

ACE LIFE INSURANCE COMPANY LIMITED

**OPERATIONAL STATUS OF UNIVERSAL LIFE FUND
FOR THE YEAR ENDED 31 DECEMBER 2008**

**AUDITOR'S REPORT TO BOARD OF MANAGEMENT AND DIRECTORS
OF ACE LIFE INSURANCE COMPANY LIMITED**

We have audited the accompanying operational status of Universal Life Fund of ACE Life Insurance Company Limited ("the Company") for the year ended 31 December 2008. The operational status of Universal Life Fund is the responsibility of the Company's management. Our responsibility is to express an opinion on the operational status based on our audit.

We conducted our audit in accordance with Vietnamese Standards on Auditing. Those standards require that we have to plan and perform the audit to obtain reasonable assurance about whether the operational status of the Universal Life Fund is free from material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosure in the operational status of Universal Life Fund. We believe that our audit provides a reasonable basis for our audit opinion.

In our opinion, the operational status of Universal Life Fund of ACE Life Insurance Company Limited for the year ended 31 December 2008 has been prepared, in all material respects, in accordance with the guidelines (Article 15 2) of the Decision No. 96/2007/QĐ/BTC issued by the Ministry of Finance dated 23 November 2007.



Quach Thanh Chau
AC No. N.0875/KTV
Authorised signatory

Nguyen Hoang Nam
AC No. 0849/KTV

PricewaterhouseCoopers (Vietnam) Limited
Ho Chi Minh City, SR Vietnam
Audit report number HCM2206
31 March 2009

ACE Life Insurance Company Limited
Operational Status of Universal Life Fund
For the year ended 31 December 2008

A - SUMMARY OF OPERATIONAL STATUS OF UNIVERSAL LIFE FUND

I. PREMIUMS AND VALUE OF UNIVERSAL LIFE FUND DURING THE YEAR

	(Million VND)
Total premium paid in the year	296,881
Amount of premiums allocated to cost of insurance	33,548
Related fees:	
- Initial fee	165,495
- Management fee	8,936
Total premiums invested in Universal Life Fund	88,902
Value of Universal Life Fund at the beginning of year	53,328
Value of Universal Life Fund at the end of year	149,707
Investment rate of Universal Life Fund	11.00%

II. REPORT ON STATUS OF ASSETS OF THE UNIVERSAL LIFE FUND

	(Million VND)		
Assets	Value at beginning of year	Changes during the year	Value at end of year
- Cash	6,581	(6,008)	573
- Investment portfolio	46,231	97,882	144,113
+ Fixed deposits	3,000	64,217	67,217
+ Government bonds	33,231	14,932	48,163
- Term 5 years	3,000	-	3,000
- Term 10 years	20,000	-	20,000
- Term 15 years	10,231	14,932	25,163
+ Corporate bonds	10,000	18,733	28,733
- Term 5 years	10,000	18,733	28,733
- Other assets	516	4,504	5,020
Total assets	53,328	96,379	149,707

III. REPORT ON INCOME AND EXPENSES OF THE UNIVERSAL LIFE FUND

	(Million VND)		
Item	2006	2007	2008
Income:			
+ Interest on current bank accounts	10	40	22
+ Interest on fixed deposits	4	655	2,772
+ Interest on Government bonds	246	1,065	3,971
+ Interest on Corporate bonds	-	287	2,524
Total income	260	2,047	9,290
Expenses:			
Total expenses	-	-	-
Difference between income and expenses	260	2,047	9,290
Income paid to policyholders	162	1,501	7,477
Actual investment rate	7.6%	8.3%	11.00%
Actual investment rate paid to policyholders:			
For regular Universal Life policies	6.5%	6.5%	9.15%
For single Universal Life policies	-	-	9.40%

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B – NOTE

1. When participating in the Universal Life Insurance product (under the Group of Universal Life Insurance), the premium to be submitted, after deducting allowed expenses, will be transferred to a fund, named Universal Life Fund. This fund is controlled and invested for profits by ACE Life under the investment policies that are presented to their policyholders' right when they agree to buy insurances.
2. The investment objectives are to maximise and stabilize the income from long-term investments. ACE Life has invested in a list of sources which can bring in a foreseeable stable income under a reasonable level in a medium and long-term future, including debt instruments (mainly such as bonds, long term deposits, and other instruments which can generate fixed income) issued by financial institutions, or corporate organisations operating in Vietnam in accordance with current laws and regulations.
3. Since Universal Life Fund came into operation in March 2006, ACE Life has always paid its customers, who have regular Universal Life policies with the company, above the commitment of 4% per annum which is stated in the insurance policies, in particular:

From March 2006 to 31 December 2007	6.5%/year
From January 2008 to 31 March 2008	6.8%/year
From April 2008 to 30 June 2008	7.3%/year
From July 2008 to 30 September 2008	9.0%/year
From October 2008 to 31 December 2008	11.5%/year
From January 2009 to 31 January 2009	11.0%/year
From February 2009 to 28 February 2009	10.0%/year
From March 2009 to present	9.5%/year

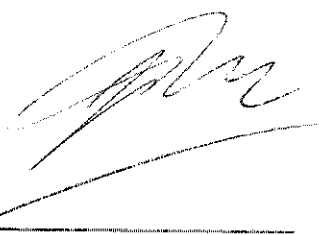
From January 2008, ACE Life has distributed single Universal Life products, which have a guaranteed credit rate of 5%/year for the first 10 years and 4%/year for the remaining in-force years, to the market. For customers of single Universal Life products, the credited rates were always 0.25%/year higher than the regular Universal Life product credit rates in the same period.

With realistic status and prospects of Vietnamese economy in a long term future, ACE Life expressed their confidence that the investment results could exceed their commitments with its customers.

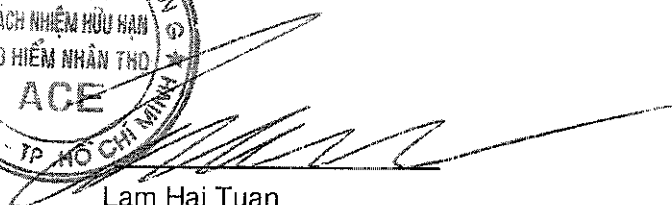
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4. As mentioned in "Summary of operational status of Universal Life Fund", in 2008, ACE Life has paid the policyholders at average interest rates of 9.15% per annum for regular Universal Life and 9.40% per annum for single Universal Life while the respective actual average investment yield is 11% per annum. The amount that ACE Life has paid the policyholders is higher than the amount that ACE Life is responsible to pay, after holding back its investment management fees from the respective actual investment yield:

For regular Universal Life products: 11.00% - 2.00% = 9.00%/year
For single Universal Life products: 11.00% - 1.75% = 9.25%/year



Nguyen Hong Son
Chief Financial Officer



Lam Hai Tuan
General Director

Ho Chi Minh City, SR Vietnam
31 March 2009