093,990	5,948,441	4,117,901
Total financial liabilities carried at amortised cost	9,764,507	9,618,958	67,439,244

13. Insurance and other payables (cont'd)

The Group had a reinsurance agreement that is co-insurance with a reinsurance deposit feature (the "Modco" reinsurance agreement). The arrangement is a 100% quota-share and consequently 0% of all insurance risks will be retained with the Group for the reinsured single premium universal life policies. The reinsurer will set up the policy liability in its books and place a reinsurance deposit with the Group equal to the Best Estimate Liability with Provision for Adverse Deviation. The Group will set up a reinsurance account comprising a net payable to or net payable from the reinsurer and a corresponding reinsurance deposit liability.

Arising from the cessation, the reinsurer forfeited the Modco reinsurance deposit and this is treated as premium refund from the reinsurer. In addition, the Group recognised policy liabilities in relation to the universal life book of business. Related reinsurance allowance reserve was derecognised. A termination fee was charged to the Group by the reinsurer. The impact of termination included in the consolidated profit and loss statement is as follows:

	2019 US$
Increase in policy liabilities	(150,098,245)
De-recognition of reinsurance deposit (treated as ceded premium refund)	148,554,886
Reversal of reinsurance allowance reserve	1,390,090
Termination fees	(1,768,002)
Net impact	(1,921,271)

14. Changes in fair value of investments

Changes in fair value of investments include the following:

	2019 US$	2018 US$
Net fair value gains/(losses) on financial instruments:		
- Financial assets at FVTPL	3,024,400	(1,484,416)

15. Interest income

	2019 US$	2018 US$
Financial assets at FVTPL	529,045	510,898
AFS financial assets	6,655,323	2,458,003
Cash and cash equivalents	645,413	32,908
	7,829,781	3,001,809

16. Employee benefits expenses

	2019 US$	2018 US$
Salaries and bonuses	8,058,672	5,321,720
Share option plans	6,943,939	15,976
Central Provident Fund contributions	541,939	372,558
Other staff-related expenses	508,905	509,560
	16,053,455	6,219,814

Included in the above was total compensation to the key management personnel of the Company amounting to US$2,491,804 (2018: US$1,220,918).

Share option plans

The Company has granted 9,012,500 (2018: 818,000) share options to employees and directors in the Company. The contractual life of the options is 10 years, whereby 7,300,000 options will expire on 11 February 2029, 325,000 options will expire on 11 March 2029, and 1,387,500 options will expire on 18 December 2029. The options are exercisable if the employee/director remains in service at each tranche's vesting date. The market price of the shares on the date of grant ranges from US$2.90 to US$3.73 (2018: US$1). There are no cash settlement alternatives. There were 330,000 options forfeited during the financial year. No options were exercised, modified or cancelled during the financial year.

The fair value of share options granted was estimated at the date of the grant using a Binomial Lattice Method, taking into account the terms and conditions upon which the options were granted.

17. Management and other expenses

	2019 US$	2018 US$
Management expenses include:		
- IT expenses	3,355,333	2,000,362
- Sales and marketing expenses	2,834,854	1,490,059
- Professional and consultancy fees	2,528,959	1,167,759
- Directors' fees	249,912	250,750
- Office and rental expenses	137,219	336,807
- Miscellaneous expenses	2,963,826	1,260,075
	12,070,103	6,505,812
Other expenses include:		
- Foreign exchange losses (net)	56,628	1,080,406
- Loss on termination of right of use asset	48,891	–
- Change in reinsurance allowance reserve	–	528,996
- Other one-off expenses	–	2,550,865
	105,519	4,160,267

18. Taxation

Major components of income tax expense for the financial years ended 31 December 2019 and 2018 are as follows:

	2019 US$	2018 US$
Current income tax	–	–

A reconciliation between the tax expense and the product of accounting loss multiplied by the applicable tax rate for the financial years ended 31 December 2019 and 2018 are as follows:

	2019	2018
Loss/(profit) before taxation	(47,840,719)	5,176,882
Income tax expense at statutory rate of 17%	(8,132,922)	880,070
Adjustments:		
Non-deductible expense	295,778	169,227
Benefits from previously unrecognized tax losses	–	(1,049,297)
Deferred tax assets not recognised	7,837,144	–
Income tax expense recognised in the consolidated profit or loss	–	–

The Group has unutilised tax losses of approximately US$45,465,000 (31 December 2018: US$2,376,000). These are available for offset against future taxable profits, subject to the agreement of the tax authority and compliance with certain provisions of the tax legislation. No deferred tax asset has been recognised on these tax losses due to uncertainty of its recoverability against future taxable profits.

19. Transfer of insurance business

Transfer of life insurance business of Zurich Life Insurance (Singapore) Pte. Ltd. to the Company

On 1 April 2018, pursuant to a scheme of transfer under section 47 of the Insurance Act, Chapter 142, Zurich Life Insurance (Singapore) Pte. Ltd. transferred its assets and liabilities to the Company. The Company received an amount of US$ 4,660,824 from the transferee which was recognized as other income in the statement of comprehensive income. Cost associated with the scheme of transfer amounting to US$ 2,550,865 was recognized as other expenses in the statement of comprehensive income.

The fair values of assets and liabilities transferred on 1 April 2018 were as follows:

	Carrying amount of assets and liabilities transferred to the Company US$
Investment securities	18,864,094
Other receivables	538,319
Cash and cash equivalents	7,107,066
Policy liabilities	(26,367,517)
Other liabilities	(141,962)
Net asset acquired	–

20. Fair value of financial instruments

The following table shows an analysis of financial instruments carried at fair value by level of fair value hierarchy:

	Group 2019			
	Quoted prices in active markets for identical instruments (Level 1) US$	Significant other observable inputs (Level 2) US$	Significant unobservable inputs (Level 3) US$	Total fair value US$
Recurring fair value measurements				
Financial assets at FVTPL (Note 9)				
Debt securities:				
- Bonds	40,132,660	–	–	40,132,660
Investment securities:				
- Unit trusts (for investment-linked insurance fund)	18,173,263	–	–	18,173,263
- Other equity securities	–	–	2,799,985	2,799,985
Derivative financial instruments:				
- Forward exchange contract	–	718,000	–	718,000
- Interest rate swaps	–	573	–	573
AFS financial assets (Note 9)				
Debt securities:				
- Bonds	199,451,859	–	–	199,451,859
Derivative liabilities:				
- Forward exchange contract (Note 12)	–	(711,770)	–	(711,770)
As at 31 December 2019	257,757,782	6,803	2,799,985	260,564,570

20. Fair value of financial instruments (cont'd)

	Company 2018			
	Quoted prices in active markets for identical instruments (Level 1) US$	Significant other observable inputs (Level 2) US$	Significant unobservable inputs (Level 3) US$	Total fair value US$
Recurring fair value measurements				
Financial assets at FVTPL (Note 9)				
Debt securities:				
- Bonds	14,711,272	–	–	14,711,272
Investment securities				
- Unit trusts (for investment-linked insurance fund)	16,974,397	–	–	16,974,397
AFS financial assets (Note 9)				
Debt securities:				
- Bonds	91,801,526	–	–	91,801,526
As at 31 December 2018	123,487,195	–	–	123,487,195

Fair value hierarchy

The Group classifies fair value measurement using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities;
Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
Level 3 - Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Determination of fair value

A. *Fair value of financial instruments that are carried at fair value*

Debt securities (Note 9): Fair value is determined by direct reference to their bid price quotations in an active market at the end of the reporting date.

20. Fair value of financial instruments (cont'd)

Determination of fair value (cont'd)

A. *Fair value of financial instruments that are carried at fair value (cont'd)*

The fair value of forward exchange contracts and interest rate swaps are determined based on over the counter quotes at the reporting date. These are based on market observable inputs such as benchmark market rates of interest, reported trade and broker-dealer quotes available for these investments. These investments are included in Level 2.

B. *Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value*

The carrying amounts of cash and cash equivalents (Note 7), loans and receivables (Note 8), and insurance and other payables (Note 13) are reasonable approximation of fair values due to their short-term nature.

The following table presents the reconciliation for the investments measured at fair value based on significant unobserved inputs (Level 3):

	2019 US$
Financial assets at fair value through profit or loss:	
At 1 January	–
Purchases during the year	2,799,985
Net changes in fair value of financial assets at fair value through profit or loss	–
At 31 December	2,799,985

Valuations are the responsibility of the management of the Group. The valuation of the unquoted equity is performed on a quarterly basis and reviewed by the management.

The table below presents the investment in unquoted equity whose fair value is indirectly derived and recognised using valuation techniques based on assumptions that are not supported by prices or other inputs from observable current market transactions and the estimated fair value may differ significantly from the value that would have been used had a ready market for this investment existed, and the difference could be material.

Description	Fair value at 31 December 2019 US$	Valuation technique	Unobservable inputs
Financial assets at fair value through profit or loss			
- Unlisted equity investments – ordinary shares	2,799,985	Adjusted net asset value/Last transaction price	N/A

20. Fair value of financial instruments (cont'd)

The management values its unquoted equity at last transaction price. Thus, unobservable inputs were not applicable. Hence, no sensitivity analysis on the unobservable inputs was disclosed.

21. Financial risks management objectives and policies

The Group is exposed to financial risk through its financial assets, financial liabilities, insurance assets and insurance liabilities. In particular, the key financial risk is that the proceeds from its financial assets are not sufficient to fund the obligations arising from its insurance contracts. The most important components of this financial risk are credit risk, liquidity risk and market risk. There has been no change to the Group's exposure to these risks or the manner in which it manages and measures the risks.

(a) Corporate Governance Framework

The Company is a licensed direct life insurer regulated under the Insurance Act. As such, the Group is required to comply with applicable rules and regulations (including corporate governance) set out by the relevant authorities.

The Group believes that good corporate governance is important. It is the means to safeguard stakeholders' and policyholders' interest. The Board of Directors is responsible for the overall good governance of the Group. The Board achieves this through the aid of various governance committees, and the leadership team in the Group. This approach is consistent with the Corporate Governance requirements in Singapore.

(b) Insurance risk

Insurance risk relates to the inherent risks associated with the underwriting activities of life business. Such risks include pricing, reserving, underwriting and reinsurance risks.

The Group has established appropriate guidelines and framework combined with authority limits as part of risk mitigation activities embedded in the business operations.

Key assumptions

Material judgement is required in determining the insurance liabilities and in the choice of assumptions. Assumptions in use are based on industry experiences, external market indices and benchmarks which reflect current observable market prices and trends. Assumptions and prudent estimates are determined at the date of valuation and no credit is taken for possible beneficial effects of voluntary withdrawals. Assumptions will be further evaluated on a periodic basis in order to ensure realistic and reasonable valuations.

21. Financial risks management objectives and policies (cont'd)

(b) *Insurance risk (cont'd)*

Key assumptions (cont'd)

The key assumptions to which the estimation of liabilities is particularly sensitive are as follows:

Discount rate

The discount rates are derived from Singapore Dollar ("SGD") and USD yield curves based on prescribed approaches provided by MAS. Policy liabilities for universal life business are calculated on both guaranteed and non-guaranteed bases, with the actual policy liability held being the higher of the two. The discount rate used for the non-guaranteed basis is set based on the best estimate expected return from the asset portfolio backing these policies.

Mortality and morbidity rates

Mortality and morbidity rates assumptions are based on pricing assumptions as at valuation date.

Lapse and surrender rates

Lapse and surrender rates assumptions are based on pricing assumptions as at valuation date.

Expenses

Expense assumptions represent the expected amount that will be spent on the business. Assumptions on future expenses are at best estimate after taking into consideration long term expense levels and the expected expense inflation.

Sensitivities

The analysis below is performed for reasonably possible movements in key assumptions affecting the determination of insurance liabilities with all other assumptions held constant, showing the impact on gross and net liabilities, and loss before tax.

21. Financial risks management objectives and policies (cont'd)

(b) Insurance risk (cont'd)

The correlation of assumptions will have a significant effect in determining the analysed claims liabilities. To demonstrate the impact, changes in specific assumptions are analysed on an individual basis. It should be noted that movements in these assumptions are non-linear. Sensitivity information will also vary according to the current economic assumptions.

Group 2019	**Change in assumptions**	**Impact on gross insurance contract liabilities** US$	**Impact on net insurance contract liabilities** US$	**Impact on loss before tax** US$
Discount rate*	- 0.5%	5,596,099	4,530,907	4,530,907
Mortality and morbidity rates	+/- 10%	7,550,973	617,858	617,858
Lapse and surrender rates	+/- 10%**	3,900,474	3,746,915	3,746,915
Expenses	+ 10%	2,290,826	2,267,659	2,267,659

* Sensitivity allows for offsetting reduction to crediting rates for universal life policies, but excludes any offsetting impact from changes to the market value of fixed income assets

** More onerous of an increase or decrease in lapses and surrenders, depending on the products

21. **Financial risks management objectives and policies (cont'd)**

(b) Insurance risk (cont'd)

Company 2018	Change in assumptions	Impact on gross insurance contract liabilities US$	Impact on net insurance contract liabilities US$	Impact on loss before tax US$
Discount rate*	- 0.5%	+ 2,656,023	+ 1,977,745	+ 1,977,745
Mortality and morbidity rates	+/- 10%	+/- 3,567,294	+/- 438,274	+/- 438,274
Lapse and surrender rates	+/- 10%	+/- 2,049,946	+/- 1,748,598	+/- 1,748,598
Expenses	+ 10%	+ 1,223,887	+ 1,016,964	+ 1,016,964

* Sensitivity allows for offsetting reduction to crediting rates for universal life policies, but excludes any offsetting impact from changes to the market value of fixed income assets

** More onerous of an increase or decrease in lapses and surrenders, depending on the products

(c) ***Credit risk***

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The major classes of financial assets of the Group are cash and cash equivalents, debt securities and insurance and other receivables.

To manage counterparty risks associated with its placement of cash and cash equivalents and debt securities, counterparty limits are established to ensure that there are no significant credit exposures to a single party and/or group of related parties. At reporting date, there is no significant concentration of credit risk. In respect of insurance and other receivables, the Group has a credit policy in place and exposure to credit risk is monitored on an ongoing basis. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial positions. At 31 December 2019, the Group did not have any significant concentration of credit risk with a single counterparty.

21. Financial risks management objectives and policies (cont'd)

(c) *Credit risk (cont'd)*

The following table provides information regarding the credit risk exposure of the Group by classifying its financial assets (excluding investments relating to investment linked fund) according to credit ratings of the counterparties.

	Investment grade* (AAA to BBB-) US$	Not rated US$	Not subject to credit risk US$	Total US$
Group				
2019				
Financial assets at FVTPL and AFS financial assets:				
- Debt securities	226,106,489	13,478,030	–	239,584,519
- Investment securities	–	2,799,985	–	2,799,985
- Derivative financial instruments	718,573	–	–	718,573
Insurance receivables	–	–	999,255	999,255
Reinsurance receivables	–	–	–	–
Rental deposit	–	350,299	–	350,299
Other receivables	–	3,101,489	–	3,101,489
Cash and cash equivalents	85,336,158	–	–	85,336,158
	312,161,220	19,729,803	999,255	332,890,278
Company				
2018				
Financial assets at FVTPL and AFS financial assets:				
- Debt securities	99,838,088	6,674,710	–	106,512,798
Insurance receivables	–	–	2,484,756	2,484,756
Reinsurance receivables	81,494,589	–	–	81,494,589
Rental deposit	–	108,897	–	108,897
Other receivables	–	1,681,348	–	1,681,348
Cash and cash equivalents	55,198,709	–	–	55,198,709
	236,531,386	8,464,955	2,484,756	247,481,097

* Based on public ratings assigned by external rating agencies including S&P, Moody's and Fitch.

Financial assets that are neither past due nor impaired

At the balance sheet date, insurance and other receivables that are neither past due nor impaired are creditworthy debtors with good payment record with the Group. Cash and cash equivalents that are neither past due nor impaired are placed with or entered into with reputable financial institutions or companies with high credit ratings and no history of default.

21. Financial risks management objectives and policies (cont'd)

(d) *Liquidity risk*

Liquidity risk is the risk that the Group may not be able to meet its short-term obligations. Operating and capital expenditure budgets are prepared to facilitate the management of short-term cash flows. The Group's cash management process assesses the liquidity of assets held to ensure that assets can be realised on a reasonably timely basis to settle policyholders' liabilities.

Management believes that the Group's liquid assets, its net cash provided by operations, and access to the capital from the shareholders of the company will enable it to meet any foreseeable cash requirements.

The tables below summarise the maturity profile of the Group 's financial assets and liabilities based on the undiscounted contractual obligations from the reporting date to the contractual maturities or expected repayment dates. For insurance contracts liabilities, maturity profiles are determined based on the estimated timing of net cash outflows from the recognised insurance liabilities.

