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Dividend Philosophy & Dividend Review Mechanism

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Major Factors Considered in Dividend Review



include interest earnings, dividends and any changes in the market value of the backing assets, which are all subject to a range of market factors

the profits or losses of the participating policies are spread over a period of time in order to deliver relatively stable dividend and bonus

refer to the policy related expenses, such as commission, underwriting expenses, general administration costs

refer to policy surrenders and partial surrenders, as well as their corresponding impact on the backing assets

include death benefits, critical illness benefits (if applicable) and any other insured benefits under the insurance plan

Note: The graph above is for illustrative purpose only and does not represent all the factors.
For details of dividend and bonus philosophy, please refer to aia.com.hk.

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Dividend & Bonus Philosophy – Example for Smoothing

Just like planning ahead - Under the smoothing mechanism, profits or losses of the participating policies are spread over a period of time in order to deliver relatively stable dividend and bonus returns



Stable Dividend and Bonus

- Spread profits or losses through smoothing mechanism in order to deliver relatively stable dividends and bonuses

Note: The graph above is for illustrative purpose only and does not represent actual investment performance and smoothing mechanism results. For details of dividend and bonus philosophy, please refer to aia.com.hk.

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AIA Group[1] has a team of investment professionals

Strengths of our investment team

One of the largest teams of investment professionals in Asia Pacific

600+

600+ investment staff

Investment specialists with 12 years of relevant experience on average

As part of the AIA group's investment team, AIA Hong Kong & Macau has access to abundant investment resources and strives to help customers achieve different financial goals.

- Conduct comprehensive investment research
- Follow robust investment processes
- Engage the world's leading asset managers
- Apply professional oversight

→

- Seize global investment opportunities
- Optimise long-term risk-adjusted potential returns

Note [1] Refers to AIA Group Limited and its subsidiaries.

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AIA HK & Macau Investment philosophy and strategy advantages

Investment philosophy, goal and strategy

Focus on sustainable long-term investment returns

- Various asset portfolios to diversify investment risks and seize investment opportunities, generating sustainable long-term potential returns over different economic cycles.
- Asset portfolios include bonds and other fixed-income assets as well as growth assets.

Investment Strategy on growth assets

Focus on risk diversification

- Focus on diversification across asset classes and instruments (e.g. listed equities, equity mutual funds, physical real estate, real estate funds, private equity funds and private credit funds) as well as across geographies (e.g. the United States, Asia Pacific and Europe).
- This diversification approach prevents the growth assets from being exposed to excessive risks from individual countries, regions or sectors.

Engage leading asset managers

- Leverage on experienced investment expertise and the AIA Group's significant scale in the region, enabling us to get access to international top-tier asset managers under favourable conditions on each of the asset classes.
- Review the portfolio managers' performance regularly while maintaining diversification across portfolio managers.

Note: For details regarding our investment philosophy, objective and strategy, please visit aia.com.hk or refer to relevant product brochures.

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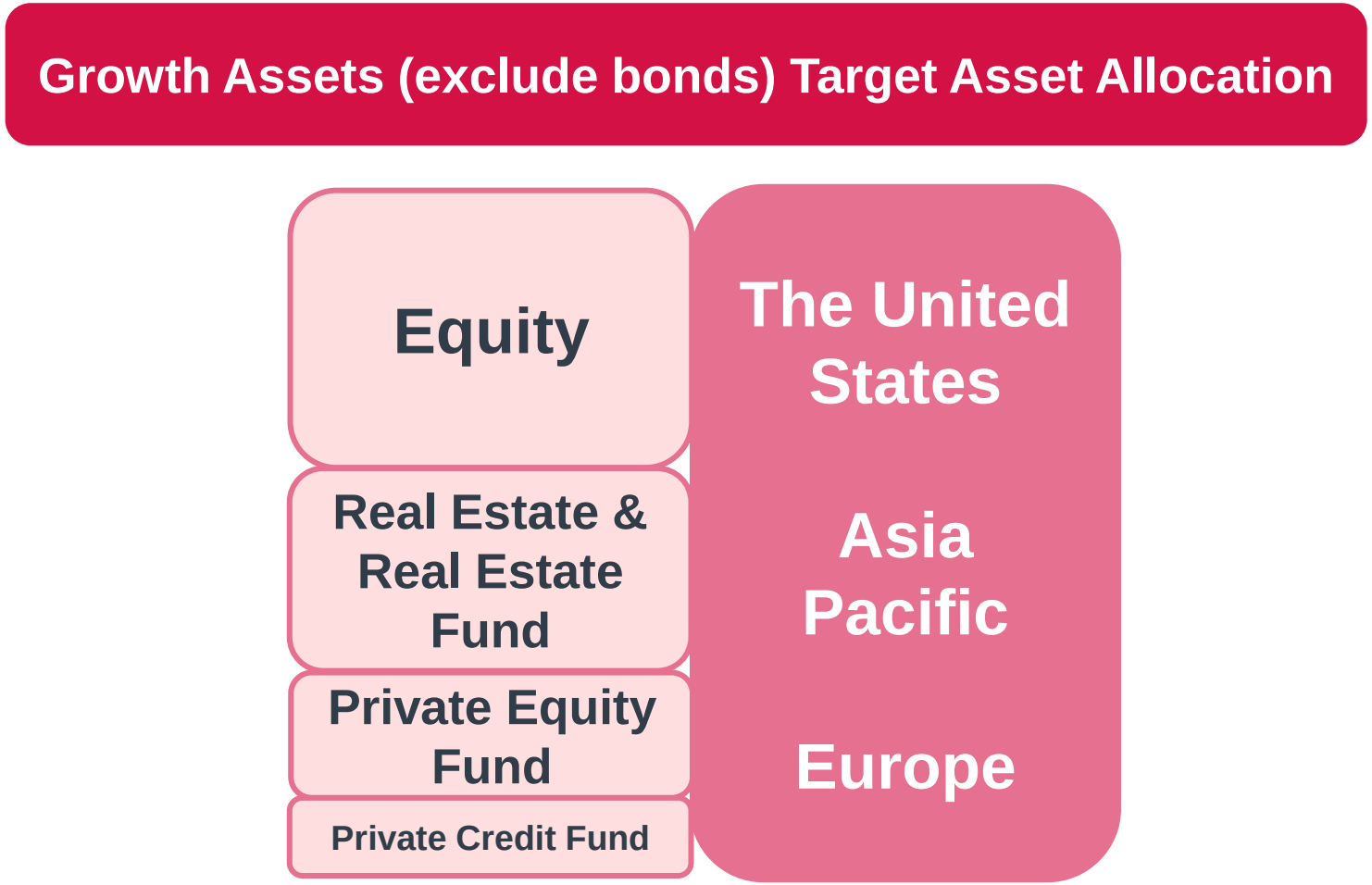
Growth Assets – Target Asset Allocation



Note: The graph above is for illustrative purpose only and does not represent actual investment allocation. Equities include listed equity and equity mutual fund. For details of investment philosophy, objective and strategy, please refer to aia.com.hk or relevant product brochures.

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AIA HK & Macau - How to deliver on our customer promises

Leveraging our strengths and robust investment resources, we aim to deliver on our customer promises. Total Cash Value Ratio serves as an indicator for reference to better understand the policy's overall performance.

Total Cash Value Ratio as a reference for product performance

Fulfilment Ratio: Reflecting the non-guaranteed benefits only.

Total Cash Value Ratio: Reflecting the overall past performance of the guaranteed and non-guaranteed surrender values, which serves as an indicator for customer's reference.

$$\text{Total Cash Value Ratio} = \frac{\text{Actual Total Cash Value}}{\text{Total Cash Value stated in the benefit illustrations at the point of sale}}$$



Note:
The illustration above is for reference only. The proportion of the guaranteed and non-guaranteed benefits varies among different products. Please refer to the relevant product brochure or policy contract of relevant product for details.

Remarks: For details of Total Cash Values, please refer to aia.com.hk.

i. As the Total Cash Value ratios are calculated on an aggregate level among all relevant participating policies and assumptions relating to premium payment, dividend/coupon payment options, withdrawal and policy loan etc are made, the published Total Cash Value ratios may not represent the situation of each individual participating policy.

ii. The Total Cash Value ratios are intended to serve as a reference for customers. Please note that the historical Total Cash Value ratios are not an indicator of future performances of the participating products.

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AIA HK & Macau - How to deliver on our customer promises

AIA Hong Kong & Macau offers a wide range of insurance products to meet the needs of customers at different stages of life. Among them, the following flagship products have a total cash value ratio of 100% or above in 2024 (see table below) [1].

Please note: The Total Cash Value Ratio is a comparison of the actual performance of all relevant policies in each policy year and the amounts shown at the time of sale, and is intended for reference.

Participating insurance plans are designed for long-term policy holders, and the total cash value ratio for past or individual years should not be interpreted as an indicator of the future performance of participating products. Rates fluctuate over time, you should check the relevant ratios for all policy years rather than individual periods to understand the overall performance of the product in the past. The rate may be lower or higher in the future. Customers should also consider other important factors such as product suitability, affordability, product features and risks. Except for the following flagship products, details of the total cash value ratios of other participating policies are set out in https://www.aia.com.hk/zh-hk/products/further-product-information/participating-products/total-cash-value-ratio

Life Protection

• Admire Life 2	Achieved 100%[2] for 5* consecutive years

Saving and Retirement Income

• Global Power Multi-Currency Plan	Achieved 100%[7] for 3* consecutive years
• Bonus Power Vantage	Achieved 100%[8] for 4* consecutive years
• AIA Deferred Annuity Plan	Achieved 100%[2] for 5* consecutive years
• Simply Love Encore 5	Achieved 100%[7] for 3* consecutive years
• Forever Love Coupon Plan 5	Achieved 100%[2] for 5* consecutive years

Critical illness Protection

• Protect Elite Ultra2 / Protect Elite Ultra2- First Gift [5]	Achieved 100%[9] or above for 3* consecutive years

* Represents the performance of the total cash value ratio of the relevant participating policies in the past specific effective year in the current reporting year. For example, if the cash value ratio of the relevant policies in force from 2017 to 2020 is 100% in the current reporting year, it does not mean that the total cash value ratio of the relevant policies in the previous reporting years is 100%. The Total Cash Value Ratio is for reference only, please note that past Total Cash Value Ratio should not be interpreted as an indicator of the future performance of the participating products.

1. Data source: www.aia.com.hk/zh-hk/products/further-product-information/participating-products/total-cash-value-ratio.
2. 5 consecutive years refers to the total cash value ratio for policies in force in 2019 or after in the 2024 reporting year in which the total cash value ratio can be achieved in 5 consecutive policy effective years.
3. 2 consecutive years refers to the 2024 reporting year in which the total cash value ratio can be achieved in 2 consecutive policy effective years for policies in 2021 or onwards.
4. 7 consecutive years refers to the total cash value ratio for policies in force in 2016 or after 2016 in the 2024 reporting year.
5. This product is no longer available.
6. 5 consecutive years means that in the 2024 reporting year, the total cash value ratio will be achieved for the policies in force in 2016 or after in 5 consecutive policy effective years.
7. 3 consecutive years refers to the total cash value ratio for policies in force in or after 2021 in the 2024 reporting year in which the total cash value ratio can be achieved in 3 consecutive policy effective years.
8. 4 consecutive years refers to the total cash value ratio for policies in force in 2020 or after in the 2024 reporting year in which the total cash value ratio can be achieved in 4 consecutive policy effective years.
9. 3 consecutive years refers to the total cash value ratio for 3 consecutive policy effective years in 2024 for policies in force in 2018 or later.

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Fulfillment Ratios On Company Website

Fulfilment Ratio for Reporting Year 2024 published on company website:

https://www.aia.com.hk/en/products/further-product-information/participating-products/fulfillment-ratio

Example Product A:

Fulfillment ratios for reversionary bonuses for reporting year 2024

Product Series	Product Type	Currency	Policy year					
Wealth Elite	Whole Life	All	Policy year 1 (2023) Closed to sales	Policy year 2 (2022) Closed to sales	Policy year 3 (2021) Closed to sales	Policy year 4 (2020) 100%	Policy year 5 (2019) 100%	Policy year 6 (2018) 100%
			Policy year 7 (2017) 100%	Policy year 8 (2016) 100%	Policy year 9 (2015) N.A.(5)	Policy year 10 (2014) Not yet launched	Policy year 10+ (Before 2014) Not yet launched	

Example Product B:

Fulfillment ratios for terminal dividends for reporting year 2024

Product Series	Product Type	Currency	Policy year					
Simply Love Encore 2	Whole Life	All	Policy year 1 (2023) Closed to sales	Policy year 2 (2022) Closed to sales	Policy year 3 (2021) Closed to sales	Policy year 4 (2020) N.A.(5)	Policy year 5 (2019) 101%	Policy year 6 (2018) 103%
			Policy year 7 (2017) 101%	Policy year 8 (2016) 103%	Policy year 9 (2015) 104%	Policy year 10 (2014) 102%	Policy year 10+ (Before 2014) 105%	

Note: The fulfillment ratios are intended to serve as a reference only. Please be alerted that the historical dividends / bonuses are not an indicator of future dividends / bonuses declaration of the participating products. For details of fulfilment ratios of participating insurance plans, please refer to aia.com.hk or relevant product brochures.

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2025 Dividend Review Overview

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Dividend Review Results Effective From 1 Aug 2025 – