SAVINGS & RETIREMENT INCOME

SIMPLY LOVE ENCORE 5 (SLE5)

Enjoy certainty and ease in your planning

AIA International Limited
(Incorporated in Bermuda with limited liability)

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HEALTHIER, LONGER, BETTER LIVES

Pass your legacy of love across generations of your family

Enjoy peace of mind knowing that you have secured their future

To help you prepare for the future and meet your financial goals, Simply Love Encore 5 provides stable returns in the form of guaranteed cash value, as well as non-guaranteed dividends that can potentially accelerate your long-term wealth accumulation.

When the time is right, your Simply Love Encore 5 policy can be passed onto future generations unlimitedly through the Change of Insured Option, while the Contingent Insured Option protects your legacy from unexpected twists in life. With Simply Love Encore 5, you can rest assured knowing that your legacy will last beyond your lifetime, enriching the lives of those you love.

Plan Highlights

Stable returns
to realise your ambition and plan for retirement

Terminal Dividend Lock-in Option
to realise potential returns

Change of Insured Option and Contingent Insured Option
to pass your legacy across future generations unlimitedly

Death Benefit Settlement Option
to allow for flexible legacy planning

Unemployment Benefit
for extra flexibility during tough times
(applicable for a 5-year or 10-year premium payment policy only)

Simply apply
with no medical examinations required

DIY your retirement income and pass it onto the next generation

Plan your own DIY income for a carefree retirement

The following example is hypothetical and for illustrative purpose only. Actual dividends are not guaranteed and are declared at AIA's sole discretion. This example assumes that the Terminal Dividend Lock-in Option is not exercised.

One-time premium
US$125,000

Projected break-even point at the end of the 5th policy year

From the 6th to 40th policy year, withdraw US$6,250 per year

6th policy year | 7th policy year | 40th policy year

Withdraw US$218,750 in total for retirement planning

After cash withdrawal at the 40th policy year

The remaining projected total surrender value will be US$187,316 for passing onto the next generation

Important notes:

1. The amount of cash withdrawal under Simply Love Encore 5 is non-guaranteed and the length of withdrawal period is non-guaranteed. The actual amount and period of cash withdrawal may vary according to the actual non-guaranteed benefit payable. Cash withdrawals made will be deducted first from the accumulated Annual Dividends with any interest, and then any withdrawal which exceeds the remaining balance of accumulated Annual Dividends with any interest will be deducted from the guaranteed cash value and any Terminal Dividend entitlement accrued (from and after the end of the 2nd policy year), which in turn will reduce the principal amount of the policy. Therefore, the subsequent guaranteed cash value, any Annual Dividends, any Terminal Dividend and total premiums paid as used in the calculation of the Death Benefit will be adjusted accordingly based on the reduced principal amount and the amounts will be less than the projection without cash withdrawal. Please contact your financial planner or our Company to obtain the illustrative documents for details of cash withdrawal in the case above.
2. The projected total surrender value illustrated is the sum of the policy's guaranteed cash value plus accumulated non-guaranteed Annual Dividends with interest and non-guaranteed Terminal Dividend. As of the 40th policy year, the projected total surrender value is US$187,316 (the guaranteed cash value is US$54,922 and the non-guaranteed surrender value is US$132,394). The projected policy value and break-even point is based on the current dividend scales and accumulation interest rate of 3.5% p.a. on Annual Dividends. The current dividend scales and interest rates are neither indicative of future performance nor guaranteed. Past performance or current performance of our business should not be interpreted as a guide for future performance. The actual Annual Dividends, accumulation interest rates and Terminal Dividend payable throughout the duration of the policy may vary at AIA's sole discretion, which may be less or more favourable than those illustrated. The actual break-even point is not guaranteed and may be shorter or longer than the illustrated. The above example assumes that no policy loans are taken and no Terminal Dividend Lock-in Option is exercised throughout the term of the policy, and that all premiums are paid in full when due. To receive the amounts illustrated, the policy owner must surrender his policy at the end of respective policy year. This policy will be terminated when the total surrender value has been withdrawn entirely.
3. The guaranteed cash value is calculated based on the projected principal amount at the end of each policy year. The actual principal amount after each partial surrender may be more or less than the projected figures of each policy year, therefore, based on the actual principal amount at the end of each policy year, the actual guaranteed cash value will be reflected accordingly.

Stable returns to secure your future

Simply Love Encore 5 is a **participating whole life insurance plan** that covers the entire lifespan of the insured, who is the person protected under the policy. This plan provides you with guaranteed cash value, non-guaranteed Annual Dividends and non-guaranteed Terminal Dividend, all of which form your policy values.

Simply Love Encore 5 can help you achieve guaranteed and potential gains as well as long-term wealth accumulation. We will distribute the profit generated from the product group of participating whole-life insurance plan by providing you with non-guaranteed annual cash amounts called **Annual Dividends** on a yearly basis, which begin from the end of the corresponding policy year. For more details, please refer to "Cover at a glance" (on page 6). You may choose to receive the Annual Dividends in cash, or use them to reduce any premium due under this policy (for a policy other than a one-time premium payment policy). Otherwise, these sums shall accumulate in your policy, potentially earning interest.