Group 2019	Carrying value US$	No maturity date US$	Less than 1 year US$	1 to 5 years US$	Over 5 years US$	Total US$
Financial assets						
Financial assets at FVTPL and AFS financial assets:						
- Debt securities	239,584,519	–	7,342,450	56,639,534	409,127,444	473,109,428
- Investments (for investment-linked insurance fund) securities	18,173,263	18,173,263	–	–	–	18,173,263
- Other equity securities	2,799,985	2,799,985	–	–	–	2,799,985
- Derivative financial instruments	718,573	–	573	718,000	–	718,573
Insurance receivables	999,255	–	999,255	–	–	999,255
Reinsurance receivables	–	–			–	–
Rental deposit	350,299	–	15,688	334,611	–	350,299
Other receivables	3,101,489	–	3,101,489	–	–	3,101,489
Cash and cash equivalents	85,336,158	37,585,354	47,750,804	–	–	85,336,158
Total	351,063,541	58,558,602	59,210,259	57,692,145	409,127,444	584,588,450
Financial liabilities						
Insurance contract liabilities	215,243,075	215,243,075	–	–	–	215,243,075
Reinsurance premiums payable	2,075,157	–	2,075,157	–	–	2,075,157
Commission payable	1,007,549	–	1,007,549	–	–	1,007,549
Claims payable	587,811	–	587,811	–	–	587,811
Other payables	6,093,990	–	4,587,229	1,585,525	–	6,172,754
Derivative financial instruments	711,770	–	(6,230)	718,000	–	711,770
Total	225,719,352	215,243,075	8,251,516	2,303,525	–	225,798,116

21. Financial risks management objectives and policies (cont'd)

(d) Liquidity risk (cont'd)

Company 2018	Carrying value US$	No maturity date US$	Less than 1 year US$	1 to 5 years US$	Over 5 years US$	Total US$
Financial assets						
Financial assets at FVTPL and AFS financial assets:						
- Debt securities	106,512,798	–	–	40,129,350	248,874,415	289,003,765
- Investment (for investment-linked insurance fund) securities	16,974,397	16,974,397	–	–	–	16,974,397
Insurance receivables	2,484,756	–	2,484,756	–	–	2,484,756
Reinsurance receivables	81,494,589	–	23,298,876	–	58,195,713	81,494,589
Rental deposit	108,897	–	108,897	–	–	108,897
Other receivables	1,681,348	–	1,681,348	–	–	1,681,348
Cash and cash equivalents	55,198,709	46,264,520	8,934,189	–	–	55,198,709
Total	264,455,494	63,238,917	36,508,066	40,129,350	307,070,128	446,946,461
Financial liabilities						
Insurance contract liabilities	42,986,674	42,986,674	–	–	–	42,986,674
Reinsurance premiums payable	82,438,004	–	82,438,004	–	–	82,438,004
Reinsurance deposit	58,195,713	–	–	–	58,195,713	58,195,713
Reinsurance allowance reserves	606,083	–	606,083	–	–	606,083
Commission payable	3,573,253	–	3,573,253	–	–	3,573,253
Claims payable	2,879	–	2,879	–	–	2,879
Other payables	4,117,901	–	4,117,901	–	–	4,117,901
Total	191,920,507	42,986,674	90,738,120	–	58,195,713	191,920,507

Financial assets and liabilities up to one year maturity are current assets and current liabilities respectively.

21. Financial risks management objectives and policies (cont'd)

(e) *Market risk*

Market risk arises principally from the uncertainty that future earnings are exposed to potential changes in volatility, interest rates, foreign currency exchange rates and equity prices.

(i) *Interest rate risk*

Interest rate risk is the risk that the fair value of a financial instrument and the underlying policy liabilities for which the assets are intended to fund will fluctuate due to changes in market interest rates.

The Group has proper investment guidelines in place to ensure that its exposure to the interest rate risk is minimal. The Group also invested in companies and financial institutions with sound financial track records. The Company has an investment manager to monitor actively the performance of the Company's investment portfolios on an ongoing basis.

The following table sets out the carrying amount and the weighted average effective interest rate ("WAEIR") at the reporting date of the Group's financial instrument that is exposed to interest rate risk.

	Effective interest rate %	Carrying amount US$
Group		
At 31 December 2019		
AFS financial assets:		
- Debt securities	3.36	199,451,859
FVTPL financial assets:		
- Debt securities	2.91	40,132,660
Company		
At 31 December 2018		
AFS financial assets:		
- Debt securities	3.79	91,801,526
FVTPL financial assets:		
- Debt securities	0.92	14,711,272

21. **Financial risks management objectives and policies (cont'd)**

(e) ***Market risk (cont'd)***

(i) *Interest rate risk (cont'd)*

Sensitivity analysis

At the reporting date, if interest rates had been 50 basis points higher/lower with all other variables held constant, the Group's loss before tax would have been as below:

Changes in variables	**Impact on loss before tax (increase)/ decrease** US$	**Impact on equity (decrease)/ increase** US$
Group		
2019		
+ 50 basis points	(1,023,205)	(15,093,461)
- 50 basis points	436,048	13,361,943
Company		
2018		
+ 50 basis points	(342,939)	(5,462,737)
- 50 basis points	151,537	3,524,141

(ii) *Foreign currency risks*

The Group's foreign currency exposures arise mainly from the exchange rate movements of the SGD against USD.

At the reporting date, the carrying amounts of monetary items denominated in currencies other than the Group's functional currency are disclosed in Note 7.

The following table demonstrates the sensitivity of the Group's loss before tax to a reasonably possible change in the foreign currencies exchange rates against the functional currency of the Group, with all other variables held constant:

	Group 2019 Impact on loss before tax US$	**Company 2018 Impact on loss before tax** US$
SGD - strengthened 10% (2018: 10%)	478,562	972,451
SGD - weakened 10% (2018: 10%)	(391,551)	(795,641)

21. **Financial risks management objectives and policies (cont'd)**

(e) ***Market risk (cont'd)***

(iii) Price risks

Equity price risk is the risk that the fair value of equities decreases as a result of changes in market prices, whether those changes are caused by factors specific to the individual stock or factors affecting all instruments in the market. Equity price risk exposure arises from the investment portfolio strategy. For unquoted equities, the Group used price of recent investment at investment entry date; therefore no movement on these unobservable inputs is expected as a result of changes in market prices.

22. Capital management

The Group's source of funding is from its shareholders. The Group's objectives when managing capital are:

- to comply with the insurance capital requirements stipulated by the MAS;
- to safeguard the Group's ability to continue as a going concern so that it can continue to protect policyholders; and
- to provide adequate returns to its holding company by pricing insurance contracts so that the level of premiums charged commensurate with the level of risk.

The Group monitors its capital level on a regular basis to assess whether the requirements have been met, and reports to the MAS the Company's Capital Adequacy Ratio ("CAR") and fund solvency position every quarter as well as annually.

As at 31 December 2019 and 2018, the CAR of the Company remained well above the regulatory minimum ratios under Risk based Capital Frameworks established by the MAS.

23. Subsequent events

On 28 January 2020, the Company was granted license by MAS to carry on cross-border money transfer service in Singapore.

On 17 February 2020, the Subsidiary was granted license by Insurance Commission of Philippines to carry on life insurance business.

24. Authorisation of financial statements

The consolidated financial statements for financial year ended 31 December 2019 were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 20 March 2020.

Company Registration No. 201405619W

Singapore Life Pte. Ltd.

Annual Financial Statements
31 December 2018

Building a better
working world

Directors

Raymond John Ferguson	
Walter Mark de Oude	
David Gelber	(Appointed on 24 October 2018)
Chiu Estella Sheun Fun	
Wong Yuen Tin Laurence	
Mark William Lane Richards	(Resigned on 24 October 2018)
Phang Yew Kiat	(Resigned on 7 December 2018)

Company Secretary

Varsha Abdullah @ Varsha D/O Bipinchandra

Registered Office

11 North Buona Vista Drive
#13-07, The Metropolis
Singapore 138589

Auditor

Ernst & Young LLP

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The directors are pleased to present their statement to the members together with the audited financial statements of Singapore Life Pte. Ltd. (the "Company") for the financial year ended 31 December 2018.

Opinion of the directors

In the opinion of the directors,

(a) the financial statements are drawn up so as to give a true and fair view of the financial position of the Company as at 31 December 2018 and the financial performance, changes in equity and cash flows of the Company for the financial year ended on that date; and

(b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

Directors

The directors of the Company in office at the date of this statement are:

Raymond John Ferguson
Walter Mark de Oude
David Gelber
Chiu Sheun Fun Estella
Wong Yuen Tin Laurence

Arrangements to enable directors to acquire shares and debentures

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose objects are, or one of whose objects is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares or debentures of the Company or any other body corporate.

Directors' interest in shares and debentures

The following directors, who held office at the end of the financial year, had, according to the register of directors' shareholdings required to be kept under section 164 of the Singapore Companies Act, Chapter 50, an interest in shares of the Company and related corporations as stated below:

	Direct interest		Deemed Interest	
Name of director	At the beginning of financial year	At the end of financial year	At the beginning of financial year	At the end of financial year
Singapore Life Pte. Ltd.				
Ordinary shares				
Walter Mark de Oude	–	–	7,145,298	7,145,298
Mark William Lane Richards	100,000	–	–	–
Raymond John Ferguson	100,000	113,283	–	–

Share options

During the financial year:

(a) the Company has granted 818,000 share options to employees and director in the Company. These options expire on 11 October 2028 and are exercisable if the employee/director remains in service at each tranche's vesting date and that certain market conditions as detailed in Note 14 to the financial statements are met; and

(b) there were no share issued by virtue of any exercise of option to take up unissued shares of the Company.

At the end of the financial year, there was no unissued share of the Company under option.

Details of the options to subscribe for ordinary shares of the Company granted to directors of the Company are as follows:

Name of director	Options granted during financial year	Options vested during financial year	Options granted as at end of financial year
Raymond John Ferguson	368,000	–	368,000

Auditor

Ernst & Young LLP have expressed their willingness to accept re-appointment as auditor.

On behalf of the Board of Directors:

Director
Walter Mark de Oude

Director
Raymond John Ferguson

Singapore
25 March 2019

Independent auditor's report to the members of Singapore Life Pte. Ltd.

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Singapore Life Pte. Ltd. (the "Company"), which comprise the statement of financial position as at 31 December 2018, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the "Act") and Financial Reporting Standards in Singapore ("FRSs") so as to give a true and fair view of the financial position of the Company as at 31 December 2018 and of the financial performance, changes in equity and cash flows of the Company for the financial year ended on that date.

Basis for opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Accounting and Corporate Regulatory Authority ("ACRA") Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

Management is responsible for other information. The other information comprises the General Information and Directors' Statement, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and directors for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and FRSs, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

Auditor's responsibilities for the audit of the financial statements (cont'd)

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on other legal and regulatory requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

Ernst & Young LLP

Public Accountants and
Chartered Accountants
Singapore

25 March 2019

Balance sheet
As at 31 December 2018

	Note	2018 US$	2017 US$
Assets			
Property, plant and equipment	4	4,567,421	2,663,755
Intangible assets	5	294,492	–
Prepayments		317,240	141,498
Reinsurers' share of insurance contract liabilities	10	58,883,646	8,583,311
Investments	8	123,487,195	39,818,274
Insurance and other receivables	7	4,275,000	881,633
Cash and cash equivalents	6	55,198,709	12,820,710
Total assets		247,023,703	64,909,181
Equity			
Share capital	9	84,807,555	52,109,141
Fair value reserve		(3,684,899)	489,935
Share option reserve		15,976	–
Accumulated losses		(3,424,493)	(8,601,375)
Total equity		77,714,139	43,997,701
Liabilities			
Gross insurance contract liabilities	10	101,870,320	8,609,548
Insurance and other payables	11	67,439,244	12,301,932
Total liabilities		169,309,564	20,911,480
Total equity and liabilities		247,023,703	64,909,181

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Statement of comprehensive income
For the financial year ended 31 December 2018

	Note	2018 US$	2017 US$
Income			
Gross premiums		98,073,188	11,510,818
Premiums ceded to reinsurers		(71,847,584)	(11,390,288)
Changes in fair value of investments	12	(1,484,416)	(149,922)
Interest income	13	3,001,809	865,737
Other income		5,177,191	39,627
Reinsurance commission and profit commission		21,010,146	2,288,729
		53,930,334	3,164,701
Expenses			
Claims and surrenders	10(b)	3,814,458	–
Change in insurance contract liabilities	10(c)	16,592,920	26,237
Fee and commission expenses		10,908,870	1,470,307
Employee benefits expenses	14	6,219,814	3,203,955
Depreciation	4	548,788	171,005
Amortisation	5	2,523	–
Management expenses	15	6,505,812	2,660,500
Other expenses	15	4,160,267	650,600
		48,753,452	8,812,604
Profit/(loss) before tax		5,176,882	(5,017,903)
Taxation expense	16	–	–
Net profit/(loss) for the financial year		5,176,882	(5,017,903)
Other comprehensive income for the financial year:			
Items that may be reclassified subsequently to profit or loss			
Net (loss)/gain on fair value changes of available-for-sale financial assets		(4,232,635)	489,935
Transfer of realised loss to profit and loss		57,801	–
Total comprehensive income for the financial year		1,002,048	(4,527,968)

The accompanying accounting policies and explanatory notes form an integral part of the financial statements

Statement of changes in equity
For the financial year ended 31 December 2018

	Note	Share capital	Fair value reserve	Translation reserve	Employee share option reserve	Accumulated losses	Total equity
		US$	US$	US$	US$	US$	US$
Balance at 1 January 2017		1,209,373	–	80,893	–	(3,596,507)	(2,306,241)
Effect of change in functional currency		649,768	–	(80,893)	–	13,035	581,910
Net loss for the financial year		–	–	–	–	(5,017,903)	(5,017,903)
Other comprehensive income for the financial year		–	489,935	–	–	–	489,935
Total comprehensive income for the year		–	489,935	–	–	(5,017,903)	(4,527,968)
Issuance of new shares	9	50,250,000	-	–	–	–	50,250,000
Balance at 31 December 2017 and at 1 January 2018		52,109,141	489,935	–	–	(8,601,375)	43,997,701
Net loss for the financial year		–	–	–	–	5,176,882	5,176,882
Other comprehensive income for the financial year		–	(4,174,834)	–	–	–	(4,174,834)
Total comprehensive income for the year		–	(4,174,834)	–	–	5,176,882	1,002,048
Grant of equity-settled share options	14	–	–	–	15,976	–	15,976
Issuance of new shares	9	32,698,414	–	–	–	–	32 698,414
Balance at 31 December 2018		84,807,555	(3,684,899)	–	15,976	(3,424,493)	77,714,139

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Singapore Life Pte. Ltd.

Statement of cash flows
For the financial year ended 31 December 2018

	Note	2018 US$	2017 US$
Cash flows from operating activities			
Profit/(Loss) before taxation		5,176,882	(5,017,903)
Adjustments for:			
Depreciation	4	548,788	171,005
Amortisation	5	2,523	–
Property, plant and equipment written off	4	5,384	5,303
Unrealised foreign exchange losses		273,352	–
Interest income	13	(3,001,809)	(865,737)
Changes in fair value of investments	12	1,484,416	149,922
Grant of equity-settled share options	14	15,976	–
Operating cash flows before changes in working capital		4,505,512	(5,557,410)
Changes in working capital:			
Increase in insurance and other receivables		(2,043,149)	(416,394)
Increase in prepayments		(175,742)	(135,720)
Increase in other payables		2,463,820	399,268
Increase in insurance payables		52,673,492	10,647,852
Increase in insurance contract liabilities		42,960,437	26,237
Interest received		1,651,591	411,586
Net cash flows generated from operating activities		102,035,961	5,375,419
Cash flows from investing activities			
Purchase of property, plant and equipment	Note (a)	(2,457,838)	(1,658,450)
Purchase of intangible assets		(297,015)	–
Purchase of investments		(89,328,171)	(39,478,262)
Net cash flows used in investing activities		(92,083,024)	(41,136,712)
Cash flows from financing activities			
Proceeds from issuance of share capital	9	32,698,414	47,833,860
Net cash flows generated from financing activities		32,698,414	47,833,860

Note (a):

	Note	2018 US$	2017 US$
Additions of property, plant and equipment	4	(2,457,838)	(1,933,580)
Payables in respect of additions to property plant and equipment	11	–	275,130
		(2,457,838)	(1,658,450)

Statement of cash flows
For the financial year ended 31 December 2018

	Note	2018 US$	2017 US$
Net increase in cash and cash equivalents		42,651,351	12,072,567
Effect of exchange rate on cash and cash equivalents		(273,352)	700,118
Cash and cash equivalents at beginning of financial year		12,820,710	48,025
Cash and cash equivalents at end of financial year	6	55,198,709	12,820,710

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

1. Corporate information

Singapore Life Pte. Ltd. (the "Company") is a private limited company, incorporated and domiciled in Singapore. The registered office and principal place of business of the Company is located at 11 North Buona Vista Drive, #13-07 The Metropolis, Singapore 138589.

On 9 June 2017, the Company was granted license by the Monetary Authority of Singapore ("MAS") to carry on life insurance business in Singapore.

The principal activity of the Company from 9 June 2017 consists of underwriting of life insurance business.

On 1 April 2018, the Company acquired a portfolio of assets and liabilities from Zurich Life (Singapore) Pte Ltd. ("Zurich Life") pursuant to a scheme of transfer under Section 47 of the Insurance At Chapter 142.

2. Summary of significant accounting policies

2.1 *Basis of preparation*

The financial statements have been prepared in accordance with Singapore Financial Reporting Standards ("FRS").

The financial statements have been prepared on the historical cost basis except as disclosed in the accounting policies below.

The financial statements for the financial year ended 31 December 2018 are presented in United States dollar (USD or US$), being the functional currency of the Company. From 1 July 2017 onwards, premiums, reinsurance premiums, commissions and investments transactions are mainly denominated in USD. Therefore, the directors are of the opinion that the USD reflects the economic substance of the underlying events and circumstances relevant to the Company.

In accordance with FRS 21 *The Effects of Changes in Foreign Exchange Rates*, where there is a prospective change in functional currency, the Company shall apply the translation procedures applicable to the new functional currency, USD, prospectively from the date of the change. As such, the Company has translated all transactions and balances as at 1 July 2017 into the new functional currency, USD, using the exchange rate at the date of the change. The effects of the change in functional currency as at 1 July 2017 are as disclosed in the statement of changes in equity of the Company.

2.2 *Changes in accounting policies*

During the financial period, the Company has adopted all the new and revised standards and interpretations of FRS ("INT FRS") that are effective for annual financial periods beginning on or after 1 January 2018. The effect of adoption of these standards and interpretations did not have any effect on the financial performance or position of the Company.

The effect of adoption of Amendments to FRS 104 *Applying FRS 109 Financial Instruments with FRS 104 Insurance Contracts* is as follows:

The amendments introduce two alternative options for entities issuing contracts within the scope of FRS 104, notably a temporary exemption and an overlay approach. The temporary exemption enables eligible entities to defer the implementation date of FRS 109 for annual periods beginning before 1 January 2021 at the latest.

2. Summary of significant accounting policies (cont'd)

2.2 *Changes in accounting policies (cont'd)*

The effect of adoption of Amendments to FRS 104 *Applying FRS 109 Financial Instruments with FRS 104 Insurance Contracts* is as follows: (cont'd)

An entity may apply the temporary exemption from FRS 109 if: (i) it has not previously applied any version of FRS 109 and (ii) its activities are predominantly connected with insurance on its annual reporting date that immediately precedes 1 April 2016. If there is a change in the entity's activities: (a) an entity that previously qualified for the temporary exemption from FRS 109 shall reassess whether its activities are predominantly connected with insurance at a subsequent annual reporting date and (b) an entity that previously did not qualify for the temporary exemption from FRS 109 is permitted to reassess whether its activities are predominantly connected with insurance at a subsequent annual reporting date before 31 December 2018. The overlay approach allows an entity applying FRS 109 to reclassify between profit or loss and other comprehensive income an amount that results in the profit or loss at the end of the reporting period for the designated financial assets being the same as if an entity had applied FRS 39 to these designated financial assets.

An entity can apply the temporary exemption from FRS 109 for annual periods beginning on or after 1 January 2018. An entity may start applying the overlay approach when it applies FRS 109 for the first time.

During 2017, there was a change in the Company's principal activity. The Company performed an assessment of its principal activity and reached the conclusion that its activities are predominantly insurance related as at 31 December 2018. As such, the Company will apply the temporary exemption in its reporting period starting on 1 January 2018.

During 2018, the Company performed an impact assessment of classification and measurement of its financial assets under FRS 109. This initial assessment is based on currently available information and may be subject to changes arising from further detailed analyses or additional reasonable and supportable information becoming available in the future. The tables below relate to the additional disclosures required when the FRS 109 temporary exemption is applied. Disclosures are based on the current financial assets portfolio and on the initial assessment conducted.

The fair value as at 31 December 2018 and fair value change of the Company's financial assets during the year, based on the classification in accordance with FRS 109, is as follows:

In USD	Fair value as at December 31, 2018	Change in fair value during 2018 (1)
Financial assets with contractual terms that meet the SPPI test definition	106,512,797	(4,646,757)
Other financial assets	140,968,300	–
Total financial assets	247,481,097	(4,646,757)

The gross carrying amount of investments classified as amortized cost and FVOCI according to their credit risk rating grade are disclosed in Note 20 (c) of the financial statements.

2. **Summary of significant accounting policies (cont'd)**

2.3 ***Standards issued but not yet effective***

The Company has not adopted the following relevant standards and interpretations that have been issued but are not yet effective:

Description	Effective for annual periods beginning on or after
FRS 116 *Leases*	1 January 2019
INT FRS 123 *Uncertainty Over Income Tax Treatments*	1 January 2019
FRS 117 *Insurance Contracts*	1 January 2021

Except for FRS 117, the management expects that the adoption of other standards above will have no material impact on the financial statements in the period of initial application. The nature of the impending changes in accounting policy on adoption of FRS 116 and FRS 117 are described as below.

FRS 116 Leases

FRS 116 requires lessees to recognise most leases on balance sheets to reflect the rights to use the leased assets and the associated obligations for lease payments as well as the corresponding interest expense and depreciation charges. The standard includes two recognition exemption for lessees - leases of 'low value' assets and short-term leases. The new standard is effective for annual periods beginning on or after 1 January 2019

The Company has performed a preliminary impact assessment based on currently available information, and the assessment may be subject to changes arising from ongoing analysis until the Company adopts FRS 116 in 2019. On the adoption of FRS 116, the Company expects to recognise right-of-use assets of $657,000, and lease liabilities of $657,000 for its leases previously classified as operating leases.

FRS 117 Insurance Contracts

In March 2018, Accounting Standards Council Singapore ("ASC") issued FRS 117 *Insurance Contracts*, a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. FRS 117 provides a comprehensive model (the general model) for insurance contracts, supplemented by the variable fee approach for contracts with direct participation features that are substantially investment-related service contracts, and the premium allocation approach mainly for short duration which typically applies to certain non-life insurance contracts.

The overall objective of FRS 117 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in FRS 104, which are largely based on grandfathering previous local accounting policies, FRS 117 provides a comprehensive model, supplemented by:

- a specific adaptation for contracts with direct participation features (the variable fee approach); and
- a simplified approach (the premium allocation approach) mainly for short-duration contracts

2. Summary of significant accounting policies (cont'd)

2.3 ***Standards issued but not yet effective (cont'd)***

FRS 117 Insurance Contracts (cont'd)

FRS 117 is effective for annual reporting periods beginning on or after 1 January 2021, with comparative figures required. Early application is permitted, provided the entity also applies FRS 109 and FRS 115 on or before the date it first applies FRS 117. Retrospective application is required. However, if full retrospective application for a group of insurance contracts is impracticable, then the entity is required to choose either a modified retrospective approach or a fair value approach.

The Company is evaluating the impact of the new standard on its financial statements and related disclosures and plans to adopt the new standard on the required effective date together with FRS 109 (see above).

2.4 ***Foreign currency***

(a) *Functional currency*

The Company changed its functional currency from SGD to USD with effect from 1 July 2017 to reflect the current and prospective economic substance of the underlying transactions of the Company as its premiums, reinsurance premiums, commissions and investments transactions from 1 July 2017 onwards are predominately denominated in USD.

The effect of the change in functional currency to USD was applied prospectively in the financial statements. The Company translated all items into the new functional currency using the exchange rate of S$1. US$1.3773 as at 1 July 2017.

In conjunction with the change of functional currency, the Company changed its presentation currency from S$ to US$. This change was applied retrospectively using the following procedures:

- assets and liabilities of all corresponding figures presented (including opening balances from the beginning of earliest prior period presented) were translated at the closing rates of respective year end,

- income and expenses for all corresponding figures presented were translated at the average exchange rate for the financial year approximating the exchange rates at the dates of transactions;

- equity items (i.e. share capital) were translated at historical rate of exchange ruling at the date of the issue of the shares, and

- all resulting exchange differences were recognised in other comprehensive income.

2. Summary of significant accounting policies (cont'd)

2.4 *Foreign currency (cont'd)*

(b) *Transactions and balances*

Transactions in foreign currencies are measured in the Company's functional currency and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the end of the reporting period. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the end of the reporting period are recognised in profit or loss.

2.5 *Product classification*

Insurance contracts are defined as those containing significant insurance risk at the inception of the contract, or those where at the inception of the contract there is a scenario with commercial substance where the level of insurance risk may be significant over time. The significance of insurance risk is dependent on both the probability of an insurance event and the magnitude of its potential effect.

Once a contract has been classified as an insurance contract, it remains an insurance contract for the remainder of its lifetime, even if the insurance risk reduces significantly during this financial period, unless all rights and obligations are extinguished or expired.

The Company writes a small amount of investment contracts, however it accounts for the contracts as insurance contracts. The portion of policy liabilities of such contracts is approximately 0.72%

Insurance contracts in the non-participating fund are also classified as insurance contract without discretionary participating features ("DPF").

2.6 *Property, plant and equipment*

All items of property, plant and equipment are initially recorded at cost. Subsequent to recognition, property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. The cost includes the cost of replacing part of the property, plant and equipment and borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying property, plant and equipment. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably.

When significant parts of property, plant and equipment are required to be replaced in intervals, the Company recognises such parts as individual assets with specific useful lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the property, plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

2. Summary of significant accounting policies (cont'd)

2.6 *Property, plant and equipment (cont'd)*

Depreciation is computed on a straight-line basis over the estimated useful lives of the property, plant and equipment as follows:

IT Software	-	5 years
Furniture and Fittings	-	3 years
IT Equipment	-	3 years
Office Equipment	-	3 years
Renovation	-	3 years

Fully-depreciated assets are retained in the financial statements until they are no longer in use and no further charge for depreciation is made in respect of these assets

The carrying values of property, plant and equipment are reviewed for impairment when events and changes in circumstances indicate that the carrying value may not be recoverable.

The residual value, useful life and depreciation method are reviewed at each financial year-end, and adjusted prospectively, if appropriate.

When assets are sold or retired, their cost and accumulated depreciation are removed from the accounts and any gain or loss resulting from their disposal is included in profit or loss.

An item of property, plant and equipment is de-recognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on de-recognition of the asset is included in profit or loss in the period the asset is de-recognised.

2.7 *Intangible assets*

Intangible assets are carried at cost less accumulated amortisation and impairment in value, if any. Intangible assets, consisting mainly of software (not an integral part of its related hardware), are capitalized at cost. These costs are amortised on a straight-line basis over their estimated useful life of 10 years. Periods and method of amortisation for intangible assets with finite useful lives are reviewed annually or earlier when an indicator of impairment exists.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised.

2. Summary of significant accounting policies (cont'd)

2.8 ***Impairment of non-financial assets***

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. Where the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Impairment losses of continuing operations are recognised in profit or loss, except for assets that are previously revalued where the revaluation was taken to other comprehensive income. In this case, the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase.

2.9 ***Financial instruments***

(a) *Financial assets*

Initial recognition and measurement

Financial assets are recognised when, and only when, the Company becomes a party to the contractual provisions of the financial instrument. The Company determines the classification of its financial assets at initial recognition.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

(i) *Financial assets at fair value through profit or loss*

Financial assets at fair value through profit or loss include financial assets held-for-trading and financial assets designated upon initial recognition at fair value through profit or loss. Financial assets are classified as held-for-trading if they are acquired for the purpose of selling or repurchasing in the near term.

2. Summary of significant accounting policies (cont'd)

2.9 *Financial instruments (cont'd)*

(a) *Financial assets (cont'd)*

Subsequent measurement (cont'd)

(i) *Financial assets at fair value through profit or loss (cont'd)*

Financial assets can only be designated at fair value through profit or loss upon initial recognition if the following criteria are met:

- the designation eliminates or significantly reduces the inconsistent treatment that would otherwise arise from measuring the assets or liabilities or recognising gains or losses on a different basis; or

- the assets and liabilities are part of a group of financial assets, financial liabilities or both, which are managed and their performance evaluated on a fair value basis, in accordance with a documented risk management or investment strategy.

Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in fair value are recognised in profit or loss. Net gains or losses on financial assets at fair value through profit or loss do not include exchange differences, interest and dividend income. Exchange differences, interest and dividend income on financial assets at fair value through profit or loss are recognised separately in profit or loss as part of other expenses or other income and investment income respectively.

(ii) *Loans and receivables*

Non-derivative financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the loans and receivables are de-recognised or impaired, and through the amortisation process.

(iii) *Available-for-sale financial assets*

Available-for-sale securities are non-derivative financial assets that are either designated in this category or are not classified in any of the above categories of financial assets. Available-for-sale financial assets include equity and debt securities. Debt securities in this category are those which are intended to be held long term and which may be sold in response to needs for liquidity or in response to changes in the market conditions.

2. Summary of significant accounting policies (cont'd)

2.9 *Financial instruments (cont'd)*

(a) *Financial assets (cont'd)*

Subsequent measurement (cont'd)

(iii) *Available-for-sale financial assets*

After initial recognition, available-for-sale financial assets are subsequently measured at fair value. Any gains or losses from changes in fair value of the financial asset, other than impairment losses, foreign currency differences on available-for-sale debt instruments and interest calculated using the effective interest method are recognised in other comprehensive income and presented in the fair value reserve in equity. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognised.

De-recognition

A financial asset is de-recognised where the contractual right to receive cash flows from the asset has expired. On de-recognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

(b) *Financial liabilities*

Initial recognition and measurement

Financial liabilities are recognised when, and only when, the Company becomes a party to the contractual provisions of the financial instrument. The Company determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value plus in the case of financial liabilities not at fair value through profit or loss, directly attributable transaction costs.

Subsequent measurement

Financial liabilities at amortised cost

After initial recognition, financial liabilities that are not carried at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are de-recognised, and through the amortisation process.

De-recognition

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

2. Summary of significant accounting policies (cont'd)

2.10 ***Impairment of financial assets***

The Company assesses at each end of the reporting period whether there is any objective evidence that a financial asset is impaired.

(a) *Financial assets carried at amortised cost*

For financial assets carried at amortised cost, the Company first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Company determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss on financial assets carried at amortised cost has incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The impairment loss is recognised in profit or loss.

When the asset becomes uncollectible, the carrying amount of impaired financial assets is reduced directly or if an amount was charged to the allowance account, the amounts charged to the allowance account are written off against the carrying value of the financial asset.

To determine whether there is objective evidence that an impairment loss on financial assets has incurred, the Company considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

(b) *Financial assets carried at cost*

If there is objective evidence (such as significant adverse changes in the business environment where the issuer operates, probability of insolvency or significant financial difficulties of the issuer) that an impairment loss on financial assets carried at cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset Such impairment losses are not reversed in subsequent periods.

2. **Summary of significant accounting policies (cont'd)**

2.10 ***Impairment of financial assets***

(c) *Available-for-sale financial assets*

In the case of equity investments classified as available-for-sale, objective evidence of impairment includes, but not limited to, (i) significant financial difficulty of the issuer or debtor, (ii) a breach of contract such default or delinquency in payments, (iii) indications that the issuer or debtor will enter into bankruptcy or other financial reorganization; (iv) the disappearance of an active market for that financial asset due to financial difficulties and (v) a significant or prolonged decline in the fair value of the investment below its cost. "Significant" is to be evaluated against the original cost of the investment and "prolonged" against the period in which the fair value has been below its original cost.

In the case of debt instruments classified as available-for-sale, impairment is assessed based on the same criteria as financial assets carried at amortised cost. However, the amount recorded for impairment is the cumulative loss measured as the difference between the amortised cost and the current fair value, less any impairment loss on that investment previously recognised in profit or loss.

If in subsequent period, the fair value of an impaired available-for-sale debt security increases and the increase can be related objectively to an event occurring after the impairment loss was recognised, then the impairment loss is reversed through profit or loss. However, any subsequent recovery in the fair value of an impaired available-for-sale equity security is recognised in other comprehensive income.

2.11 ***Cash and cash equivalents***

Cash and cash equivalents comprise cash at bank and on hand and demand deposits that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

2.12 ***Share capital***

Proceeds from issuance of ordinary shares are recognised as share capital in equity

2.13 ***Insurance contract liabilities***

The valuation of insurance contract liabilities is determined according to Singapore Insurance Act (Chapter 142) and Insurance (Valuation and Capital) Regulations 2004 for life insurance funds.

For policies within the non-participating fund, the insurance contract liabilities are calculated as the discounted value of expected future payments arising from the policy, including any expected expenses to be incurred and any provision for adverse deviation from the expected experience, less expected future receipts arising, using best estimate assumptions and discounting the future cash flows at interest rates determined in accordance to MAS Notice 319 ("risk-free rate").

For policies within the Investment-linked fund, the contract liabilities are calculated as the net assets value of the investment-linked contracts.

2. Summary of significant accounting policies (cont'd)

2.14 *Insurance and other payables*

Liabilities for insurance and other amounts payable, including amounts due to related parties, are initially recorded at fair value and subsequently measured at amortised cost using the effective interest rate method. The amounts are unsecured, interest-free and normally settled on 30 day terms.

Gains and losses are recognised in the profit or loss when the liabilities are derecognised as well as through the amortisation process.

2.15 *Provisions*

Provisions are recognised when the Company has a present obligation (legal or constructive) where as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

2.16 *Revenue recognition*

(a) *Premium income*

Premium income is recognised as soon as the amount of the premium can be reliably measured. Initial premium is recognised from inception date and subsequent premiums are recognised on due dates. At the end of the financial period, all due premiums are accounted for to the extent that they can be reliably measured.

(b) *Investment income*

Interest income is recognised using the effective interest method. Profits or losses on disposal of investments are taken to profit and loss account.

(c) *Net fair value gains or losses*

Financial assets at fair value through profit or loss are re-measured at each calendar month and the changes in the fair value are taken to the profit or loss.

2. Summary of significant accounting policies (cont'd)

2.17 *Benefits and claims expenses*

Benefits and claims expenses, including settlement costs, are accounted for using the case basis method and for this purpose, the amounts payable under a policy are recognised as follows:

- Maturity and other policy benefit payments due on specified dates are treated as claims payable on the due dates; and
- Death, surrender and other benefits without due dates are treated as claims payable, on the date of receipt of intimation of death of the assured or occurrence of contingency covered.

2.18 *Reinsurance*

The Company ceded reinsurance in the normal course of business for the purpose of limiting its net loss potential through the diversification of its risks. Reinsurance arrangements do not relieve the Company from its direct obligations to its policyholders.

Only contracts that give rise to a significant transfer of insurance risk are accounted for as insurance. Amounts recoverable under such contracts are recognised in the same year as the related claim.

Premiums ceded and benefits reimbursed are presented in the profit and loss account and balance sheet on a gross basis.

Reinsurance assets include balances due from reinsurance companies for ceded insurance liabilities. Amounts recoverable from reinsurers are estimated in a manner consistent with the outstanding claims provision or settled claims associated with the reinsured policy

Amounts recoverable under reinsurance contract are assessed for impairment at each balance sheet date. Such assets are deemed impaired if there is objective evidence, as a result of an event that occurred after its initial recognition, that the Company may not recover all amounts due and that the event has a reliably measurable impact of the amount that the Company will receive from the reinsurer.

2.19 *Fees and commission expenses*

Gross commission, which are costs directly incurred in securing premium on insurance policies, are charged to profit or loss in the financial period in which they are incurred.

2.20 *Management and other expenses*

Management and other expenses are recognised in the statement of comprehensive income as incurred.

2. Summary of significant accounting policies (cont'd)

2.21 *Employee benefits*

(a) *Short-term benefits*

Wages, salaries and bonuses are recognised as an expense in the year in which the associated services are rendered by employees. Short-term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences. Short-term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

(b) *Defined contribution plans*

As required by law, the Company makes contributions to the Central Provident Fund ("CPF") scheme in Singapore. CPF contributions are recognised as an expense in the period as the employment that gives rise to the contribution.

(c) *Share option plans*

Employees and directors of the Company may receive remuneration in the form of share options as consideration for services rendered. The cost of these equity-settled share based payment transactions is measured by reference to the fair value of the options at the date on which the options are granted which takes into account market conditions and non-vesting conditions. This cost is recognised in profit or loss, with a corresponding increase in the share option reserve, over the vesting period. The cumulative expense recognised at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Company's best estimate of the number of options that will ultimately vest. The charge or credit to profit or loss for a period represents the movement in cumulative expense recognised as at the beginning and end of that period and is recognised in management expenses.

The share option reserve is transferred to retained earnings upon expiry of the share option.

2.22 Taxes

(a) *Current income tax*

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the end of the reporting period.

Current income taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

2. Summary of significant accounting policies (cont'd)

2.22 ***Taxes (cont'd)***

(b) *Deferred tax*

Deferred tax is provided using the liability method on temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences.

Deferred tax assets are recognised for all deductible temporary differences, unabsorbed capital allowances and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unabsorbed capital allowances and unused tax losses can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred income tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be utilised.

Deferred income tax relating items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date

Deferred tax assets and liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and same taxation authority.

2.23 ***Leases***

As lessee

Finance leases which transfer to the Company substantially all the risks and rewards incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability.

Finance charges are charged to profit or loss. Contingent rents, if any, are charged as expenses in the periods in which they are incurred.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term, if there is no reasonable certainty that the Company will obtain ownership by the end of the lease term.

2. Summary of significant accounting policies (cont'd)

2.23 *Leases (cont'd)*

As lessee

Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

2.24 *Contingencies*

A contingent liability is:

(a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company; or

(b) a present obligation that arises from past events but is not recognised because:

  (i) It is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or

  (ii) The amount of the obligation cannot be measured with sufficient reliability.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company.

Contingent liabilities and assets are not recognised on the balance sheet of the Company, except for contingent liabilities assumed in a business combination that are present obligations and which the fair values can be reliably determined.

2.25 *Related parties*

A related party is defined as follows.

(a) A person or a close member of that person's family is related to the Company if that person:

  (i) Has control or joint control over the Company;
  (ii) Has significant influence over the Company; or
  (iii) Is a member of the key management personnel of the Company or of a parent of the Company.

2. Summary of significant accounting policies (cont'd)

2.25 *Related parties (cont'd)*

(b) An entity is related to the Company if any of the following conditions applies:

(i) The entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
(iii) Both entities are joint ventures of the same third party.
(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
(v) The entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company. If the Company is itself such a plan, the sponsoring employers are also related to the Company;
(vi) The entity is controlled or jointly controlled by a person identified in (a);
(vii) A person identified in (a) (i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

3. Significant accounting estimates and judgments

The preparation of the Company's financial statements requires management to make judgement. estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities at the end of each reporting period. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in the future periods. The most significant uses of judgement and estimates are as follows:

Assumptions underlying valuation of insurance contract liabilities

The estimation of the insurance contract liabilities arising from future claims under life insurance contracts is the Company's most critical accounting estimate. The Company determines the assumptions in relation to mortality, morbidity, voluntary terminations, investment returns and administration expenses. These assumptions are used for calculating the liabilities during the life of the contract. At the end of each reporting date, the liabilities are assessed for adequacy and adjusted in the statement of financial position in the light of the latest current estimates.

Material judgment is required in determining the liabilities and in the choice of assumptions Such assumptions are determined as appropriate and prudent at the date of valuation. Key assumptions used are disclosed in Note 20(b).

4. Property, plant and equipment

	IT software under development US$	IT Software US$	Website under development US$	IT equipment US$	Furniture & Fittings US$	Office Equipment US$	Renovation US$	Total US$
Cost								
At 1 January 2017	852,311	–	5,303	10,522			–	868,136
Additions	1,703,036	–	–	97,241	10,429	6,781	116,093	1,933,580
Written off	–	–	(5,303)	–	–	–	–	(5,303)
Transfer	(1,422,942)	1,422,942	–	–	–	–	–	–
Exchange difference	42,698		–	527	–	–	–	43,225
At 31 December 2017 and at 1 January 2018	1,175,103	1,422,942	–	108,290	10,429	6,781	116,093	2,839,638
Additions	2,322,109	–	–	67,356	5,366	3,598	59,409	2,457,838
Written off	–	–	–	(2,002)		–	(5,435)	(7,437)
Transfer	(1,487,919)	1,487,919	–	–	–	–	–	–
At 31 December 2018	2,009,293	2,910,861	–	173,644	15,795	10,379	170,067	5,290,039
Accumulated depreciation								
At 1 January 2017	–	–	–	4,646	–	–	–	4,646
Depreciation charge	–	137,596	–	13,673	1,786	1,113	16,837	171,005
Exchange difference	–	–	–	232	–	–	–	232
At 31 December 2017 and at 1 January 2018	–	137,596	–	18,551	1,786	1,113	16,837	175,883
Depreciation charge	–	435,876	–	48,701	4,871	3,086	56,254	548,788
Written off	–	–	–	(222)	–	–	(1,831)	(2,053)
At 31 December 2018	–	573,472	–	67,030	6,657	4,199	71,260	722,618
Net carrying value								
At 31 December 2017	1,175,103	1,285,346	–	89,739	8,643	5,668	99,256	2,663,755
At 31 December 2018	2,009,293	2,337,389	–	106,614	9,138	6,180	98,807	4,567,421

5. Intangible assets

	Domain Names US$	Source Code/Intellectual Property US$	Total US$
Cost			
At 1 January 2018			–
Additions	114,600	182,415	297,015
At 31 December 2018	114,600	182,415	297,015
Accumulated amortisation			
At 1 January 2018		–	–
Amortisation	2,523	–	2,523
At 31 December 2018	2,523	–	2,523
Net carrying value			
At 31 December 2018	112,077	182,415	294,492

6. Cash and cash equivalents

	2018 US$	2017 US$
Cash and bank balances	46,264,520	2,620,710
Short term deposits	8,934,189	10,200,000
	55,198,709	12,820,710

Cash and bank balances pertain to cash deposited in checking bank accounts. Short term deposits are made for varying periods averaging between 7 days and two months depending on the immediate cash requirements of the Company and earn interests at the respective short term deposit rates. The weighted average effective interest rate as at 31 December 2018 is 1.48% (2017: 1.3%) per annum.

Cash at bank balances denominated in foreign currency as at 31 December is as follows.

	2018 US$	2017 US$
Cash and bank balances	9,373,315	418,122

7. Insurance and other receivables

	2018 US$	2017 US$
Rental deposit	108,897	77,890
Insurance receivables	2,484,756	25,853
Modco reinsurance receivables:		
- Reinsurance commissions	11,177,880	1,533,058
- Due from reinsurer in respect of reinsurance deposit	58,195,713	8,581,568
- Profit commission	12,120,995	755,671
Other receivables	1,681,348	777,890
	85,769,589	11,751,930
Set-off modco reinsurance receivables against modco reinsurance premiums payable (Note 11)	(81,494,589)	(10,870,297)
	4,275,000	881,633
Loans and receivables		
Cash and cash equivalents (Note 6)	55,198,709	12,820,710
Total loans and receivables	59,473,709	13,702,343

8. Investments

	AFS Financial assets US$	Financial assets at FVTPL US$	Total US$
2018			
Debt securities:			
- Bonds			
Investment securities:	91,801,526	14,711,272	106,512,798
- Unit trusts (for investment-linked insurance fund)	–	16,974,397	16,974,397
	91,801,526	31,685,669	123,487,195
2017			
Debt securities:			
- Bonds	25,104,274	14,714,000	39,818,274

9. Share capital

	2018		2017	
	No. of shares	US$	No. of shares	US$
Issued and paid-up ordinary shares:				
At beginning of year	63,000,000	52,109,141	1,000,000	1,209,373
Ordinary shares issued	12,209,696	32,698,414	62,000,000	50,250,000
Effect of changes in functional currency	–	–	–	649,768
At end of year	75,209,696	84,807,555	63,000,000	52,109,141

During the year, the Company issued 12,209,696 shares with nominal value of US$32,698,414.

Subsequent to year end, a further US$12,750,000 of share capital was contributed by shareholders. 4,396,552 new ordinary shares were issued.

10. Insurance contract liabilities and change in insurance contract liabilities

(a) Insurance contract liabilities at 31 December comprised the following:

	2018			2017		
	Insurance contract liabilities US$	Reinsurance of liabilities US$	Net US$	Insurance contract liabilities US$	Reinsurance of liabilities US$	Net US$
Contracts without DPF:	83,084,521	(58,883,646)	24,200,875	8,609,548	(8,583,311)	26,237
Investment-linked contracts	18,785,799	–	18,785,799	–	–	–
At end of year	101,870,320	(58,883,646)	42,986,674	8,609,548	(8,583,311)	26,237

(b) Claims and surrenders at 31 December comprised the following:

	2018		
	Gross claims and surrenders US$	Reinsurance recoveries US$	Net US$
Contracts without DPF:	2,740,985	(1,938,674)	802,311
Investment-linked contracts	3,012,147	–	3,012,147
At end of year	5,753,132	(1,938,674)	3,814,458

10. Insurance contract liabilities and change in insurance contract liabilities

(c) Insurance contract liabilities of contracts without DPF and investment-linked contracts during the year are analysed as follows.

	2018 US$	2017 US$
Contracts without DPF		
Net contracts without DPF as at 1 January	26,237	–
Transfer from Zurich Life Insurance (Singapore) Pte Ltd as at 1 April 2018	5,179,130	–
Expected roll-forward and unwind of discount rate	514,621	–
Actual versus expected experience	(187,041)	
New business	20,981,938	26,237
Change in valuation basis	(1,706,621)	–
Exchange differences	(607,389)	–
Net contracts without DPF as at 31 December	24,200,875	26,237
Reinsurance assets as at 1 January	8,629,334	–
Movement during the year	50,254,312	8,629,334
Reinsurance assets as at 31 December	58,883,646	8,629,334
Gross contracts without DPF as at 1 January	8,609,548	–
Gross contracts without DPF as at 31 December	83,084,521	8,609,548
Investment-linked contracts		
At 1 January	–	–
Transfer from Zurich Life Insurance (Singapore) Pte Ltd as at 1 April 2018	21,188,387	–
Expected roll-forward and unwind of discount rate	1,258,489	–
Actual versus expected experience	(2,493,022)	–
New business	–	–
Change in valuation basis	(370,659)	–
Exchange differences	(797,396)	–
At 31 December	18,785,799	–

11. Insurance and other payables

	2018 US$	2017 US$
Payables arising from insurance and reinsurance contracts		
Modco reinsurance premiums payable	81,545,889	11,373,514
Other reinsurance premiums payable	892,115	16,774
Modco reinsurance deposit	58,195,713	8,581,568
Modco reinsurance allowance reserves	606,083	77,088
Commission payable	3,573,253	1,469,204
Claims payable	2,879	–
	144,815,932	21,518,148
Set-off modco reinsurance premiums payable against modco reinsurance receivables (Note 7)	(81,494,589)	(10,870,297)
	63,321,343	10,647,851
Other payables		
Accrued salaries	995,437	461,855
Provisions and accrued operating expenses	909,982	387,996
Amount due to director	–	46,755
Payables in respect of additions to property, plant and equipment	–	275,130
Other payables	2,212,482	482,345
	4,117,901	1,654,081
Total financial liabilities carried at amortised cost	67,439,244	12,301,932

The Company has a reinsurance agreement that is co-insurance with a reinsurance deposit feature (the "modco" reinsurance agreement). The arrangement is a 100% quota-share and consequently 0% of all insurance risks will be retained with the Company for the reinsured single premium universal life policies. The reinsurer will set up the policy liability in its books and place a reinsurance deposit with the Company equal to the Best Estimate Liability with Provision for Adverse Deviation The Company will set up a reinsurance account comprising a net payable to or net payable from the reinsurer and a corresponding reinsurance deposit liability. The reinsurance deposit amounted to US$58,195,713 (2017: US$8,581,568).

12. Changes in fair value of investments

Changes in fair value of investments included the following for financial assets.

	2018 US$	2017 US$
Net fair value losses on financial instruments:		
- Financial assets at FVTPL	(1,484,416)	(149,922)

13. Interest income

	2018 US$	2017 US$
Financial assets at FVTPL	510,898	227,126
AFS financial assets	2,458,003	540,221
Cash and cash equivalents	32,908	98,390
	3,001,809	865,737

14. Employee benefits expenses

	2018 US$	2017 US$
Salaries and bonuses	5,321,720	2,758,673
Central Provident Fund contributions	372,558	156,344
Share option plans	15,976	–
Other staff-related expenses	509,560	288,938
	6,219,814	3,203,955

Included in the above was total compensation to the key management personnel of the Company amounting to US$1,220,918 (2017: US$1,107,714).

Share option plans

The Company has granted 818,000 share options to employees and directors in the Company at an exercise price of US$1. The contractual life of the options is 10 years, the options expire on 11 October 2028 and are exercisable if the employee/director remains in service at each tranche's vesting date. The exercise price of the options is equal to the market price of the shares on the date of grant. There are no cash settlement alternatives. No options were exercised, modified or cancelled during the financial year.

The fair value of the options granted during the financial year was US$0.1249 for Tranche 1, US$0.1765 for Tranche 2 and US$0.2186 for Tranche 3. The fair value of share options granted was estimated at the date of the grant using a Binomial Lattice Method, taking into account the terms and conditions upon which the options were granted.

15. Management and other expenses

	2018 US$	**2017** US$
Management expenses include:		
- Professional and consultancy fees	1,167,759	879,443
- Office and rental expenses	336,807	305,203
- Sales and marketing expenses	1,490,059	812,491
- IT expenses	2,000,362	499,704
- Directors' fees	250,750	143,562
- Miscellaneous expenses	1,260,075	20,097
	6,505,812	2,660,500

	2018 US$	**2017** US$
Other expenses include:		
- Foreign exchange losses	1,080,406	573,512
- Change in reinsurance allowance reserve	528,996	77,088
- Other one-off expenses	2,550,865	–
	4,160,267	650,600

16. Taxation

Major components of income tax expense for the financial year ended 31 December 2018 are as follows:

	31 December 2018	31 December 2017
Current period income tax	–	–

A reconciliation between the tax expense and the product of accounting loss multiplied by the applicable tax rate for the financial years ended 31 December 2018 and 2017 are as follows:

	31 December 2018	31 December 2017
Profit/(loss) before taxation	5,176,882	(5,017,903)
Income tax expense/(benefit) at statutory rate of 17%	880,070	(853,044)
Adjustments:		
Non deductible expense	169,227	–
Benefits from previously unrecognized tax losses	(1,049,297)	–
Deferred tax assets not recognised	–	853,044
Taxation for the year	–	–

The Company has unutilised tax losses of approximately US$2,376,000 (31 December 2017: US$5,018,000). These are available for offset against future taxable profits. No deferred tax asset has been recognised on these tax losses due to uncertainty of its recoverability against future taxable profits. The use of these tax losses is subject to the agreement of the tax authority and compliance with certain provisions of the tax legislation.

