LIFE INSURANCE – SAVINGS & RETIREMENT INCOME

SIMPLY LOVE ENCORE 3 (SLE3)

Grow your wealth and enjoy a fulfilling life

Simply Love Encore 3 helps you enjoy stable returns and makes it easier to plan ahead, achieve your goals at every stage of life and prepare for a fulfilling retirement.

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AIA International Limited
(Incorporated in Bermuda with limited liability)

The life you dream of may be within reach. It takes forward thinking and careful planning to get there. With the stable returns provided by Simply Love Encore 3, it's easier to plan ahead and realise your ambitions. You can choose to withdraw cash in one go when you retire, for you to realise your dreams. Alternatively, you can withdraw cash regularly as part of your retirement income streams to experience the most out of your retirement life. With AIA, your goals become that much more attainable.

Plan Highlights

Stable returns to realise you ambition and plan for retirement

Change the insured to your newborn baby or other loved ones to pass on wealth to later generations

Death Benefit Settlement Option to allow for flexible legacy planning

Simply apply without medical examination required

Realise your dreams and plan for retirement with stable returns

Simply Love Encore 3 is a ***participating insurance plan*** that provides you with guaranteed cash value, non-guaranteed Annual Dividends and non-guaranteed Terminal Dividend, all of which form your policy values.

The plan will provide guaranteed cash value, enabling you to accumulate wealth for future prosperity of you and your family. It also helps you prepare for your retirement years. In addition, we will provide you with non-guaranteed annual cash amounts called Annual Dividends on a yearly basis, which begin from the end of the 11th policy year. 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 5 years (for a one-time premium payment policy) or 10 years (for a policy other than a one-time 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, who is the person protected under the policy, passes away.

Flexible withdrawal throughout your retirement

When you step into your retirement years, with ***Simply Love Encore 3***, you can choose to withdraw policy values in one go, to realise your dreams. Alternatively, you can withdraw policy values regularly to suit your needs. For example, you can opt for annual or monthly withdrawals as part of your retirement income streams to enjoy your fulfilling retirement years.

Upon request, you can withdraw non-guaranteed Annual Dividends from the ***Simply Love Encore 3***. You may also request to withdraw the guaranteed cash value and non-guaranteed Terminal Dividend from your policy through partial surrender, which will in turn reduce the principal amount of the policy and the total premium(s) paid for the basic plan under the death benefit. The principal amount is used to calculate premium and relevant policy values and will not be payable as death benefit. After withdrawal, the future value of your policy will be reduced.

"AIA", "the Company", "We", "our", or "us" herein refers to ***AIA International Limited*** (Incorporated in Bermuda with limited liability).

If the worst should happen

If the insured passes away, we will pay the death benefit to the person whom you select in your policy as beneficiary. The death benefit will include:

i. guaranteed cash value or the total premium(s) paid for the basic plan, whichever is higher;

ii. any Annual Dividends that have accumulated with interest under the policy; plus

iii. any Terminal Dividend.

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

If the insured passes away due to a covered accident within the first 12 months of the policy, ***Simply Love Encore 3*** pays a benefit equal to the total premium(s) paid for your basic plan in addition to the above benefits. The maximum aggregate amount of this additional benefit under all ***Simply Love Encore 3*** policies for the same insured will be US$100,000/HK$750,000/MOP750,000.

For policies with a 5-year or 10-year premium payment term, you can choose from a range of optional add-on plans offering accident, medical, critical illness and disability protection if you want more cover. Add-on plans are subject to additional premiums and underwriting. All benefits under add-on plans will be terminated when your ***Simply Love Encore 3*** policy terminates.

Your choice of settlement option

Apart from a lump sum payment, if you wish your beneficiary to take the amount of death benefit and accidental death benefit in regular instalments, the plan provides a settlement option available to you.

You can select specific amounts of benefits to be paid to your beneficiary at regular intervals chosen by you, provided that the total annual payment is at least equal to 2% of the sum of the death benefit and accidental death benefit. Remaining amount of benefits will be left in our company to accumulate at the non-guaranteed interest rate determined by us, until the full amount of benefits has been paid to the beneficiary.

The death benefit settlement option is not available if the sum of death benefit and accidental death benefit payable is less than US$50,000.