Also, once the policy has been in force for 2 years (for a one-time premium or 5-year premium payment policy) or 5 years (for a 10-year premium payment policy), we will provide you with a one-off non-guaranteed cash amount, called a **Terminal Dividend** if:

i. you surrender the policy; or

ii. the insured passes away.

Realise potential returns with the Terminal Dividend Lock-in Option

Through the Terminal Dividend Lock-in Option, **Simply Love Encore 5** enables you to realise potential returns by transferring the latest value of the Terminal Dividend into a Terminal Dividend Lock-in Account to earn interest at a non-guaranteed rate. This is available once per policy year, starting from the end of the 15th policy year.

To provide further flexibility for your financial needs throughout various life stages, you can also withdraw cash from the Terminal Dividend Lock-in Account anytime without reducing the principal amount of your policy.

Flexible withdrawal to meet your changing needs

With **Simply Love Encore 5**, you can withdraw your policy values in one go to realise your dreams or make withdrawals flexibly according to your changing needs in the future.

Upon request, you can withdraw part of the guaranteed cash value, the non-guaranteed accumulated Annual Dividends with interest and the non-guaranteed Terminal Dividend. However, this will reduce the future values of your policy. After withdrawal, the principal amount of the policy and the total premium(s) paid for the basic plan under the death benefit may be reduced.

To meet your changing needs in the future, you may choose to withdraw all cash values in the policy. Upon such withdrawal, you will receive the sum of the guaranteed cash value, any non-guaranteed Annual Dividends that have accumulated with interest under the policy, any non-guaranteed Terminal Dividend, and any remaining balance of the Terminal Dividend Lock-in Account (if applicable) and your policy will be terminated.

We will deduct all outstanding debt under the policy before we make the payment for your withdrawal.

Change of Insured Option and Contingent Insured Option to pass your legacy across future generations unlimitedly

During the lifetime of the current insured and after the end of the 1st policy year, the Change of Insured Option allows you to change the insured to another loved one, in whom you and the beneficiary have insurable interest. That way, the value of your policy can be inherited by later generations, helping you pass on your wealth with extra flexibility.

With the Contingent Insured Option, during the lifetime of the current insured, you can designate another loved one as a contingent insured, in whom you and the beneficiary have insurable interest. There is no limit on the number of times you can designate, modify or remove a contingent insured, as long as it is done during the lifetime of the current insured, but you may only have one contingent insured per policy at any time during the benefit term. Upon the passing of the current insured, the contingent insured may become the new insured without affecting your policy values so as to protect your legacy for the next generation.

You may change the insured under the Change of Insured Option and / or the Contingent Insured Option as many times as you wish, subject to our approval.

Your choice of settlement option if the worst should happen

If the insured passes away and no contingent insured has become the new insured, we will pay the death benefit to the person whom you select in your policy as beneficiary.

The death benefit will include the higher of:

i. guaranteed cash value; and

ii. the total premium(s) paid for the basic plan;

plus

- any Annual Dividends that have accumulated with interest under the policy;
- any Terminal Dividend; and
- any remaining balance of the Terminal Dividend Lock-in Account (if applicable).

We will deduct all outstanding debt under the policy before we make the payment to the beneficiary.

To ease your financial burden during unforeseen challenges, **Simply Love Encore 5** offers extra protection through an accidental death benefit, which is equal to the total premium(s) paid for your basic plan. This is paid in addition to the above death benefit if the insured passes away due to a covered accident within the first 12 months of the policy.

Apart from a lump sum payment, the death benefit and accidental death benefit can alternatively be paid to your beneficiary in regular instalments by applying the Death Benefit Settlement Option during the lifetime of the insured, according to the specific benefit amounts to be paid at regular intervals chosen by you.

Delay premium payments in case of unemployment for 5-year and 10-year premium payment policies

Unemployment may cause a significant impact on your finances. To help ease your financial burden while keeping the insured protected, you may claim for the Unemployment Benefit if you are laid off and become involuntarily unemployed during the premium payment term of the basic plan.

Once your application is approved, the grace period for late premium payment will be extended from 31 days up to 365 days. The Unemployment Benefit is available once per policy. Please refer to the Note for Unemployment Benefit for further details.

Add-on cover for policies with a 5-year or 10-year premium payment term

If you opt for a 5-year or 10-year premium payment term, you may select an add-on plan under which we will waive the future premiums for the **Simply Love Encore 5** if the insured becomes totally and permanently disabled before the age of 60, providing support in the face of unfortunate circumstances.

In addition, you may also select the **Payor Benefit Rider**, under which we will waive the future premiums for the basic plan until the insured reaches the age of 25 should you pass away or suffer total and permanent disability before the age of 60.

All add-on plans are subject to additional premiums, underwriting and exclusions. All benefits under add-on plans will be terminated when your **Simply Love Encore 5** policy terminates.

Cover at a glance

Premium Payment Term	One-time	5-year	10-year
Insured's Age at Application	15 days– age 80	15 days– age 80	15 days– age 75
Benefit Term	Whole life		
Policy Currency	US$ / HK$ / MOP (only for policies issued in Macau)		
Principal Amount	For calculation of the premium and relevant policy values only and will not be payable as the death benefit		
Minimum One-time Premium / Annual Premium	US$5,000 / HK$37,500 / MOP37,500	US$1,500 / HK$11,250 / MOP11,250	US$1,000 / HK$7,500 / MOP7,500
Premium Payment Mode	Single Premium	Annually / Semi-annually / Quarterly / Monthly	

Non-Guaranteed Annual Dividends and Terminal Dividend

Annual Dividends

- Non-guaranteed Annual Dividends will be declared to your policy at least once per year, starting from the end of the corresponding policy year as follows:

Premium Payment Term	Corresponding policy year
One-time	2nd policy year
5-year	6th policy year
10-year	11th policy year

- Receive the Annual Dividends in cash, accumulate in your policy with non-guaranteed interest or use them to reduce any premium due under the policy (for a policy other than a one-time premium payment policy).