17. Transfer of insurance business

Transfer of life insurance business of Zurich Life Insurance (Singapore) Pte. Ltd. to the Company

On 1 April 2018, pursuant to a scheme of transfer under section 47 of the Insurance Act, Chapter 142, Zurich Life Insurance (Singapore) Pte. Ltd. transferred its assets and liabilities to the Company. The Company received an amount of USD4,660,824 from the transferee which was recognized as other income in the Statement of Comprehensive Income. Cost associated with the scheme of transfer amounting to USD2,550,865 was recognized as other expenses in the Statement of Comprehensive Income.

The fair values of assets and liabilities transferred on 1 April 2018 were as follows:

	Carrying amount of assets and liabilities transferred to the Company USD
Investment securities	18,864,094
Other receivables	538,319
Cash and cash equivalents	7,107,066
Policy liabilities	(26,367,517)
Other liabilities	(141,962)
Net asset acquired	–

18. Operating lease commitment

The Company had entered into a commercial lease on its office premises in FY2017. The lease has a tenure of 36 months and rentals are fixed for 36 months.

The Company has entered into a commercial lease of a temporary office premise in December 2018. The lease has a tenure of 7 months and rentals are fixed for 7 months.

Minimum lease payments recognised as an expense in the profit or loss for the financial year ended 31 December 2018 amounted to US$336,807 (2017: US$305,203).

Future minimum rental payable for office premises under non-cancellable operating lease at the end of the reporting period are as follows:

	2018 US$	**2017** US$
Not later than 1 year	393,241	299,372
Later than 1 year but not later than 5 years	197,688	498,953

19. Fair value of financial instruments

The following table shows an analysis of financial instruments carried at fair value by level of fair value hierarchy:

	2018			
	Quoted prices in active markets for identical instruments (Level 1) US$	Significant other observable inputs (Level 2) US$	Significant unobservable inputs (Level 3) US$	Total fair value US$
Recurring fair value measurements				
Financial assets at FVTPL (Note 8)				
Debt securities:				
- Bonds	14,711,272	–	–	14,711,272
Investment securities				
- Unit trusts (for investment-linked insurance fund)	16,974,397	–	–	16,974,397
AFS financial assets (Note 8)				
Debt securities:				
- Bonds	91,801,526	–	–	91,801,526
As at 31 December 2018	123,487,195	–	–	123,487,195

19. Fair value of financial instruments (cont'd)

	2017			
	Quoted prices in active markets for identical instruments (Level 1) US$	**Significant other observable Inputs (Level 2)** US$	**Significant unobservable inputs (Level 3)** US$	**Total fair value** US$
Recurring fair value measurements				
Financial assets at FVTPL (Note 8)				
Debt securities:				
- Bonds	14,714,000	–	–	14,714,000
AFS financial assets (Note 8)				
Debt securities:				
- Bonds	25,104,274	–	–	25,104,274
As at 31 December 2017	39,818,274	–	–	39,818,274

Fair value hierarchy

The Company classifies fair value measurement using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and

Level 3 - Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Determination of fair value

A. *Fair value of financial instruments that are carried at fair value*

Quoted debt securities (Note 8): Fair value is determined by direct reference to their bid price quotations in an active market at the end of the reporting date.

B. *Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value*

The carrying amounts of cash and cash equivalents (Note 6), loans and receivables (Note 7), and insurance and other payables (Note 11) are reasonable approximation of fair values due to their short-term nature.

20. Financial risks management objectives and policies

The Company is exposed to financial risk through its financial assets, financial liabilities, insurance assets and insurance liabilities. In particular, the key financial risk is that the proceeds from its financial assets are not sufficient to fund the obligations arising from its insurance contracts. The most important components of this financial risk are credit risk, liquidity risk and market risk There has been no change to the Company's exposure to these risks or the manner in which it manages and measures the risks.

(a) ***Corporate Governance Framework***

The Company is a licensed direct life insurer regulated under the Insurance Act. As such, the Company is required to comply with applicable rules and regulations (including corporate governance) set out by the relevant authorities.

The Company believes that good corporate governance is important. It is the means to safeguard stakeholders' and policyholders' interest The Board of Directors is responsible for the overall good governance of the Company. The Board achieves this through the aid of various governance committees, and the leadership team in the Company. This approach is consistent with the Corporate Governance requirements in Singapore.

(b) ***Insurance risk***

Insurance risk relates to the inherent risks associated with the underwriting activities of life business. Such risks include pricing, reserving, underwriting and reinsurance risks.

The Company has established appropriate guidelines and framework combined with authority limits as part of risk mitigation activities embedded in the business operations.

Key assumptions

Material judgement is required in determining the insurance liabilities and in the choice of assumptions. Assumptions in use are based on industry experiences, external market indices and benchmarks which reflect current observable market prices and trends. Assumptions and prudent estimates are determined at the date of valuation and no credit is taken for possible beneficial effects of voluntary withdrawals. Assumptions will be further evaluated on a periodic basis in order to ensure realistic and reasonable valuations

The key assumptions to which the estimation of liabilities is particularly sensitive are as follows:

Discount rate

The discount rate is derived from SGD and USD yield curves based on prescribed approaches provided by Monetary Authority of Singapore (MAS).

Mortality and morbidity rates

Mortality and morbidity rates assumptions are based on pricing assumptions as at valuation date.

20. Financial risks management objectives and policies (cont'd)

(b) ***Insurance risk (cont'd)***

Key assumptions (cont'd)

Lapse and surrender rates

Lapse and surrender rates assumptions are based on pricing assumptions as at valuation date.

Expenses

Expense assumptions represent the expected amount that will be spent on the business. Assumptions on future expenses are at best estimate after taking into consideration long term expense levels and the expected expense inflation.

Sensitivities

The analysis below is performed for reasonably possible movements in key assumptions affecting the determination of insurance liabilities with all other assumptions held constant, showing the impact on gross and net liabilities, and loss before tax.

The correlation of assumptions will have a significant effect in determining the analysed claims liabilities. To demonstrate the impact, changes in specific assumptions are analysed on an individual basis. It should be noted that movements in these assumptions are non-linear. Sensitivity information will also vary according to the current economic assumptions.

2018	**Change in assumptions**	**Impact on gross insurance contract liabilities** US$	**Impact on net insurance contract liabilities** US$	**Impact on loss before tax** US$
Discount rate*	- 0.5%	+ 2,656,023	+ 1,977,745	+ 1,977,745
Mortality and morbidity rates	+/- 10%	+/- 3,567,294	+/- 438,274	+/- 438,274
Lapse and surrender rates	+/- 10%	+/- 2,049,946	+/- 1,748,598	+/- 1,748,598
Expenses	+ 10%	+ 1,223,887	+ 1,016,964	+ 1,016,964
2017				
Discount rate*	- 0.5%	+ 42,178	+ 11,738	+ 11,738

* Excludes impact on fixed income assets.

(c) ***Credit risk***

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. The major classes of financial assets of the Company are cash and cash equivalents, debt securities and insurance and other receivables.

20. Financial risks management objectives and policies (cont'd)

(c) *Credit risk (cont'd)*

To manage counterparty risks associated with its placement of cash and cash equivalents and debt securities, counterparty limits are established to ensure that there are no significant credit exposures to a single party and/or group of related parties. At reporting date, there is no significant concentration of credit risk. In respect of insurance and other receivables, the Company has a credit policy in place and exposure to credit risk is monitored on an ongoing basis. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial positions. At 31 December 2018, the Company did not have any significant concentration of credit risk with a single counterparty.

The following table provides information regarding the credit risk exposure of the Company by classifying its financial assets (excluding investments relating to investment linked fund) according to credit ratings of the counterparties.

	Investment grade* (AAA to BBB-) US$	Not rated US$	Not subject to credit risk US$	Total US$
2018				
Financial assets at FVTPL and AFS financial assets:				
- Debt securities	99,838,088	6,674,710	–	106,512,798
Insurance receivables	–	–	2,484,756	2,484,756
Reinsurance receivables	81,494,589	–	–	81,494,589
Rental deposit	–	108,897	–	108,897
Other receivables	–	1,681,348	–	1,681,348
Cash and cash equivalents	55,198,709	–	–	55,198,709
	236,531,386	8,464,954	2,484,756	247,481,096
2017				
Financial assets at FVTPL and AFS financial assets:				
- Debt securities	39,818,274	–	–	39,818,274
Insurance receivables	-	–	25,853	25,853
Reinsurance receivables	10,870,297	–	–	10,870,297
Rental deposit	–	77,890	–	77,890
Other receivables	–	777,890	–	777,890
Cash and cash equivalents	12,820,710	–	–	12,820,710
	63,509,281	855,780	25,853	64,390,914

* Based on public ratings assigned by external rating agencies including S&P, Moody's and Fitch.

Financial assets that are neither past due nor impaired
At the balance sheet date, insurance and other receivables that are neither past due nor impaired are creditworthy debtors with good payment record with the Company. Cash and cash equivalents that are neither past due nor impaired are placed with or entered into with reputable financial institutions or companies with high credit ratings and no history of default.

20. Financial risks management objectives and policies (cont'd)

(d) *Liquidity risk*

Liquidity risk is the risk that the Company may not be able to meet its short-term obligations. Operating and capital expenditure budgets are prepared to facilitate the management of short-term cash flows. The Company's cash management process assesses the liquidity of assets held to ensure that assets can be realised on a reasonably timely basis to settle policyholders' liabilities.

Management believes that the Company's liquid assets, its net cash provided by operations, and access to the capital from holding company will enable it to meet any foreseeable cash requirements.

The tables below summarise the maturity profile of the Company's financial assets and liabilities based on the undiscounted contractual obligations from the reporting date to the contractual maturities or expected repayment dates. For insurance contracts liabilities, maturity profiles are determined based on the estimated timing of net cash outflows from the recognised insurance liabilities.

2018	Carrying value US$	No maturity date US$	Less than 1 year US$	1 to 5 years US$	Over 5 years US$	Total US$
Financial assets						
Financial assets at FVTPL and AFS financial assets						
- Debt securities	106,512,797	–	–	40,129,350	248,874,415	289,003,765
- Investment (for investment-link insurance fund) securities	16,974,397	16,974,397	–	–	–	16,974,397
Insurance receivables	2,484,756	–	2,484,756		–	2,484,756
Reinsurance receivables	81,494,589	–	23,298,876	–	58,195,713	81,494,589
Rental deposit	108,897	–	108,897	–		108,897
Other receivables	1,681,348	–	1,681,348	–	–	1,681,348
Cash and cash equivalents	55,198,709	46,264,520	8,934,189	–	–	55,198,709
Total	264,455,493	63,238,917	36,508,066	40,129,350	307,070,128	446,946,461
Financial liabilities						
Insurance contract liabilities	42,986,674	42,986,674	–	–	–	42,986,674
Reinsurance premiums payable	82,438,004	–	82,438,004	–	–	82,438,004
Reinsurance deposit	58,195,713	–	–	–	58,195,713	58,195,713
Reinsurance allowance reserves	606,083	–	606,083	–	–	606,083
Commission payable	3,573,253	–	3,573,253	–	–	3,573,253
Claims payable	2,879	–	2,879	–	–	2,879
Other payables	4,117,901	–	4,117,901	–	–	4,117,901
Total	191,920,507	42,986,674	90,738,120	–	58,195,713	191,920,507

20. Financial risks management objectives and policies (cont'd)

(d) *Liquidity risk (cont'd)*

2017	Carrying value US$	No maturity date US$	Less than 1 year US$	1 to 5 years US$	Over 5 years US$	Total US$
Financial assets						
Financial assets at FVTPL and AFS financial assets						
- Debt securities	39,818,274	–	–	7,531,964	77,385,063	84,917,027
Insurance receivables	25,853	–	25,853	–	–	25,853
Reinsurance receivables	10,870,297	–	2,288,729	–	8,581,568	10,870,297
Rental deposit	77,890	–	77,890	–	–	77,890
Other receivables	777,890	–	777,890	–	–	777,890
Cash and cash equivalents	12,820,710	2,620,710	10,200,000	–	–	12,820,710
Total	64,390,914	2,620,710	13,370,362	7,531,964	85,966,631	109,489,667
Financial liabilities						
Insurance contract liabilities	26,237	26,237	–	–	–	26,237
Reinsurance premiums payable	11,390,288	–	11,390,288	–	–	11,390,288
Reinsurance deposit	8,581,568	–	–	–	8,581,568	8,581,568
Reinsurance allowance reserves	77,088		77,088	–	–	77,088
Commission payable	1,469,204	–	1,469,204	–	–	1,469,204
Other payables	1,654,081	–	1,654,081	–	–	1,654,081
Total	23,198,466	26,237	14,590,661	–	8,581,568	23,198,466

Financial assets and liabilities up to one year maturity are current assets and current liabilities respectively.

20. **Financial risks management objectives and policies (cont'd)**

(e) ***Market risk***

Market risk arises principally from the uncertainty that future earnings are exposed to potential changes in volatility, interest rates, foreign currency exchange rates and equity prices.

(i) *Interest rate risk*

Interest rate risk is the risk that the fair value of a financial instrument and the underlying policy liabilities for which the assets are intended to fund will fluctuate due to changes in market interest rates.

The Company has proper investment guidelines in place to ensure that its exposure to the interest rate risk is minimal. The Company also invested in companies and financial institutions with sound financial track records. The Company has an investment manager to monitor actively the performance of the Company's investment portfolios on an ongoing basis.

The following table sets out the carrying amount and the weighted average effective interest rate ("WAEIR") at the reporting date of the Company's financial instrument that is exposed to interest rate risk.

	Effective interest rate %	**Carrying amount** US$
At 31 December 2018		
AFS financial assets:		
- Debt securities	3.79	91,801,526
FVTPL financial assets:		
- Debt securities	0.92	14,711,272
At 31 December 2017		
AFS financial assets:		
- Debt securities	3.07	25,104,274
FVTPL financial assets:		
- Debt securities	1.85	14,714,000

20. Financial risks management objectives and policies (cont'd)

(e) *Market risk (cont'd)*

(i) *Interest rate risk (cont'd)*

Sensitivity analysis

At the reporting date, if interest rates had been 50 basis points higher/lower with all other variables held constant, the Company's loss before tax would have been as below:

Changes in variables	**Impact on loss before tax (increase)/ decrease** US$	**Impact on equity (decrease)/ increase** US$
2018		
+ 50 basis points	(342,939)	(5,462,737)
- 50 basis points	151,537	3,524,141
2017		
+ 50 basis points	(459,502)	(2,073,752)
- 50 basis points	212,722	1,770,194

(ii) *Foreign currency risks*

The Company's foreign currency exposures arise mainly from the exchange rate movements of the Singapore Dollar (SGD), against the United States Dollar (USD).

At the reporting date, the carrying amounts of monetary items denominated in currencies other than the Company's functional currency are disclosed in Note 6.

The following table demonstrates the sensitivity of the Company's loss before tax to a reasonably possible change in the foreign currencies exchange rates against the functional currency of the Company, with all other variables held constant:

	2018 **Impact on profit before tax** US$	**2017** **Impact on loss before tax** US$
SGD - strengthened 10% (2017: 10%)	972,451	39,724
SGD - weakened 10% (2017: 10%)	(795,641)	(48,551)

21. Capital management

The Company's source of funding is from its shareholders. The Company's objectives when managing capital are:

- to comply with the insurance capital requirements stipulated by the MAS;
- to safeguard the Company's ability to continue as a going concern so that it can continue to protect policyholders; and
- to provide adequate returns to its holding company by pricing insurance contracts so that the level of premiums charged commensurate with the level of risk.

The Company monitors its capital level on a regular basis to assess whether the requirements have been met, and reports to the MAS its CAR and fund solvency position every quarter as well as annually.

As at 31 December 2018, the Company's CAR is above the minimum requirement.

22. Subsequent event

On 14 January 2019, the Company received additional capital injection of US$12,750,000 and 4,396,552 new ordinary shares were issued.

23. Authorisation of financial statements

The financial statements for financial year ended 31 December 2018 were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 25 March 2019.

Company Registration No. 201405619W

Singapore Life Pte. Ltd.

Annual Financial Statements
31 December 2017

Building a better
working world

General information

Directors

Walter Mark de Oude	
Mark William Lane Richards	(Appointed on 27 April 2017)
Phang Yew Kiat	(Appointed on 27 April 2017)
Raymond John Ferguson	(Appointed on 27 April 2017)
Chiu Estella Sheun Fun	(Appointed on 27 June 2017)
Wong Yuen Tin Laurence	(Appointed on 1 August 2017)

Company Secretaries

Varsha Abdullah @ Varsha D/O Bipinchandra	
Nigel Joseph Abraham	(Resigned on 10 August 2017)
Namita Sethi	(Resigned on 23 August 2017)

Registered Office

11 North Buona Vista Drive
#13-07, The Metropolis
Singapore 138589

Auditor

Ernst & Young LLP

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The directors are pleased to present their statement to the members together with the audited financial statements of Singapore Life Pte. Ltd. (the "Company") for the financial year ended 31 December 2017.