Change of Insured Option

To help you pass the fruits of your planning from generation to generation, the Change of Insured Option allows you to change the insured to another loved one, in whom you and the beneficiary have insurable interest, without affecting your policy values. That way, the value of your policy can be inherited by later generations, helping you pass on your wealth with extra flexibility.

Subject to our approval, you may request for the Change of Insured Option up to 2 times after the end of the 1st policy year and must be done during the lifetime of the current insured. No medical examination is required for the proposed new insured as long as the total annual premiums do not exceed the aggregate limit set for such insured, subject to our prevailing rules and regulations. At the time of application, the age of the proposed new insured must be between 15 days and 60.

Once the insured has been changed, all existing add-on plans will automatically terminate (except the **Payor Benefit Rider** (if any), which shall remain in force provided that the age of the proposed new insured is between 15 days and 17 at the time of application, while its premium may be adjusted in accordance with any different benefit term).

Newborn Option

In the happy event of welcoming a new addition to the family, the Newborn Option allows you to change the insured to your newborn child, in whom you and the beneficiary have insurable interest, helping you give your little one a head start in life without affecting your policy values.

Subject to our approval, you may request for the Newborn Option once before the end of the 1st policy year by submitting the child's birth certificate, and must be done during the lifetime of the current insured. No medical examination is required for the child as long as the total annual premiums do not exceed the aggregate limit set for the child, subject to our prevailing rules and regulations. To be eligible for such request, the child must be born after the policy application date and before the end of the 1st policy year.

Once the insured has been changed under the Newborn Option, all existing add-on plans will automatically terminate (except the **Payor Benefit Rider** (if any), which shall remain in force, while its premium may be adjusted in accordance with any different benefit term). The Change of Insured Option can still be requested for up to 2 times after exercising the Newborn Option.

In case the Newborn Option is not exercised, the policy will continue covering the current insured and this option will automatically terminate at the end of the 1st policy year.

Flexible premium payment terms

With ***Simply Love Encore 3***, you can select from three premium payment terms according to your personal financial needs. You can choose a one-time premium payment, or you can spread payments over a 5-year or 10-year period. Premium amounts are guaranteed to be fixed throughout the premium payment term, making it easy for you to budget.

Premium Payment Term	Insured's Age at Policy Application	Benefit Term
One-time premium payment	15 days to age 80	Whole life
5 years	15 days to age 80	
10 years	15 days to age 75	

Easy to join

No medical examination is required for a new 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.

A currency that suits you

For your convenience, we offer this policy in US dollars and HK dollars. If the policy is issued in Macau, you can also choose Macau pataca as the currency.

Examples

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

Case 1: Family First

Policy owner and insured:	Simon (age 35, non-smoker)
Occupation:	Senior Marketing Manager
Family status:	Married, father-to-be

Simon and Rachel are newlyweds who have been married for just a year and they are now preparing to welcome a new addition to their family. Simon would like to prepare a gift for his unborn child. That's why he purchases ***Simply Love Encore 3*** to give his little one a head start in life.

Simply Love Encore 3 offers the Newborn Option which allows Simon to change the insured to his child Marc after his birth and within the 1st policy year. ***Simply Love Encore 3*** accumulates capital over a longer period to provide his newborn child with every opportunity for a bright future.

This case assumes that both Simon and Marc do not withdraw cash at any point prior to the 31st policy year, choosing instead to let the total surrender value accumulate in the policy:

Total premiums paid: US$15,000 x 10 years = US$150,000
Total cash withdrawn (non-guaranteed) in 25 years between the 31st and 55th policy year:
US$225,000[1] (up to 1.5 times the total premiums paid)
Marc withdraws cash[1] annually to cover his mortgage payments.

Policy year 31 32 33

Annual withdrawal amount[1] (non-guaranteed): **US$9,000**
Monthly average withdrawal amount[1] (non-guaranteed): **US$750**

Policy year 98 99 100

Policy year: 1 | 23 | 31 | 55 | 100

Within the 1st policy year, Simon changes the insured of the policy to his son Marc after he is born.

After Marc's graduation from university, Simon changes the policyowner of the policy to Marc.

Marc has purchased his first home for a head start. He may choose to start withdrawing **US$9,000**[1] each year to help finance the mortgage of this first home.