Terminal Dividend

- One-off non-guaranteed Terminal Dividend will be provided upon policy surrender or death of the insured after the policy has been in force for 2 years (for a one-time premium or 5-year premium payment policy) or 5 years (for a 10-year premium payment policy).

Terminal Dividend Lock-in Option

Within 30 days after the end of each policy year, starting from the end of the 15th policy year, you may apply to exercise the Terminal Dividend Lock-in Option once per policy year.

Transfer of Lock-in Amount

You can decide on what percentage of the Terminal Dividend to transfer, with the condition that the percentages cannot be less than 10% or more than 70% (minimum and maximum percentages are subject to our prevailing rules and regulations) and the Lock-in Amount is subject to a minimum amount that is determined by us from time to time.

- The calculation of the Lock-in Amount is based on the latest value of the Terminal Dividend. All outstanding debt under your policy will be deducted from the Lock-in Amount (up to a maximum deduction amount equal to the Lock-in Amount) before it is transferred into your Terminal Dividend Lock-in Account.
- Once the Lock-in Amount is transferred into the Terminal Dividend Lock-in Account, the Terminal Dividend as at the relevant policy year and the Terminal Dividend to be declared for all subsequent policy years will be reduced accordingly.
- The transfer of the Lock-in Amount cannot be reversed once the Terminal Dividend Lock-in Option is exercised.

Cover at a glance (continued)

Terminal Dividend Lock-in Option (continued)	**Value of the Terminal Dividend Lock-in Account** • Any balance in your Terminal Dividend Lock-in Account may accumulate interest at a non-guaranteed rate as determined by us. • Subject to rules and regulations prevailing at the time, you may withdraw cash from Terminal Dividend Lock-in Account anytime.
Surrender Benefit	The surrender benefit will include: • guaranteed cash value; plus • any non-guaranteed Annual Dividends that have accumulated with interest under the policy; plus • any non-guaranteed Terminal Dividend; plus • any remaining balance of the Terminal Dividend Lock-in Account (if applicable). We will deduct all outstanding debt under the policy before we make the payment.
Change of Insured Option	You may exercise the change of insured under the Change of Insured Option as many times as you wish, subject to our approval. **At the time of applying to exercise the Change of Insured Option** • You may opt to change the insured of the policy during the lifetime of the current insured and after the end of the 1st policy year. • You and the beneficiary must have insurable interest in the proposed new insured. • The proposed new insured must be between 15 days and 60 years of age at the time of application. • No medical examination is required for the proposed new insured if the total annual premiums or one-time premium payment does not exceed the aggregate limit set for such insured, subject to our prevailing rules and regulations. **After the change of insured** All existing add-on plans will automatically terminate, except the Payor Benefit Rider (if any, where the waiver of premium has not commenced), which shall remain in force provided that the age of the proposed new insured is between 15 days and 17 years old at the time of application, while its premium may be adjusted in accordance with any different benefit term. Add-on plans may be re-applied for and your policy values will not be affected.

Cover at a glance (continued)

Contingent Insured Option	You may exercise the change of insured under the Contingent Insured Option as many times as you wish, subject to our approval. **At the time of designating the Contingent Insured** • Subject to our approval, there is no limit on the number of times you can designate, modify or remove a contingent insured during the lifetime of the current insured. • The proposed contingent insured must be between 15 days and 60 years of age. • There can only be one contingent insured per policy at any time during the benefit term. **Upon the passing of the current insured** • You may opt to change the new insured of the policy to the contingent insured. • The contingent insured must be age 60 or under to be eligible to become the new insured. • No medical examination is required for the contingent insured if the total annual premiums or one-time premium payment does not exceed the aggregate limit set for such insured, subject to our prevailing rules and regulations. • The contingent insured needs to be approved to become the new insured within a year of the passing of the current insured, otherwise the death benefit as at the date of death of the insured will become payable to the beneficiary. **Upon the contingent insured becoming the new insured** • All existing add-on plans will automatically terminate, except the Payor Benefit Rider (if any, where the waiver of premium has not commenced), which shall remain in force provided that the age of the contingent insured is between 15 days and 17 years old when the current insured passes away, while its premium may be adjusted in accordance with any different benefit term. Afterwards, add-on plans may be re-applied and your policy values will not be affected. • You may designate a new contingent insured at anytime afterwards.