Opinion of the directors

In the opinion of the directors,

(a) the financial statements are drawn up so as to give a true and fair view of the financial position of the Company as at 31 December 2017 and the financial performance, changes in equity and cash flows of the Company for the financial year ended on that date; and

(b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

Directors

The directors of the Company in office at the date of this statement are:

Walter Mark de Oude	
Mark William Lane Richards	(Appointed on 27 April 2017)
Phang Yew Kiat	(Appointed on 27 April 2017)
Raymond John Ferguson	(Appointed on 27 April 2017)
Estella Chiu Sheun Fun	(Appointed on 27 June 2017)
Laurence Wong Yuen Tin	(Appointed on 1 August 2017)

Arrangements to enable directors to acquire shares and debentures

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose objects are, or one of whose objects is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares or debentures of the Company or any other body corporate.

Directors' interest in shares and debentures

The following directors, who held office at the end of the financial year, had, according to the register of directors' shareholdings required to be kept under section 164 of the Singapore Companies Act, Chapter 50, an interest in shares of the Company and related corporations as stated below:

	Direct interest		Deemed Interest	
Name of director	At the beginning of financial year	At the end of financial year	At the beginning of financial year	At the end of financial year
Singapore Life Pte. Ltd.				
Ordinary shares				
Walter Mark de Oude	600,000	–	320,000	7,145,298
Mark William Lane Richards	–	100,000	–	–
Raymond John Ferguson	–	100,000	–	–

Share options

During the financial year, there was:

(a) no option granted by the Company to any person to take up unissued shares in the Company; and

(b) no share issued by virtue of any exercise of option to take up unissued shares of the Company.

At the end of the financial year, there was no unissued share of the Company under option.

Auditor

Ernst & Young LLP have expressed their willingness to accept re-appointment as auditor.

On behalf of the Board of Directors:

Director
Walter Mark de Oude

Director
Raymond John Ferguson

Singapore
21 March 2018

Independent auditor's report to the members of Singapore Life Pte. Ltd.

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Singapore Life Pte. Ltd. (the "Company"), which comprise the statement of financial position as at 31 December 2017, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the "Act") and Financial Reporting Standards in Singapore ("FRSs") so as to give a true and fair view of the financial position of the Company as at 31 December 2017 and of the financial performance, changes in equity and cash flows of the Company for the financial year ended on that date.

Basis for opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Accounting and Corporate Regulatory Authority ("ACRA") Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

Management is responsible for other information. The other information comprises the General Information and Directors' Statement, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and directors for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and FRSs, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

Auditor's responsibilities for the audit of the financial statements (cont'd)

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on other legal and regulatory requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

Ernst & Young LLP

Public Accountants and
Chartered Accountants
Singapore

21 March 2018

Balance Sheet
As at 31 December 2017

	Note	2017 US$	2016 US$	2015 US$
Assets				
Property, plant and equipment	4	2,663,755	863,490	273,644
Prepayments		141,498	5,502	–
Reinsurers' share of insurance contract liabilities	9	8,583,311	–	–
Investments	7	39,818,274	–	–
Insurance and other receivables	6	881,633	10,560	9,336
Cash and cash equivalents	5	12,820,710	48,025	482,026
Total assets		64,909,181	927,577	765,006
Equity and liabilities				
Equity				
Share capital	8	52,109,141	1,209,373	1,209,373
Fair value reserve		489,935	–	–
Translation reserve		–	80,893	(28,735)
Accumulated losses		(8,601,375)	(3,596,507)	(1,147,880)
Total equity		43,997,701	(2,306,241)	32,758
Liabilities				
Gross insurance contract liabilities	9	8,609,548	–	–
Insurance and other payables	10	12,301,932	932,946	108,972
Loan from shareholder (non-trade)	11	–	2,300,872	623,276
Total liabilities		20,911,480	3,233,818	732,248
Total equity and liabilities		64,909,181	927,577	765,006

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Singapore Life Pte. Ltd.

Statement of comprehensive income
For the financial year ended 31 December 2017

	Note	2017 US$	2016 US$
Income			
Gross premiums		11,510,818	–
Premiums ceded to reinsurers		(11,390,288)	–
Changes in fair value of investments	12	(149,922)	–
Interest income	13	865,737	–
Other income		39,627	–
Reinsurance commission and profit commission		2,288,729	–
		3,164,701	–
Expenses			
Gross change in insurance contract liabilities	9	8,609,548	–
Change in insurance contract liabilities ceded to reinsurers	9	(8,583,311)	–
Fee and commission expenses		1,470,307	–
Staff costs	14	3,203,955	1,491,729
Depreciation	4	171,005	3,029
Management and other expenses	15	3,311,100	953,869
		8,812,604	2,448,627
Loss before tax		(5,017,903)	(2,448,627)
Taxation expense	16	–	–
Net loss for the financial year		(5,017,903)	(2,448,627)
Other comprehensive income for the financial year:			
Items that may be reclassified subsequently to profit or loss			
Net gain on fair value changes of available-for-sale financial assets		489,935	–
Total comprehensive income for the financial year		(4,527,968)	(2,448,627)

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Statement of changes in equity
For the financial year ended 31 December 2017

	Note	Share capital US$	Fair value reserve US$	Translation reserve US$	Accumulated losses US$	Total equity US$
Balance at 1 January 2016		1,209,373	–	(28,735)	(1,147,880)	32,758
Net loss for the financial year, representing total comprehensive income for the financial year		–	–	–	(2,448,627)	(2,448,627)
Foreign currency translation difference		–	–	109,628	–	109,628
Balance at 31 December 2016 and 1 January 2017		1,209,373	–	80,893	(3,596,507)	(2,306,241)
Effect of change in functional currency		649,768	–	(80,893)	13,035	581,910
Net loss for the financial year		–	–	–	(5,017,903)	(5,017,903)
Other comprehensive income for the financial year		–	489,935	–	–	489,935
Total comprehensive income for the year		–	489,935	–	(5,017,903)	(4,527,968)
Issuance of new shares	8	50,250,000	–	–	–	50,250,000
Balance at 31 December 2017		52,109,141	489,935	–	(8,601,375)	43,997,701

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Singapore Life Pte. Ltd.

Statement of cash flows
For the financial year ended 31 December 2017

	Note	2017 US$	2016 US$
Cash flows from operating activities			
Loss before taxation		(5,017,903)	(2,448,627)
Adjustments for:			
Depreciation	4	171,005	3,029
Property, plant and equipment written off	4	5,303	53,271
Interest income	13	(865,737)	–
Changes in fair value of investments	12	149,922	–
Operating cash flows before changes in working capital		(5,557,410)	(2,392,327)
Changes in working capital:			
Increase in insurance and other receivables		(416,394)	(1,433)
Increase in prepayments		(135,720)	(5,502)
Increase in other payables		399,268	826,413
Increase in insurance payables		10,647,852	–
Increase in insurance contract liabilities		26,237	–
Interest received		411,586	–
Net cash flows from/(used in) operating activities		5,375,419	(1,572,849)
Cash flows from investing activities			
Purchase of property, plant and equipment	Note (a)	(1,658,450)	(652,140)
Purchase of bonds	7	(39,478,262)	–
Net cash flows used in investing activities		(41,136,712)	(652,140)
Cash flows from financing activities			
Repayment of loan from related company		–	1,691,560
Issuance of share capital	8	47,833,860	–
Net cash flows from financing activities		47,833,860	1,691,560

Note (a):

Additions of property, plant and equipment	4	(1,933,580)	(652,140)
Payables in respect of additions to property plant and equipment	10	275,130	–
		(1,658,450)	(652,140)

Statement of cash flows
For the financial year ended 31 December 2017

	Note	2017 US$	2016 US$
Net increase/(decrease) in cash and cash equivalents		12,072,567	(533,429)
Effect of exchange rate on cash and cash equivalents		700,118	99,428
Cash and cash equivalents at beginning of financial year		48,025	482,026
Cash and cash equivalents at end of financial year	5	12,820,710	48,025

The reconciliation of liabilities arising from financing activities during the financial year is as follows:

	2016	Cash flows – Conversion to share capital	Non-cash changes – Foreign exchange movement	2017
	US$	US$	US$	US$
Loan from shareholder (non-trade)	2,300,872	(2,416,140)	(115,268)	–

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

1. Corporate information

Singapore Life Pte. Ltd. (the "Company") is a private limited company, incorporated and domiciled in Singapore. The registered office and principal place of business of the Company is located at 11 North Buona Vista Drive, #13-07 The Metropolis, Singapore 138589.

On 9 June 2017, the Company was granted license by the Monetary Authority of Singapore ("MAS") to carry on life insurance business in Singapore.

The principal activity of the Company from 9 June 2017 consists of underwriting of life insurance business.

2. Summary of significant accounting policies

2.1 *Basis of preparation*

The financial statements have been prepared in accordance with Singapore Financial Reporting Standards ("FRS").

The financial statements have been prepared on the historical cost basis except as disclosed in the accounting policies below.

The financial statements for the financial year ended 31 December 2017 are presented in United States dollar (USD or US$), being the functional currency of the Company. The financial statements for the financial year ended 31 December 2016 were presented in Singapore dollar (SGD or S$). From 1 July 2017 onwards, premiums, reinsurance premiums, commissions and investments transactions are mainly denominated in USD. Therefore, the directors are of the opinion that the USD reflects the economic substance of the underlying events and circumstances relevant to the Company.

In accordance with FRS 21 *The Effects of Changes in Foreign Exchange Rates*, where there is a prospective change in functional currency, the Company shall apply the translation procedures applicable to the new functional currency, USD, prospectively from the date of the change. As such, the Company has translated all transactions and balances as at 1 July 2017 into the new functional currency, USD, using the exchange rate at the date of the change. The effects of the change in functional currency as at 1 July 2017 are as disclosed in the statement of changes in equity of the Company.

2.2 *Changes in accounting policies*

During the financial period, the Company has adopted all the new and revised standards and interpretations of FRS ("INT FRS") that are effective for annual financial periods beginning on or after 1 January 2017. The adoption of these standards and interpretations did not have any effect on the financial performance or position of the Company.

2. Summary of significant accounting policies (cont'd)

2.3 *Standards issued but not yet effective*

The Company has not adopted the following relevant standards and interpretations that have been issued but are not yet effective:

Description	Effective for annual periods beginning on or after
FRS 109 *Financial Instruments*	1 January 2018
FRS 115 *Revenue from Contracts with Customers*	1 January 2018
Amendments to FRS 104 *Applying FRS 109 Financial Instruments with FRS 104 Insurance Contracts*	1 January 2018
INT FRS 122 *Foreign Currency Transactions and Advance Consideration*	1 January 2018
FRS 116 *Leases*	1 January 2019
INT FRS 123 *Uncertainty over Income Tax Treatments*	1 January 2019

Except for FRS 109, Amendments to FRS 104 and FRS 116, the management expects that the adoption of other standards above will have no material impact on the financial statements in the period of initial application. The nature of the impending changes in accounting policy on adoption of FRS 109, Amendments to FRS 104 and FRS 116 are described as below.

FRS 109 Financial Instruments

FRS 109 introduces new requirements for classification and measurement of financial assets, impairment of financial assets and hedge accounting. Financial assets are classified according to their contractual cash flow characteristics and the business model under which they are held. The impairment requirements in FRS 109 are based on an expected credit loss model and replace the FRS 39 incurred loss model.

(a) Classification and measurement

The classification and measurement of financial assets is determined on the basis of the contractual cash flow characteristics and the objective of the business model associated with holding the asset. Key changes include:

- The available-for-sale ("AFS") asset category will be removed;
- A new asset category measured at fair value through other comprehensive income ("FVOCI") is introduced. This applies to debt instruments with contractual cash flow characteristics that are solely payments of principle and interest and held in a model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- Classification of financial liabilities will remain largely unchanged, other than the fair value gains and losses attributable to changes in 'own credit risk' for financial liabilities designated and measured at fair value through profit or loss ("FVTPL") to be presented in other comprehensive income ("OCI"). The remainder of the change in fair value is presented in profit or loss, unless presentation of the fair change in respect of the liability's credit risk in OCI would create or enlarge an accounting mismatch in profit or loss.

The Company is expecting a change in classification of the financial assets upon adoption of the standard.

2. Summary of significant accounting policies (cont'd)

2.3 Standards issued but not yet effective (cont'd)

FRS 109 Financial Instruments (cont'd)

(b) Impairment

FRS 109 requires the Company to record expected credit losses on all of its debt securities, loans and trade receivables, either on a 12-month or lifetime basis. Upon application of the expected credit loss model, the Company expects a higher loss allowance resulting in a negative impact on equity but it will need to perform a more detailed assessment in the future to determine the extent of impact.

The Company plans to defer the application of FRS 109 until 1 January 2021 by applying the temporary exemption from applying FRS 109 as introduced by the Amendments to FRS 104 Insurance Contracts.

Amendments to FRS 104 *Applying FRS 109 Financial Instruments with FRS 104 Insurance Contracts*

The amendments introduce two alternative options for entities issuing contracts within the scope of FRS 104, notably a temporary exemption and an overlay approach. The temporary exemption enables eligible entities to defer the implementation date of FRS 109 for annual periods beginning before 1 January 2021 at the latest.

An entity may apply the temporary exemption from FRS 109 if: (i) it has not previously applied any version of FRS 109 and (ii) its activities are predominantly connected with insurance on its annual reporting date that immediately precedes 1 April 2016. If there is a change in the entity's activities: (a) an entity that previously qualified for the temporary exemption from FRS 109 shall reassess whether its activities are predominantly connected with insurance at a subsequent annual reporting date and (b) an entity that previously did not qualify for the temporary exemption from FRS 109 is permitted to reassess whether its activities are predominantly connected with insurance at a subsequent annual reporting date before 31 December 2018. The overlay approach allows an entity applying FRS 109 to reclassify between profit or loss and other comprehensive income an amount that results in the profit or loss at the end of the reporting period for the designated financial assets being the same as if an entity had applied FRS 39 to these designated financial assets.

An entity can apply the temporary exemption from FRS 109 for annual periods beginning on or after 1 January 2018. An entity may start applying the overlay approach when it applies FRS 109 for the first time.

During 2017, there was a change in the Company's principal activity. The Company performed an assessment of the amendments and reached the conclusion that its activities are predominantly insurance related as at 31 December 2017. As such, the Company will apply the temporary exemption in its reporting period starting on 1 January 2018.

FRS 116 Leases

FRS 116 requires lessees to recognise most leases on balance sheets to reflect the rights to use the leased assets and the associated obligations for lease payments as well as the corresponding interest expense and depreciation charges. The standard includes two recognition exemption for lessees - leases of 'low value' assets and short-term leases. The new standard is effective for annual periods beginning on or after 1 January 2019.

The Company is currently assessing the impact of the new standard and plans to adopt the new standard on the required effective date. The Company expects the adoption of the new standard will result in increase in total assets and total liabilities.

2. Summary of significant accounting policies (cont'd)

2.4 *Foreign currency*

(a) *Functional currency*

The Company changed its functional currency from SGD to USD with effect from 1 July 2017 to reflect the current and prospective economic substance of the underlying transactions of the Company as the Company's premiums, reinsurance premiums, commissions and investments transactions from 1 July 2017 onwards are denominated in USD. In prior years, the Company's transactions were predominantly denominated in SGD due to it being a management service company with only expenses incurred in SGD.

The effect of the change in functional currency to USD was applied prospectively in the financial statements. The Company translated all items into the new functional currency using the exchange rate of S$1: US$1.3773 as at 1 July 2017.

In conjunction with the change of functional currency, the Company changed its presentation currency from S$ to US$. This change was applied retrospectively using the following procedures:

- assets and liabilities of all corresponding figures presented (including opening balances from the beginning of earliest prior period presented) were translated at the closing rates of respective year end;
- income and expenses for all corresponding figures presented were translated at the average exchange rate for the financial year approximating the exchange rates at the dates of transactions;
- equity items (i.e. share capital) were translated at historical rate of exchange ruling at the date of the issue of the shares; and
- all resulting exchange differences were recognised in other comprehensive income.

(b) *Transactions and balances*

Transactions in foreign currencies are measured in the Company's functional currency and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the end of the reporting period. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the end of the reporting period are recognised in profit or loss.

2. Summary of significant accounting policies (cont'd)

2.5 *Product classification*

Insurance contracts are defined as those containing significant insurance risk at the inception of the contract, or those where at the inception of the contract there is a scenario with commercial substance where the level of insurance risk may be significant over time. The significance of insurance risk is dependent on both the probability of an insurance event and the magnitude of its potential effect.

Once a contract has been classified as an insurance contract, it remains an insurance contract for the remainder of its lifetime, even if the insurance risk reduces significantly during this financial period, unless all rights and obligations are extinguished or expired.

2.6 *Property, plant and equipment*

All items of property, plant and equipment are initially recorded at cost. Subsequent to recognition, property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. The cost includes the cost of replacing part of the property, plant and equipment and borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying property, plant and equipment. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably.

When significant parts of property, plant and equipment are required to be replaced in intervals, the Company recognises such parts as individual assets with specific useful lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the property, plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

Depreciation is computed on a straight-line basis over the estimated useful lives of the property, plant and equipment as follows:

IT Software	-	5 years
Furniture and Fittings	-	3 years
IT Equipment	-	3 years
Office Equipment	-	3 years
Renovation	-	3 years

Fully-depreciated assets are retained in the financial statements until they are no longer in use and no further charge for depreciation is made in respect of these assets.

The carrying values of property, plant and equipment are reviewed for impairment when events and changes in circumstances indicate that the carrying value may not be recoverable.

The residual value, useful life and depreciation method are reviewed at each financial year-end, and adjusted prospectively, if appropriate.

When assets are sold or retired, their cost and accumulated depreciation are removed from the accounts and any gain or loss resulting from their disposal is included in profit or loss.

An item of property, plant and equipment is de-recognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on de-recognition of the asset is included in profit or loss in the period the asset is de-recognised.

2. Summary of significant accounting policies (cont'd)

2.7 *Intangible assets*

Intangible assets are carried at cost less accumulated amortisation and impairment in value, if any. Intangible assets, consisting mainly of software (not an integral part of its related hardware), are capitalized at cost. These costs are amortised on a straight-line basis over their estimated useful life of 3 to 5 years. Periods and method of amortisation for intangible assets with finite useful lives are reviewed annually or earlier when an indicator of impairment exists.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised.

2.8 *Impairment of non-financial assets*

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. Where the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Impairment losses of continuing operations are recognised in profit or loss, except for assets that are previously revalued where the revaluation was taken to other comprehensive income. In this case, the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase.

2.9 *Financial instruments*

(a) *Financial assets*

Initial recognition and measurement

Financial assets are recognised when, and only when, the Company becomes a party to the contractual provisions of the financial instrument. The Company determines the classification of its financial assets at initial recognition.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

2. **Summary of significant accounting policies (cont'd)**

2.9 ***Financial instruments (cont'd)***

(a) *Financial assets (cont'd)*

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

(i) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held-for-trading and financial assets designated upon initial recognition at fair value through profit or loss. Financial assets are classified as held-for-trading if they are acquired for the purpose of selling or repurchasing in the near term.

Financial assets can only be designated at fair value through profit or loss upon initial recognition if the following criteria are met:

– the designation eliminates or significantly reduces the inconsistent treatment that would otherwise arise from measuring the assets or liabilities or recognising gains or losses on a different basis; or

– the assets and liabilities are part of a group of financial assets, financial liabilities or both, which are managed and their performance evaluated on a fair value basis, in accordance with a documented risk management or investment strategy.

Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in fair value are recognised in profit or loss. Net gains or losses on financial assets at fair value through profit or loss do not include exchange differences, interest and dividend income. Exchange differences, interest and dividend income on financial assets at fair value through profit or loss are recognised separately in profit or loss as part of other expenses or other income and investment income respectively.

(ii) Loans and receivables

Non-derivative financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the loans and receivables are de-recognised or impaired, and through the amortisation process.

2. Summary of significant accounting policies (cont'd)

2.9 *Financial instruments (cont'd)*

(a) *Financial assets (cont'd)*

Subsequent measurement

(iii) Available-for-sale financial assets

Available-for-sale securities are non-derivative financial assets that are either designated in this category or are not classified in any of the above categories of financial assets. Available-for-sale financial assets include equity and debt securities. Debt securities in this category are those which are intended to be held long term and which may be sold in response to needs for liquidity or in response to changes in the market conditions.

After initial recognition, available-for-sale financial assets are subsequently measured at fair value. Any gains or losses from changes in fair value of the financial asset, other than impairment losses, foreign currency differences on available-for-sale debt instruments and interest calculated using the effective interest method are recognised in other comprehensive income and presented in the fair value reserve in equity. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognised.

De-recognition

A financial asset is de-recognised where the contractual right to receive cash flows from the asset has expired. On de-recognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

2. **Summary of significant accounting policies (cont'd)**

2.9 *Financial instruments (cont'd)*

(b) *Financial liabilities*

Initial recognition and measurement

Financial liabilities are recognised when, and only when, the Company becomes a party to the contractual provisions of the financial instrument. The Company determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value plus in the case of financial liabilities not at fair value through profit or loss, directly attributable transaction costs.

Subsequent measurement

Financial liabilities at amortised cost

After initial recognition, financial liabilities that are not carried at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are de-recognised, and through the amortisation process.

De-recognition

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

2. Summary of significant accounting policies (cont'd)

2.10 *Impairment of financial assets*

The Company assesses at each end of the reporting period whether there is any objective evidence that a financial asset is impaired.

(a) *Financial assets carried at amortised cost*

For financial assets carried at amortised cost, the Company first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Company determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss on financial assets carried at amortised cost has incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The impairment loss is recognised in profit or loss.

When the asset becomes uncollectible, the carrying amount of impaired financial assets is reduced directly or if an amount was charged to the allowance account, the amounts charged to the allowance account are written off against the carrying value of the financial asset.

To determine whether there is objective evidence that an impairment loss on financial assets has incurred, the Company considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

(b) *Financial assets carried at cost*

If there is objective evidence (such as significant adverse changes in the business environment where the issuer operates, probability of insolvency or significant financial difficulties of the issuer) that an impairment loss on financial assets carried at cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset Such impairment losses are not reversed in subsequent periods.

2. Summary of significant accounting policies (cont'd)

2.10 *Impairment of financial assets*

(c) *Available-for-sale financial assets*

In the case of equity investments classified as available-for-sale, objective evidence of impairment includes, but not limited to, (i) significant financial difficulty of the issuer or debtor, (ii) a breach of contract such default or delinquency in payments; (iii) indications that the issuer or debtor will enter into bankruptcy or other financial reorganization; (iv) the disappearance of an active market for that financial asset due to financial difficulties and (v) a significant or prolonged decline in the fair value of the investment below its cost. "Significant" is to be evaluated against the original cost of the investment and "prolonged" against the period in which the fair value has been below its original cost.

In the case of debt instruments classified as available-for-sale, impairment is assessed based on the same criteria as financial assets carried at amortised cost. However, the amount recorded for impairment is the cumulative loss measured as the difference between the amortised cost and the current fair value, less any impairment loss on that investment previously recognised in profit or loss.

If in subsequent period, the fair value of an impaired available-for-sale debt security increases and the increase can be related objectively to an event occurring after the impairment loss was recognised, then the impairment loss is reversed through profit or loss. However, any subsequent recovery in the fair value of an impaired available-for-sale equity security is recognised in other comprehensive income.

2.11 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand and demand deposits that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

2.12 *Share capital*

Proceeds from issuance of ordinary shares are recognised as share capital in equity.

2.13 *Insurance contract liabilities*

The valuation of insurance contract liabilities is determined according to Singapore Insurance Act (Chapter 142) and Insurance (Valuation and Capital) Regulations 2004 for life insurance funds.

For policies within the non-participating fund, the insurance contract liabilities are calculated as the discounted value of expected future payments arising from the policy, including any expected expenses to be incurred and any provision for adverse deviation from the expected experience, less expected future receipts arising, using best estimate assumptions and discounting the future cash flows at interest rates determined in accordance to MAS Notice 319 ("risk-free rate").

2. **Summary of significant accounting policies (cont'd)**

2.14 ***Insurance and other payables***

Liabilities for insurance and other amounts payable, including amounts due to related parties, are initially recorded at fair value and subsequently measured at amortised cost using the effective interest rate method. The amounts are unsecured, interest-free and normally settled on 30 day terms.

Gains and losses are recognised in the profit or loss when the liabilities are derecognised as well as through the amortisation process.

2.15 ***Provisions***

Provisions are recognised when the Company has a present obligation (legal or constructive) where as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

2.16 ***Revenue recognition***

(a) *Premium income*

Premium income is recognised as soon as the amount of the premium can be reliably measured. Initial premium is recognised from inception date and subsequent premiums are recognised on due dates. At the end of the financial period, all due premiums are accounted for to the extent that they can be reliably measured.

(b) *Investment income*

Interest income is recognised using the effective interest method. Profits or losses on disposal of investments are taken to profit and loss account.

(c) *Net fair value gains or losses*

Financial assets at fair value through profit or loss are re-measured at each calendar month and the changes in the fair value are taken to the profit or loss.

2. Summary of significant accounting policies (cont'd)

2.17 ***Benefits and claims expenses***

Benefits and claims expenses, including settlement costs, are accounted for using the case basis method and for this purpose, the amounts payable under a policy are recognised as follows:

- Maturity and other policy benefit payments due on specified dates are treated as claims payable on the due dates; and
- Death, surrender and other benefits without due dates are treated as claims payable, on the date of receipt of intimation of death of the assured or occurrence of contingency covered.

2.18 ***Reinsurance***

The Company ceded reinsurance in the normal course of business for the purpose of limiting its net loss potential through the diversification of its risks. Reinsurance arrangements do not relieve the Company from its direct obligations to its policyholders.

Only contracts that give rise to a significant transfer of insurance risk are accounted for as insurance. Amounts recoverable under such contracts are recognised in the same year as the related claim.

Premiums ceded and benefits reimbursed are presented in the profit and loss account and balance sheet on a gross basis.

Reinsurance assets include balances due from reinsurance companies for ceded insurance liabilities. Amounts recoverable from reinsurers are estimated in a manner consistent with the outstanding claims provision or settled claims associated with the reinsured policy.

Amounts recoverable under reinsurance contract are assessed for impairment at each balance sheet date. Such assets are deemed impaired if there is objective evidence, as a result of an event that occurred after its initial recognition, that the Company may not recover all amounts due and that the event has a reliably measurable impact of the amount that the Company will receive from the reinsurer.

2.19 ***Fees and commission expenses***

Gross commission, which are costs directly incurred in securing premium on insurance policies, are charged to profit or loss in the financial period in which they are incurred.

2.20 ***Management and other expenses***

Management and other expenses are recognised in the statement of comprehensive income as incurred.

2. Summary of significant accounting policies (cont'd)

2.21 *Employee benefits*

(a) *Short-term benefits*

Wages, salaries and bonuses are recognised as an expense in the year in which the associated services are rendered by employees. Short-term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences. Short-term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

(b) *Defined contribution plans*

As required by law, the Company makes contributions to the Central Provident Fund ("CPF") scheme in Singapore. CPF contributions are recognised as an expense in the period as the employment that gives rise to the contribution.

2.22 *Taxes*

(a) *Current income tax*

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the end of the reporting period.

Current income taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

(b) *Deferred tax*

Deferred tax is provided using the liability method on temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences.

Deferred tax assets are recognised for all deductible temporary differences, unabsorbed capital allowances and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unabsorbed capital allowances and unused tax losses can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred income tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be utilised.

2. *Summary of significant accounting policies (cont'd)*

2.22 *Taxes (cont'd)*

(b) *Deferred tax (cont'd)*

Deferred income tax relating items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and same taxation authority.

2.23 *Leases*

As lessee

Finance leases which transfer to the Company substantially all the risks and rewards incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability.

Finance charges are charged to profit or loss. Contingent rents, if any, are charged as expenses in the periods in which they are incurred.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term, if there is no reasonable certainty that the Company will obtain ownership by the end of the lease term.

Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

2. Summary of significant accounting policies (cont'd)

2.24 *Contingencies*

A contingent liability is:

(a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company; or

(b) a present obligation that arises from past events but is not recognised because:

(i) It is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or

(ii) The amount of the obligation cannot be measured with sufficient reliability.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company.

Contingent liabilities and assets are not recognised on the balance sheet of the Company, except for contingent liabilities assumed in a business combination that are present obligations and which the fair values can be reliably determined.

2.25 *Related parties*

A related party is defined as follows:

(a) A person or a close member of that person's family is related to the Company if that person:

(i) Has control or joint control over the Company;
(ii) Has significant influence over the Company; or
(iii) Is a member of the key management personnel of the Company or of a parent of the Company.

(b) An entity is related to the Company if any of the following conditions applies:

(i) The entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
(iii) Both entities are joint ventures of the same third party.
(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
(v) The entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company. If the Company is itself such a plan, the sponsoring employers are also related to the Company;
(vi) The entity is controlled or jointly controlled by a person identified in (a);
(vii) A person identified in (a) (i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

3. Significant accounting estimates and judgments

The preparation of the Company's financial statements requires management to make judgement, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities at the end of each reporting period. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in the future periods. The most significant uses of judgement and estimates are as follows:

Assumptions underlying valuation of insurance contract liabilities

The estimation of the insurance contract liabilities arising from future claims under life insurance contracts is the Company's most critical accounting estimate. The Company determines the assumptions in relation to mortality, morbidity, voluntary terminations, investment returns and administration expenses. These assumptions are used for calculating the liabilities during the life of the contract. At the end of each reporting date, the liabilities are assessed for adequacy and adjusted in the statement of financial position in the light of the latest current estimates.

Material judgment is required in determining the liabilities and in the choice of assumptions. Such assumptions are determined as appropriate and prudent at the date of valuation. Key assumptions used are disclosed in Note 19(b).

4. Property, plant and equipment

	IT software under development US$	IT Software US$	Website under development US$	IT equipment US$	Furniture & Fittings US$	Office Equipment US$	Renovation US$	Total US$
Cost								
At 1 January 2016	263,209	–	4,718	7,510	–	–	–	275,437
Additions	648,269	–	691	3,180	–	–	–	652,140
Written off	(53 271)	–	–	–	–	–	–	(53,271)
Exchange difference	(5 896)	–	(106)	(168)	–	–	–	(6,170)
At 31 December 2016 and at 1 January 2017	852,311	–	5,303	10,522	–	–	–	868,136
Additions	1,703 036	–	–	97,241	10,429	6,781	116 093	1,933,580
Written off	–	–	(5,303)	–	–	–	–	(5,303)
Transfer	(1,422,942)	1,422,942	–	–	–	–	–	–
Exchange difference	42,698	–	–	527	–	–	–	43,225
At 31 December 2017	1,175 103	1,422,942	–	108,290	10,429	6,781	116,093	2,839,638
Accumulated depreciation								
At 1 January 2016	–	–	–	1,793	–	–	–	1,793
Depreciation charge	–	–	–	3,029	–	–	–	3,029
Exchange difference	–	–	–	(176)	–	–	–	(176)
At 31 December 2016 and at 1 January 2017	–	–	–	4 646	–	–	–	4,782
Depreciation charge	–	137 596	–	13 673	1,786	1,113	16,837	171,005
Exchange difference	–	–	–	232	–	–	–	232
At 31 December 2017	–	137 596	–	18,551	1,786	1,113	16,837	175 883
Net carrying value								
At 31 December 2016	852,311	–	5,303	5,876	–	–	–	863,490
At 31 December 2017	1,175,103	1,285,346	–	89,739	8,643	5 668	99,256	2 663,755

5. Cash and cash equivalents

	2017 US$	2016 US$
Cash and bank balances	2,620,710	48,025
Short term deposits	10,200,000	–
	12,820,710	48,025

Cash and bank balances pertain to cash deposited in checking bank accounts. Short term deposits are made for varying periods averaging between 7 days and two months depending on the immediate cash requirements of the Company and earn interests at the respective short term deposit rates. The weighted average effective interest rate as at 31 December 2017 is 1.3% per annum. Cash at bank denominated in foreign currency as at 31 December is as follows:

	2017 US$	2016 US$
Cash and bank balances	418,122	46,689

6. Insurance and other receivables

	2017 US$	2016 US$
Amount due from shareholder	–	1,433
Rental deposit	77,890	9,127
Insurance receivables	25,853	–
Modco reinsurance receivables:		
- Reinsurance commissions	1,533,058	–
- Due from reinsurer in respect of reinsurance deposit	8,581,568	–
- Profit commission	755,671	–
Other receivables	777,890	–
	11,751,930	10,560
Set-off modco reinsurance receivables against modco reinsurance premiums payable (Note 10)	(10,870,297)	–
	881,633	10,560
<u>Loans and receivables</u>		
Cash and cash equivalents (Note 5)	12,820,710	48,025
Total loans and receivables	13,702,343	58,585

7. Investments

2017	**AFS Financial assets** US$	**Financial assets at FVTPL** US$
Debt securities:		
- Bonds	25,104,274	14,714,000

8. Share capital

	2017		**2016**	
	No. of shares	US$	No. of shares	US$
Issued and paid-up ordinary shares:				
At beginning of year	1,000,000	1,209,373	1,000,000	1,209,373
Ordinary shares issued	62,000,000	50,250,000	–	–
Effect of changes in functional currency	–	649,768	–	–
At end of year	63,000,000	52,109,141	1,000,000	1,209,373

During the year, the Company issued 62,000,000 shares with nominal value of US$50,250,000. The issuance of share capital is made up of US$47,833,860 in cash and US$2,416,140 in conversion of loan from a shareholder from prior year (Note 11).

9. Insurance contract liabilities and change in insurance contract liabilities

		2017	
	Gross US$	**Reinsurance** US$	**Net** US$
Insurance contract liabilities as at 31 December 2017 and movement during the year	8,609,548	(8,583,311)	26,237

10. Insurance and other payables

	2017 US$	2016 US$
Payables arising from insurance and reinsurance contracts		
Modco reinsurance premiums payable	11,373,514	–
Other reinsurance premiums payable	16,774	–
Modco reinsurance deposit	8,581,568	–
Modco reinsurance allowance reserves	77,088	–
Commission payable	1,469,204	–
	21,518,148	–
Set-off modco reinsurance premiums payable against modco reinsurance receivables (Note 6)	(10,870,297)	–
	10,647,851	932,946
Other payables		
Accrued salaries	461,855	198,530
Provisions and accrued operating expenses	387,996	93,342
Amount due to director	46,755	225,103
Payables in respect of additions to property, plant and equipment	275,130	–
Other payables	482,345	415,971
	1,654,081	932,946
Total financial liabilities carried at amortised cost	12,301,932	932,946

The Company has a reinsurance agreement that is co-insurance with a reinsurance deposit feature (the "modco" reinsurance agreement). The arrangement is a 100% quota-share and consequently 0% of all insurance risks will be retained with the Company for the reinsured single premium universal life policies. The reinsurer will set up the policy liability in its books and place a reinsurance deposit with the Company equal to the Best Estimate Liability with Provision for Adverse Deviation. The Company will set up a reinsurance account comprising a net payable to or net payable from the reinsurer and a corresponding reinsurance deposit liability. The reinsurance deposit amounted to $8,581,568 (2016: nil).

11. Loan from a shareholder (non-trade)

Loan from a shareholder was unsecured, interest-free and was payable when the cash flows of the Company permit.

The loan was denominated in USD It was converted into share capital during 2017 (Note 8)

12. Changes in fair value of investments

Changes in fair value of investments included the following for financial assets

	2017 US$	2016 US$
Net fair value losses on financial instruments		
Financial assets at FVTPL	(149,922)	–

13. Interest income

	2017 US$	2016 US$
Financial assets at FVTPL	767,347	–
Cash and cash equivalents	98,390	–
	865,737	–

14. Staff costs

	2017 US$	2016 US$
Salaries and bonuses	2,758,673	1,382,763
Central Provident Fund contributions	156,344	74,670
Other staff-related expenses	288,938	34,296
	3,203,955	1,491,729

Included in the above was total compensation to the key management personnel of the Company amounting to US$1,107,714 (2016: US$956,995).

15. Management and other expenses

	2017 US$	2016 US$
Management and other expenses include:		
- Professional and consultancy fees	879,443	537,249
- Office and rental expenses	305,203	113,908
- Loss on exchange differences	573,512	119,964
- Sales and marketing expenses	812,491	–
- IT expenses	650,973	–
- Change in reinsurance allowance reserve	77,088	–
- Other expenses	12,390	182,748
	3,311,100	953,869

16. Taxation

Major components of income tax expense for the financial year ended 31 December 2017 are as follows:

	31 December 2017	31 December 2016
Current period income tax	–	–

A reconciliation between the tax expense and the product of accounting loss multiplied by the applicable tax rate for the financial years ended 31 December 2017 and 2016 are as follows:

	31 December 2017	31 December 2016
Loss before taxation	(5,017,903)	(2,448,627)
Income tax expense at statutory rate of 17%	(853,044)	(416,267)
Adjustments:		
Deferred tax assets not recognised	853,044	416,267
Taxation for the year	–	–

The Company has unutilised tax losses of approximately $5,018,000 (31 December 2016: nil). These are available for offset against future taxable profits. No deferred tax asset has been recognised on these tax losses due to uncertainty of its recoverability against future taxable profits. The use of these tax losses is subject to the agreement of the tax authority and compliance with certain provisions of the tax legislation.

17. Operating lease commitment

The Company has entered into a commercial lease on its office premises. The lease has a tenure of 36 months and rentals are fixed for 36 months.

Minimum lease payments recognised as an expense in the profit or loss for the financial year ended 31 December 2017 amounted to US$305,203 (2016: US$113,908).

Future minimum rental payable for office premises under non-cancellable operating lease at the end of the reporting period are as follows:

	2017 US$	2016 US$
Not later than 1 year	299,372	59,959
Later than 1 year but not later than 5 years	498,953	–

18. Fair value of financial instruments

The following table shows an analysis of financial instruments carried at fair value by level of fair value hierarchy:

	2017			
	Quoted prices in active markets for identical instruments (Level 1) US$	Significant other observable inputs (Level 2) US$	Significant unobservable inputs (Level 3) US$	Total fair value US$
Recurring fair value measurements				
Financial assets at FVTPL (Note 7)				
Debt securities				
- Bonds	14,714,000	–	–	14,714,000
AFS financial assets (Note 7)				
Debt securities				
- Bonds	25,104,274	–	–	25,104,274
As at 31 December 2017	39,818,274	–	–	39,818,274

18. Fair value of financial instruments (cont'd)

Fair value hierarchy

The Company classifies fair value measurement using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and

Level 3 - Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Determination of fair value

A. *Fair value of financial instruments that are carried at fair value*

Quoted debt securities (Note 7): Fair value is determined by direct reference to their bid price quotations in an active market at the end of the reporting date.

B. *Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value*

The carrying amounts of cash and cash equivalents (Note 5), loans and receivables (Note 6), and insurance and other payables (Note 10) are reasonable approximation of fair values due to their short-term nature.

19. Financial risks management objectives and policies

The Company is exposed to financial risk through its financial assets, financial liabilities, insurance assets and insurance liabilities. In particular, the key financial risk is that the proceeds from its financial assets are not sufficient to fund the obligations arising from its insurance contracts. The most important components of this financial risk are credit risk, liquidity risk and market risk. There has been no change to the Company's exposure to these risks or the manner in which it manages and measures the risks.

(a) ***Corporate Governance Framework***

The Company is a licensed direct life insurer regulated under the Insurance Act. As such, the Company is required to comply with applicable rules and regulations (including corporate governance) set out by the relevant authorities.

The Company believes that good corporate governance is important. It is the means to safeguard stakeholders' and policyholders' interest. The Board of Directors is responsible for the overall good governance of the Company. The Board achieves this through the aid of various governance committees, and the leadership team in the Company. This approach is consistent with the Corporate Governance requirements in Singapore.

19. **Financial risks management objectives and policies (cont'd)**

(b) ***Insurance risk***

Insurance risk relates to the inherent risks associated with the underwriting activities of life business. Such risks include pricing, reserving, underwriting and reinsurance risks.

The Company has established appropriate guidelines and framework combined with authority limits as part of risk mitigation activities embedded in the business operations. Gross premiums earned by the Company for the financial year ended 31 December 2017 consist of US$11,300,115 from Universal Life policies and US$210,703 from Term Life policies.

(i) *Key assumptions*

Material judgement is required in determining the insurance liabilities and in the choice of assumptions. Assumptions in use are based on industry experiences, external market indices and benchmarks which reflect current observable market prices and trends. Assumptions and prudent estimates are determined at the date of valuation and no credit is taken for possible beneficial effects of voluntary withdrawals. Assumptions will be further evaluated on a periodic basis in order to ensure realistic and reasonable valuations.

The key assumptions to which the estimation of liabilities is particularly sensitive are as follows:

Discount rate

The discount rate is derived from SGD and USD yield curves based on prescribed approaches provided by Monetary Authority of Singapore (MAS).

Mortality and morbidity rates

Mortality and morbidity rates assumptions are based on pricing assumptions as at valuation date.

Lapse and surrender rates

Lapse and surrender rates assumptions are based on pricing assumptions as at valuation date.

Expenses

Expense assumptions represent the expected amount that will be spent on the business. Assumptions on future expenses are at best estimate after taking into consideration long term expense levels and the expected expense inflation.

19. Financial risks management objectives and policies (cont'd)

(b) ***Insurance risk (cont'd)***

(i) *Key assumptions (cont'd)*

Sensitivities

The analysis below is performed for reasonably possible movements in key assumptions affecting the determination of insurance liabilities with all other assumptions held constant, showing the impact on gross and net liabilities, and loss before tax.

The correlation of assumptions will have a significant effect in determining the analysed claims liabilities. To demonstrate the impact, changes in specific assumptions are analysed on an individual basis. It should be noted that movements in these assumptions are non-linear. Sensitivity information will also vary according to the current economic assumptions.

2017	**Change in assumptions**	**Impact on gross insurance contract liabilities** US$	**Impact on net insurance contract liabilities** US$	**Impact on loss before tax** US$
Discount rate*	- 1%	+ 465,309	+ 44,928	+ 44,928
Mortality and morbidity rates	+/- 10%	+/- 276,949	+/- 11,101	+/- 11,101
Lapse and surrender rates	+/- 10%	+/- 30,337	+/- 18,112	+/- 18,112
Expenses	+ 10%	+ 15,022	+ 2,827	+ 2,827

* Excludes impact on fixed income assets.

(c) ***Credit risk***

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. The major classes of financial assets of the Company are cash and cash equivalents, debt securities and insurance and other receivables.

To manage counterparty risks associated with its placement of cash and cash equivalents and debt securities, counterparty limits are established to ensure that there are no significant credit exposures to a single party and/or group of related parties. At reporting date, there is no significant concentration of credit risk. In respect of insurance and other receivables, the Company has a credit policy in place and exposure to credit risk is monitored on an ongoing basis. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial positions. At 31 December 2017, the Company did not have any significant concentration of credit risk with a single counterparty.

19. Financial risks management objectives and policies (cont'd)

(c) *Credit risk (cont'd)*

The following table provides information regarding the credit risk exposure of the Company by classifying its financial assets according to credit ratings of the counterparties.

	Investment grade* (AAA to BBB-) US$	Not rated US$	Not subject to credit risk US$	Total US$
2017				
Financial assets at FVTPL and AFS financial assets:				
- Debt securities	39,818,274	–	–	39,818,274
Insurance receivables	–	–	25,853	25,853
Reinsurance receivables	10,870,297	–	–	10,870,297
Rental deposit	–	77,890	–	77,890
Other receivables	–	777,890	–	777,890
Cash and cash equivalents	12,820,710	–	–	12,820,710
	63,509,281	855,780	25,853	64,390,914
2016				
Financial assets at FVTPL and AFS financial assets:				
- Debt securities	–	–	–	–
Rental deposit	–	1,433	–	1,433
Other receivables	–	9,127	–	9,127
Cash and cash equivalents	48,025	–	–	48,025
	48,025	10,560	–	58,585

* Based on public ratings assigned by external rating agencies including S&P, Moody's and Fitch.

Financial assets that are neither past due nor impaired

At the balance sheet date, insurance and other receivables that are neither past due nor impaired are creditworthy debtors with good payment record with the Company. Cash and cash equivalents that are neither past due nor impaired are placed with or entered into with reputable financial institutions or companies with high credit ratings and no history of default.

19. Financial risks management objectives and policies (cont'd)

(d) *Liquidity risk*

Liquidity risk is the risk that the Company may not be able to meet its short-term obligations Operating and capital expenditure budgets are prepared to facilitate the management of short-term cash flows. The Company's cash management process assesses the liquidity of assets held to ensure that assets can be realised on a reasonably timely basis to settle policyholders' liabilities.

Management believes that the Company's liquid assets, its net cash provided by operations, and access to the capital from holding company will enable it to meet any foreseeable cash requirements

The tables below summarise the maturity profile of the Company's financial assets and liabilities based on the undiscounted contractual obligations from the reporting date to the contractual maturities or expected repayment dates. For insurance contracts liabilities, maturity profiles are determined based on the estimated timing of net cash outflows from the recognised insurance liabilities

2017	Carrying value US$	No maturity date US$	Less than 1 year US$	1 to 5 years US$	Over 5 years US$	Total US$
Financial assets						
Financial assets at FVTPL and AFS financial assets:						
Debt securities	39,818,274	–	–	7,531,964	77,385,063	84,917,027
Insurance receivables	25,853	–	25,853	-	–	25,853
Reinsurance receivables	10,870,297	–	2,288,729	–	8,581,568	10,870,297
Rental deposit	77,890	–	77,890	–	–	77,890
Other receivables	777,890	–	777,890	-	–	777,890
Cash and cash equivalents	12,820,710	2,620,710	10,200,000	–	–	12,820,710
Total financial assets	64,390,914	2,620,710	13,370,362	7,531,964	85,966,631	109,489,667
Financial liabilities						
Insurance contract liabilities	26,237	26,237	-	-	-	26,237
Reinsurance premiums payable	11,390,288	–	11,390,288	–	–	11,390,288
Reinsurance deposit	8,581,568	–	–	–	8,581,568	8,581,568
Reinsurance allowance reserves	77,088	–	77,088	-	-	77,088
Commission payable	1,469,204	–	1,469,204	–	–	1,469,204
Other payables	1,654,081	–	1,654,081	–	–	1,654,081
Total financial liabilities	23,198,466	26,237	14,590,661	–	8,581,568	23,198,466

19. Financial risks management objectives and policies (cont'd)

(d) *Liquidity risk (cont'd)*

2016	Carrying value US$	No maturity date US$	Less than 1 year US$	1 to 5 years US$	Over 5 years US$	Total US$
Financial assets						
Insurance and other receivables	1,433	–	1,433	–	–	1,433
Cash and cash equivalents	48,025	48,025	–	–	–	48,025
Total financial assets	49,458	48,025	1,433	–	–	49,458
Financial liabilities						
Insurance and other payables	932,946	–	932,946	–	–	932,946
Total financial liabilities	932,946	–	932,946	–	–	932,946

Financial assets and liabilities up to one year maturity are current assets and current liabilities respectively

(e) ***Market risk***

Market risk arises principally from the uncertainty that future earnings are exposed to potential changes in volatility, interest rates, foreign currency exchange rates and equity prices

(i) *Interest rate risk*

Interest rate risk is the risk that the fair value of a financial instrument and the underlying policy liabilities for which the assets are intended to fund will fluctuate due to changes in market interest rates.

The Company has proper investment guidelines in place to ensure that its exposure to the interest rate risk is minimal. The Company also invested in companies and financial institutions with sound financial track records The Company has an investment manager to monitor actively the performance of the Company's investment portfolios on an ongoing basis.

19. **Financial risks management objectives and policies (cont'd)**

(e) ***Market risk (cont'd)***

(i) *Interest rate risk (cont'd)*

The following table sets out the carrying amount and the weighted average effective interest rate ("WAEIR") at the reporting date of the Company's financial instrument that is exposed to interest rate risk.

	Effective interest rate %	Carrying amount US$
At 31 December 2017		
AFS financial assets:		
- Debt securities	3.07	25,104,274
FVTPL financial assets:		
- Debt securities	1.85	14,714,000

Sensitivity analysis

At the reporting date, if interest rates had been 50 basis points higher/lower with all other variables held constant, the Company's loss before tax would have been as below:

Changes in variables	Impact on loss before tax (increase)/ decrease US$	Impact on equity (decrease)/ increase US$
2017		
+ 50 basis points	(459,502)	(2,073,752)
- 50 basis points	212,722	1,770,194

19. **Financial risks management objectives and policies (cont'd)**

(e) *Market risk (cont'd)*

(ii) *Foreign currency risks*

The Company's foreign currency exposures arise mainly from the exchange rate movements of the Singapore Dollar (SGD) against the United States Dollar (USD).

At the reporting date, the carrying amounts of monetary items denominated in currencies other than the Company's functional currency are disclosed in Note 5.

The following table demonstrates the sensitivity of the Company's loss before tax to a reasonably possible change in the foreign currencies exchange rates against the functional currency of the Company, with all other variables held constant:

	2017 Impact on loss before tax increase (-) / decrease (+) US$	2016 Impact on loss before tax increase (-) / decrease (+) US$
SGD – strengthened 10% (2016: 10%)	39,724	4,244
SGD – weakened 10% (2016: 10%)	(48,551)	(5,188)

20. **Capital management**

The Company's source of funding is from its shareholders. The Company's objectives when managing capital are:

- to comply with the insurance capital requirements stipulated by the MAS;
- to safeguard the Company's ability to continue as a going concern so that it can continue to protect policyholders; and
- to provide adequate returns to its holding company by pricing insurance contracts so that the level of premiums charged commensurate with the level of risk.

The Company monitors its capital level on a regular basis to assess whether the requirements have been met, and reports to the MAS its CAR and fund solvency position every quarter as well as annually.

As at 31 December 2017, the Company's CAR is above the minimum requirement.

21. Subsequent event

The Company entered into a Business Transfer Agreement with Zurich Life Singapore Pte Ltd with the intention of executing a scheme of transfer of assets to the Company. As at 31 December 2017, the Company was awaiting the decision on the outcome of approval from the Singapore High Court regarding the scheme of transfer which was approved on 19 March 2018. The target date of transfer is 1 April 2017.

22. Authorisation of financial statements

The financial statements for financial year ended 31 December 2017 were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 21 March 2018.

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