- Marc has withdrawn a total of cash **US$225,000**[1] (non-guaranteed). The balance of projected total surrender value[2] is **US$1,343,970** (Non-guaranteed surrender value is US$1,091,306 and guaranteed cash value[3] is US$252,664);
- Depending on the balance of total surrender value, he may continue to withdraw **US$9,000**[1] each year for part of his retirement income streams (non-guaranteed).

1. The amount of cash withdrawal under *Simply Love Encore 3* 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 such that the withdrawal period may terminate before policy year 55. 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 10th 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 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. The 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 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.

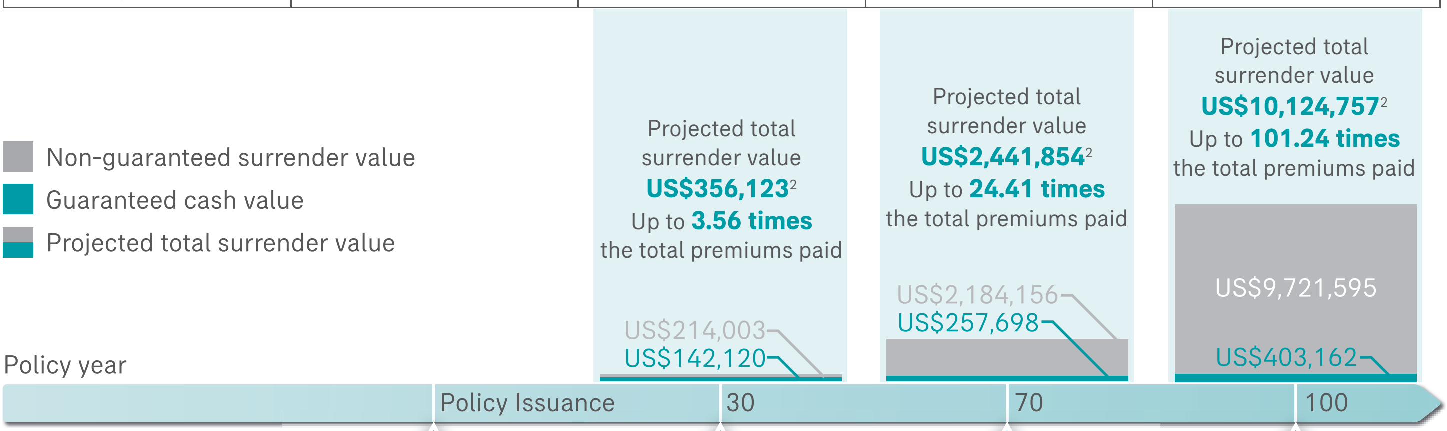
Case 2: Stable Matures

Policy owner and insured:	Desmond (age 45, non-smoker)
Occupation:	Head of Administration
Family status:	Married, with a son Dave

Understanding that time is a critical factor in wealth accumulation, Desmond purchases the ***Simply Love Encore 3*** with a one-time premium payment of US$100,000 to extend the potential value of his policy through long-term accumulation. He also values the choice to pass on his substantial legacy to future generations of his family through the plan's Change of Insured Option[1].

This case assumes that Desmond, his son Dave and his grandson Dennis do not withdraw cash throughout the whole policy term, choosing instead to let the total surrender value accumulate in the policy.

Insured \ Policy Year	Policy Issuance	30	70	100
Desmond (1st generation)	Age 45	Age 75 1st time changing the insured		
Son, Dave (2nd generation)		Age 35	Age 75 2nd time changing the insured	
Grandson, Dennis (3rd generation)			Age 45	Age 75



At the age of 45, Desmond purchases the ***Simply Love Encore 3***

At the age of 75, Desmond chooses to change both the insured[1] and owner of the policy to his son, Dave, passing on the policy's projected total surrender value to the next generation.

At the age of 75, Dave chooses to change both the insured[1] and owner of the policy to his son, Dennis (Desmond's grandson), transferring the policy as a family legacy.

As the insured and owner of the policy, when Dennis reaches the age of 75, he could enjoy his second life with the policy's projected total surrender value or for family legacy planning.

1. The Change of Insured Option is subject to our company's approval. For details of the rules and regulations, please refer to the "Change of Insured Option" section in this brochure.
2. The 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. The 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 throughout the term of the policy. 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.

Important Information

This brochure is for reference only. 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. 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 designed to be held long term. Your premiums will be invested in a variety of assets according to our investment strategy, with the cost of policy benefits and expenses deducted as appropriate from premiums or assets. Your policy can share the divisible surplus (if any) from related product groups determined by us. We aim to ensure a fair sharing of profits between policy owners and shareholders, and among different groups of policy owners.

Future investment performance is unpredictable. Through our smoothing process, we aim to deliver more stable dividend payments by spreading out the gains and losses over a longer period of time. Stable dividend payments will ease your financial planning.

We will review and determine the dividend amounts to be payable to policy owners at least once per year. The actual dividends declared may be different from those illustrated in any product information provided (e.g. benefit illustrations). If there are any changes in the actual dividends against the illustration or in the projected future dividends, such changes 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 AIA Group level as well as Hong Kong local level, such as office of the Chief Executive, legal, compliance, finance and risk management. Each member of the committee will 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 decision 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.

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

Investment returns: include interest earnings, dividends and any changes in the market value of the product's backing assets. Depending on the asset allocation adopted for the product, investment returns could be affected by fluctuations in interest income (both interest earnings and the outlook for interest rates) and various market risks, including credit spread and default risk, fluctuations in equity prices, property prices and foreign exchange currency fluctuation of the backing asset against the policy currency.

Claims: include the cost of providing death benefits and other insured benefits under the product(s).

Surrenders: include policy surrenders, partial surrenders and policy lapses; and the corresponding impact on the investments backing the product(s).

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

For further information, please visit our website at http://www.aia.com.hk/en/dividend-philosophy.html

For the historical fulfillment ratio, please visit our website at http://www.aia.com.hk/en/fulfillment-ratio.html

Dividend and Bonus Philosophy	Historical Fulfillment Ratio

Investment Philosophy, Policy and Strategy

Our investment philosophy is to deliver stable returns in line with the product's investment objectives and AIA's business and financial objectives.

Our investment policy aims to achieve the targeted long-term investment results and minimise volatility in investment returns over time. It also aims 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 product as follows:

Asset Class	Target Asset Mix (%)
Bonds and other fixed income instruments	*50% - 80%*
Equity-like assets	*20% - 50%*

Our investment strategy is to actively manage the investment portfolio i.e.: adjust the asset mix in response to the external market conditions. The proportion of equity-like assets would be lower when interest rate level is low and would be even lower than the long-term target strategy so to protect the guaranteed liability and to minimise volatility in investment returns over time, and vice versa when interest rate is high.

The bonds and other fixed income instruments predominantly include government and corporate bonds, and are mainly invested in the geographic region of the United States and Asia-Pacific (excluding Japan). Equity-like assets may include listed equity, mutual funds and direct / indirect investment in commercial / residential properties, and are mainly invested in Asia. Returns of equity-like assets are generally more volatile than bonds and other fixed income instruments. Subject to our investment policy, derivatives may be utilised to manage our investment risk exposure and for matching between assets and liabilities.

Our currency strategy is to minimise currency mismatches. For bonds or other fixed income instruments, our current practice is to currency- match their bond purchases with the underlying policy denomination on best-efforts basis (i.e.: US Dollar assets will be used to support US Dollar liabilities and HK Dollar assets will be used to support HK Dollar liabilities). Subject to market availability and opportunity, bonds may be invested in currency other than the underlying policy denomination and currency swap will be used to minimise the currency risks. Currently assets are mainly invested in US Dollar. For equity-like assets, currency exposure depends on the geographic location of the underlying investment where the selection is done according to our investment philosophy, investment policy and mandate.

We will pool the investment returns from other long term insurance products (excluding investment linked assurance schemes and pension schemes) together with this participating insurance plan for determining the actual investment and the return will subsequently be allocated with reference to the target asset mix of the respective participating products. Actual investments (e.g. geographical mix, currency mix) would depend on market opportunities at the time of purchase. Hence it may differ from the target asset mix.

The investment strategy may be 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 impact to the policies.

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 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 equity-like assets. Returns of equity-like 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. We will terminate your policy and you / the insured will lose the cover when one of the following happens:
    - the insured passes away;
    - you do not pay the premium within 31 days of the due date and the policy has no cash value (only applicable for a 5-year or 10-year premium payment policy);
    - 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.

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.

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
- 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.

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, 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) and Terminal Dividend (if any) 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 Newborn Option, the 2-year period will be counted again starting from the respective 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 1903, 19/F, 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.