Cover at a glance (continued)

Death Benefit	The death benefit will include the higher of: i. guaranteed cash value; and ii. the total premium(s) paid for your basic plan; plus • any non-guaranteed Annual Dividends that have accumulated with interest under the policy; • any non-guaranteed Terminal Dividend; and • any remaining balance of the Terminal Dividend Lock-in Account (if applicable). We will deduct all outstanding debt under the policy before we make the payment to the beneficiary.
Accidental Death Benefit	In addition to the death benefit, if the insured passes away due to a covered accident within the first 12 months of the policy, the accidental death benefit will equal the total premium(s) paid for the basic plan. The maximum aggregate amount of the accidental death benefit with respect to the same insured under all **Simply Love Encore 5** polices is US$100,000 / HK$750,000 / MOP750,000 and the benefit payable under each policy will be prorated according to its total premium(s) paid for the basic plan.
Death Benefit Settlement Option	• During the lifetime of the insured, you can select specific benefit amounts to be paid to your beneficiary at regular intervals chosen by you, provided that the total annual payment is equal to at least 2% of the sum of the death benefit and accidental death benefit. • The remaining amount of benefits will be left with our company to accumulate interest at a non-guaranteed interest rate determined by us, until the full amount of the benefits has been paid to the beneficiary. • The Death Benefit Settlement Option is not available if the sum of the death benefit and accidental death benefit payable is less than US$50,000*. * If the policy is issued in a currency other than US$, the amount would be available in the respective policy currency and the prevailing exchange rate will be used to calculate the above amount.
Underwriting	No medical examination is required for your application as long as the total annual premiums or one-time premium payment does not exceed the aggregate limit set for each insured, subject to our prevailing rules and regulations.

Examples

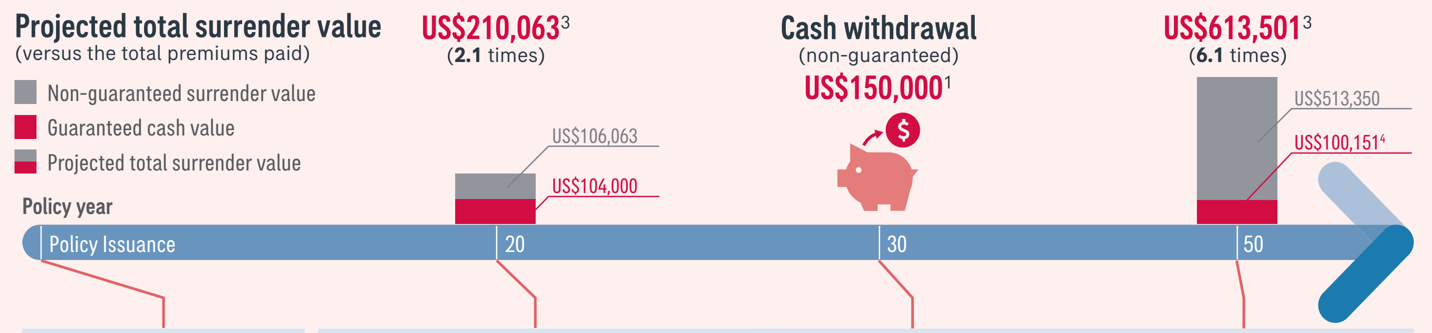
(The following examples are hypothetical and are for illustrative purpose only. Actual dividends are not guaranteed and are declared at AIA's sole discretion.)

Policy owner and insured:	Saul (age 35)
Occupation:	Senior HR Manager
Family status:	Married (wife, Priscilla, age 30), with a newborn son, Sammy

Now that little Sammy has joined the family, Saul wants to be able to provide substantial support for his loved ones in the future. He purchases **Simply Love Encore 5** with an annual premium of US$20,000 per year for 5 years – a total of US$100,000. The plan provides Saul with stable returns and cash withdrawal flexibility[1] to suit his needs, and allows him to designate his wife Priscilla as the contingent insured[2] which will protect his legacy.

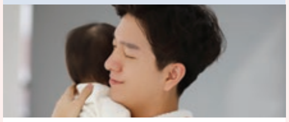
This case assumes that Saul and Priscilla do not withdraw cash before the 30th policy year, choosing instead to let the total surrender value accumulate in the policy. This case also assumes that the Terminal Dividend Lock-in Option is not exercised.

Total premiums paid US$20,000 x 5 years = US$100,000



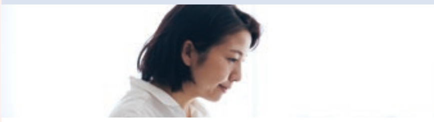
Insured: Saul
Contingent insured: Priscilla

New insured: Priscilla
New contingent insured: Sammy



Saul purchases **Simply Love Encore 5** and designates his wife Priscilla as the contingent insured[2].

No medical examination required



Unfortunately, Saul dies in a road traffic accident. Priscilla becomes the new insured[2] and the owner of the policy. She designates her son Sammy as the contingent insured[2].

No medical examination required

Sammy plans to start a company. Priscilla withdraws US$150,000[1] to support Sammy's business.

When Priscilla reaches the age of 80, she could choose to withdraw cash[1] for her own use or leave the entire remaining policy value to Sammy.

Remarks:

1. The cash withdrawal amount under Simply Love Encore 5 is non-guaranteed and the length of withdrawal period is non-guaranteed. The actual cash withdrawal amount may vary according to the actual non-guaranteed benefit payable. Cash withdrawals made will be deducted first from the accumulated Annual Dividends with any interest, and then any withdrawal which exceeds the remaining balance of the accumulated Annual Dividends with any interest will be deducted from the guaranteed cash value and any Terminal Dividend entitlement accrued (from and after the end of the 2nd policy year), which in turn will reduce the principal amount of the policy. Therefore, the subsequent guaranteed cash value, any Annual Dividends, and any Terminal Dividend will be adjusted accordingly based on the reduced principal amount and the amounts will be less than the projection without cash withdrawal. Please contact your financial planner or our Company to obtain the illustrative documents for details of cash withdrawal in the case above.
2. The Contingent Insured Option is subject to our approval. For details of the rules and regulations, please refer to the "Cover at a glance" section of this brochure.
3. The projected total surrender value illustrated is the sum of the policy's guaranteed cash value plus the accumulated non-guaranteed Annual Dividends with interest and non-guaranteed Terminal Dividend. The projected policy value is based on the current dividend scales and accumulation interest rate of 3.5% p.a. on Annual Dividends. The current dividend scales and interest rates are neither indicative of future performance nor guaranteed. Past performance or current performance of our business should not be interpreted as a guide for future performance. The actual Annual Dividends, accumulation interest rates and Terminal Dividend payable throughout the duration of the policy may vary at AIA's sole discretion, which may be less or more favourable than those illustrated. The above example assumes that no policy loans are taken throughout the term of the policy, that the Terminal Dividend Lock-in Option is not exercised, and that all premiums are paid in full when due. To receive the amounts illustrated, the policy owner must surrender his policy at the end of the respective policy year. This policy will be terminated when the total surrender value has been withdrawn entirely.
4. The guaranteed cash value is calculated based on the projected principal amount at the end of each policy year. The actual principal amount calculated after each partial surrender may be more or less than the projected figures for each policy year. Thus, the actual guaranteed cash value will be based on the actual principal amount calculated at the end of each policy year.

Policy owner and insured:	Henry (age 50)
Occupation:	Finance Director
Family status:	Married, with a son Hayden (age 20)

Henry believes that the love of one's family is life's greatest blessing. He wants to lay the foundation for a prosperous financial future for his family by wisely accumulating wealth over the long term. This is why he purchases **Simply Love Encore 5** with a one-time premium payment of US$125,000, providing long-term stable capital growth for legacy planning.

This case assumes that the policy owners do not withdraw cash from the policy at any point, choosing instead to let the total surrender value accumulate within the policy. This case also assumes that the Terminal Dividend Lock-in Option is not exercised.

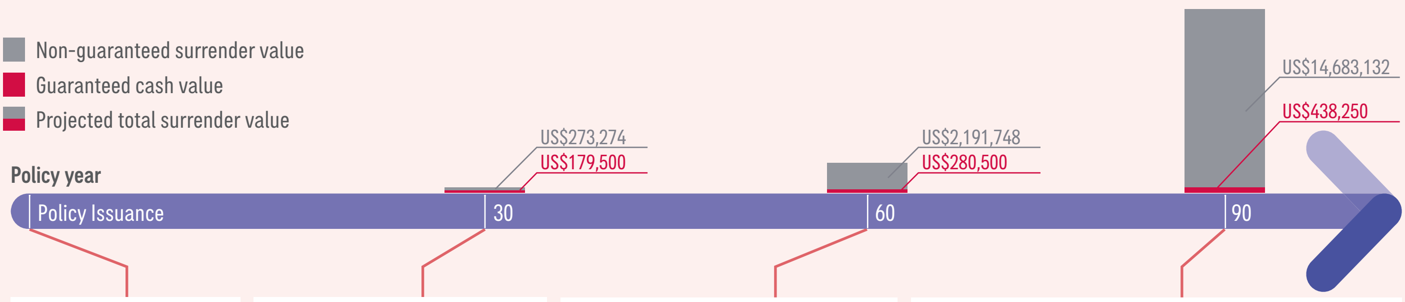
One-time premium paid **US$125,000**

Projected total surrender value
(versus the one-time premium paid)

US$452,774[1] (**3.6** times)

US$2,472,248[1] (**19.7** times)

US$15,121,382[1] (**120.9** times)



At the age of 50, Henry purchases Simply Love Encore 5.

No medical examination required

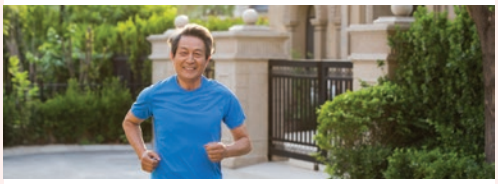
1st generation
Insured: Henry (age 80)

Henry chooses to make his son Hayden (now age 50) both the insured[2] and the owner of the policy, passing on the policy's projected total surrender value.

2nd generation
Insured: Son Hayden (age 80)

To transfer the family legacy to the next generation, Hayden also chooses to make his son Herman (Henry's grandson, now age 50) the insured[2] and owner of the policy.

3rd generation
Insured: Grandson Herman (age 80)



Herman can use the projected total surrender value to enjoy his retirement to the fullest. Alternatively, he may pass the full policy value on to his children by Change of Insured Option[2], or by disbursing it at regular intervals through the Death Benefit Settlement Option[3].

Remarks:

1. The projected total surrender value illustrated is the sum of the policy's guaranteed cash value plus the accumulated non-guaranteed Annual Dividends with interest and the non-guaranteed Terminal Dividend. The projected policy value is based on the current dividend scales and accumulation interest rate of 3.5% p.a. on Annual Dividends. The current dividend scales and interest rates are neither indicative of future performance nor guaranteed. Past performance or current performance of our business should not be interpreted as a guide for future performance. The actual Annual Dividends, accumulation interest rates and Terminal Dividend payable throughout the duration of the policy may vary at AIA's sole discretion, which may be less or more favourable than those illustrated. The above example assumes that no cash withdrawal or policy loans are taken and no Terminal Dividend Lock-in Option is exercised throughout the term of the policy, and that all premiums are paid in full when due. To receive the amounts illustrated, the policy owner must surrender his policy at the end of the respective policy year. This policy will be terminated when the total surrender value has been withdrawn entirely.
2. The Change of Insured Option is subject to our approval. For details of the rules and regulations, please refer to the "Cover at a glance" section of this brochure.
3. The Death Benefit Settlement Option is subject to our approval. For details of the rules and regulations, please refer to the "Cover at a glance" section of this brochure.

Important Information

This brochure does not contain the full terms and conditions of the policy. It is not, and does not form part of, a contract of insurance and is designed to provide an overview of the key features of this product. The precise terms and conditions of this plan are specified in the policy contract. Please refer to the policy contract for the definitions of capitalised terms, and the exact and complete terms and conditions of cover. In case you want to read policy contract sample before making an application, you can obtain a copy from AIA. This brochure should be read along with the illustrative document (if any) and other relevant marketing materials, which include additional information and important considerations about this product. We would like to remind you to review the relevant product materials provided to you and seek independent professional advice if necessary.

This brochure is for distribution in Hong Kong / Macau only.

Dividend Philosophy

This is a participating insurance plan in which we share a portion of the profits earned on it and related participating insurance plans with the policy owners. It is designed to be held long term. The premiums of a participating insurance plan will be invested in a variety of assets according to our investment strategy. The cost of policy benefits (including guaranteed and non-guaranteed benefits as specified in your plan that may be payable on death or surrender, as well as charges we make to support policy guarantees (if applicable)) and expenses will be deducted as appropriate from premiums of the participating insurance plan or from the invested assets. We aim to ensure a fair sharing of profits between policy owners and shareholders, and among different groups of policy owners. For this plan's target profit sharing ratio between policy owners and shareholders, please visit our website at https://www.aia.com.hk/en/our-products/further-product-information/profit-sharing-ratio.html.

Divisible surplus refers to profits available for distribution back to policy owners as determined by us. The divisible surplus that will be shared with policy owners will be based on the profits earned from your plan and similar plans or similar groups of policies (as determined by us from time to time by considering factors such as benefit features, policy currencies and period of policy issuance). Divisible surplus may be shared with the policy owners in the form of annual dividends and terminal dividends as specified in your policy. A very significant proportion of such divisible surplus arising from the experience from your plan and similar plans or similar groups of policies will be shared with policy owners.

We review and determine the dividend amounts payable to policy owners at least once per year. Divisible surplus depends on the investment performance of the assets which we invest in and the amounts of benefits and expenses we need to pay for the plan. It is therefore inherently uncertain. Nevertheless, we aim to deliver relatively stable dividend payments over time through a smoothing process by spreading out the gains and losses over a period of time. The actual dividends declared may be different from those illustrated or projected in any insurance plan information provided (e.g. benefit illustrations) depending on whether the divisible surplus, past experience and / or outlook are different from what we expected. If dividends are different from our last communication, this will be reflected in the policy anniversary statement.

A committee has been set up to provide independent advice on the determination of the dividend amounts to the Board of the Company. The committee is comprised of members from different control functions or departments within the organisation both at the AIA Group level as well as Hong Kong local level, such as office of the Chief Executive of the Company, legal, compliance, finance, investment and risk management. Each member of the committee will endeavour to exercise due care, diligence and skill in the performance of his or her duties as a member. The committee will utilise the knowledge, experience, and perspectives of each individual member to assist the Board in the discharge of its duty to make independent decisions and to manage the risk of conflict of interests, in order to ensure fair treatment between policy owners and shareholders, and among different groups of policy owners. The actual dividends, which are recommended by the Appointed Actuary, will be decided upon the deliberation of the committee and finally approved by the Board of Directors of the Company, including one or more Independent Non-Executive Directors, and with written declaration by the Chairman of the Board, an Independent Non-Executive Director and the Appointed Actuary on the management of fair treatment between policy owners and shareholders.

To determine the dividends of a participating policy, we consider both past experience and the future outlook of all factors including, but not limited to, the following:

Investment returns: include interest earnings, dividends and any changes in the market value of the backing assets, i.e. the assets in which we invest your premiums (after deducting the cost of policy benefits and expenses). Depending on the asset allocation adopted for the insurance plan, investment returns could be affected by fluctuations in interest income (both interest earnings and the outlook for interest rates) and various market risks, including interest rate risk, credit spread and default risk, fluctuations in listed and private equity prices, real estate prices as well as foreign exchange rates if the currency of the backing assets is different from the policy currency, etc.

Claims: include claims for death benefits and any other insured benefits under the insurance plan.

Surrenders: include policy surrenders, partial surrenders and policy lapses; and their corresponding impact on the backing assets.

Expenses: include both expenses directly related to the policy (e.g. commission, underwriting, issue and premium collection expenses) and indirect expenses allocated to the insurance plan (e.g. general administrative costs).

Some participating insurance plans allow the policy owners to place their annual dividends, guaranteed and non-guaranteed cash payments, guaranteed and non-guaranteed incomes, guaranteed and non-guaranteed annuity payments, and / or bonus and terminal dividend lock-in accounts with us, earning interest at a non-guaranteed interest rate. To determine such non-guaranteed interest rate, we consider the returns on the pool of assets in which these amounts are invested with reference to the past experience and future outlook. This pool of assets is segregated from other investments of the Company and may include bonds and other fixed income instruments. You have the right to request for historical accumulation interest rates before committing the purchase.

For dividend philosophy and dividend history, please visit our website at https://www.aia.com.hk/en/dividend-philosophy-history.html

Investment Philosophy, Objective and Strategy

Our investment philosophy aims to deliver sustainable long-term returns in line with the insurance plan's investment objectives and the Company's business and financial objectives.

Our aforementioned objectives are to achieve the targeted long-term investment results while minimising volatility in investment returns to support the liabilities over time. They also aim to control and diversify risk exposures, maintain adequate liquidity and manage the assets with respect to the liabilities.

Our current long-term target strategy is to allocate assets attributed to this insurance plan as follows:

Asset Class	Target Asset Mix (%)
Bonds and other fixed income instruments	50% - 100%
Growth assets	0% - 50%

The bonds and other fixed income instruments predominantly include government and corporate bonds and are mainly invested in the United States and Asia-Pacific. Growth assets may include listed equity, equity mutual funds, physical real estate, real estate funds, private equity funds and private credit funds, and are mainly invested in the United States, Asia-Pacific and Europe. Growth assets generally have a higher long-term expected return than bonds and fixed income assets but may be more volatile in the short term. The range of target asset mix may be different for different participating insurance plans. Our investment strategy is to actively manage the investment portfolio i.e. adjust the asset mix dynamically over a range that can be wider than the target range in response to the external market conditions and the financial condition of the participating business. For example, there may be a smaller proportion of growth assets when interest rates are low and a larger proportion of growth assets when interest rates are high. When interest rates are low, the proportion of growth assets may be even smaller than the long-term target strategy, so as to allow us to minimise volatility in investment returns and to protect our ability to pay the guaranteed benefits under the insurance plans, whereas the proportion of the growth assets may be even larger than the long-term target strategy when interest rates are high to allow for the possibility that we may share more investment opportunities in growth assets with the policy owners.

Subject to our investment objectives, we may use a material amount of derivatives (such as through pre-investing partly or fully expected future premiums) to manage our investment risk exposure and for matching between assets and liabilities, for example, the effects of changes in interest rates may be moderated while allowing for more flexibility in asset allocation.

Our general currency strategy is to minimise currency mismatches for bonds and other fixed income instruments. For these investments, our current practice is to endeavour to currency-match asset purchases with the currency of the underlying policy (e.g. US Dollar assets will be used to back US Dollar insurance plans and HK Dollar assets will be used to back HK Dollar insurance plans). However, subject to market availability and opportunity, bonds or other fixed income instruments may be invested in a currency other than the currency of the underlying policy and currency swaps may be used to minimise the currency risks. Currently assets are mainly invested in US Dollar. Growth assets may be invested in a currency other than the currency of the underlying policy and the selection of the currency is made according to our investment philosophy, investment objectives and mandate.

We will pool similar participating insurance plans for investment to determine the return and we will then allocate the return to specific participating insurance plans with reference to their target asset mix. Actual investments (e.g. geographical mix, currency mix) would depend on market opportunities at the time of purchase, hence may be different from the target asset mix.

The investment strategy is subject to change depending on the market conditions and economic outlook. Should there be any material changes in the investment strategy, we will inform policy owners of the changes, with underlying reasons and expected impact to the dividends.

Key Product Risks

1. You should pay premium(s) on time and according to the selected premium payment schedule. If you stop paying the premium before completion of the premium payment term, you may surrender the policy, otherwise, the premium will be covered by a loan taken out on the policy automatically. When the loan balance exceeds the sum of guaranteed cash value and non-guaranteed accumulated Annual Dividends with interest (if any) of the basic plan, the policy will terminate and you will lose the cover. The surrender value of the policy will be used to repay the loan balance, and we will refund any remaining value.
2. The plan may make certain portion of its investment in growth assets. Returns of growth assets are generally more volatile than bonds and other fixed income instruments, you should note the target asset mix of the product as disclosed in this product brochure, which will affect the dividend on the product. The savings component of the plan is subject to risks and possible loss. Should you surrender the policy early, you may receive an amount considerably less than the total amount of premiums paid.
3. You may request for the termination of your policy by notifying us in written notice. Also, we will terminate your policy and you / the insured will lose the cover when one of the following happens:
    - the insured passes away, except when the contingent insured becomes the new insured;
    - you do not pay the premium within 31 days (or up to 365 days under Unemployment Benefit) of the due date and the policy has no cash value (Only applicable for a 5-year or 10-year premium payment policy); or
    - any benefit is paid under the basic plan or add-on plan that triggers termination of the policy ; or
    - the outstanding debt exceeds the guaranteed cash value of your policy. Where the premium is covered by a loan taken out on the policy automatically, the outstanding debt exceeds the sum of guaranteed cash value and accumulated Annual Dividends with interest (if any) of your policy.
4. We underwrite the plan and you are subject to our credit risk. If we are unable to satisfy the financial obligations of the policy, you may lose your premium paid and benefits.
5. You are subject to exchange rate risks for plans denominated in currencies other than the local currency. Exchange rates fluctuate from time to time. You may suffer a loss of your benefit values and the subsequent premium payments (if any) may be higher than your initial premium payment as a result of exchange rate fluctuations. You should consider the exchange rate risks and decide whether to take such risks.
6. Your current planned benefit may not be sufficient to meet your future needs since the future cost of living may become higher than they are today due to inflation. Where the actual rate of inflation is higher than expected, you may receive less in real terms even if we meet all of our contractual obligations.

Key Exclusions to Accidental Death Benefit

Accidental Death Benefit will not cover any conditions that result from any of the following:

- self-destruction while sane or insane, participation in a fight or affray, being under the influence of alcohol or a non-prescribed drug
- war, service in armed forces in time of war or restoration of public order, riot, industrial action, terrorist activity, violation or attempted violation of the law or resistance to arrest
- racing on wheels or horse, scuba diving

Effective from 1 January 2018, all policy owners are required to pay a levy on each premium payment made for both new and in-force Hong Kong policies to the Insurance Authority (IA). For levy details, please visit our website at www.aia.com.hk/useful-information-ia-en or IA's website at www.ia.org.hk.

- ptomaines or bacterial infection (except pyogenic infection occurring through an accidental cut or wound)
- air travel, including entering, exiting, operating, servicing or being transported by any aerial device or conveyance (except as a passenger of a commercial passenger airline on a regular scheduled passenger trip over its established passenger route)

The above list is for reference only. Please refer to the policy contract of this plan for the complete list and details of exclusions.

Note for Unemployment Benefit

You must be employed under a continuous contract for not less than 24 months and be eligible for a severance payment upon termination under the employment or labour laws of Hong Kong or Macau (according to the place of policy issuance) prior to the involuntary unemployment. Further, such employment cannot be self-employment, employment by a family member (including spouse, parent, grandparent, child or grandchild) or employment as a domestic servant. The Unemployment Benefit starts on the premium due date at the time when we approve your claim and continues for up to 365 days. Proof of continuous unemployment is required by you upon our request. The Unemployment Benefit is not available if you were informed of your pending involuntary unemployment on or before the issue date or commencement date of the policy, whichever is later.

The Unemployment Benefit will cease on the earliest of the following dates:

i. at the end of extended grace period,
ii. you fail to provide proof of continuous unemployment upon our request,
iii. the date on which the policy owner has been changed,
iv. the date on which any claims on waiver of premium under your basic plan is approved,
v. at the end of premium payment term of your basic plan,
vi. the date when any claims of your basic plan and / or add-on plans is made, if the premium payment mode is not changed to monthly,
vii. the date when you pay all outstanding premiums and
viii. termination date of your basic plan.

Claim for Unemployment Benefit must be submitted within 30 days of your involuntary unemployment.

The Unemployment Benefit could only be claimed once per policy and relevant proof is required. The approval of the Unemployment Benefit is subject to our prevailing rules and regulations, and the handling of policy during the extended grace period will be subject to our discretion.

Claim Procedure

If you wish to make a claim, you must send us the appropriate forms and relevant proof. You can get the appropriate claim forms in www.aia.com.hk, from your financial planner, by calling the AIA Customer Hotline (852) 2232 8888 in Hong Kong, or (853) 8988 1822 in Macau, or by visiting any AIA Customer Service Centre. For details related to making a claim, please refer to the policy contract. If you wish to know more about claim related matter, you may visit "File A Claim" section under our company website www.aia.com.hk.

Suicide

If the insured commits suicide within one year from the date on which the policy takes effect, our liability will be limited to the refund of premiums paid (without interest) less any outstanding debt.

After exercising the Change of Insured Option or upon the contingent insured becoming the new insured, if the new insured commits suicide within one year from the effective date of change as recorded by us, our liability will be limited to the refund of premiums paid of the basic plan (without interest) or the sum of guaranteed cash value, accumulated Annual Dividends with interest (if any), Terminal Dividend (if any) and any remaining balance of the Terminal Dividend Lock-in Account (if applicable) as at the date the new insured passes away, whichever is higher, less any outstanding debt.

Incontestability

Except for fraud or non-payment of premiums , we will not contest the validity of this policy after it has been in force during the lifetime of the insured for a continuous period of two years from the date on which the policy takes effect. This provision does not apply to any add-on plan providing accident, hospitalisation or disability benefits. After exercising the Change of Insured Option or upon the contingent insured becoming the new insured, such two-year period will be counted again starting from the effective date of change as recorded by us.

Cancellation Right

You have the right to cancel and obtain a refund of any premiums and any levy paid by giving written notice to us. Such notice must be signed by you and submitted to the Customer Service Centre of AIA International Limited at 12/F, AIA Tower, 183 Electric Road, North Point, Hong Kong or the Customer Service Centre of AIA International Limited at Unit 201, 2F, AIA Tower, 251A-301 Avenida Comercial de Macau, Macau within 21 calendar days immediately following either the day of delivery of the policy or the Cooling-off Notice to you or your nominated representative, whichever is the earlier.

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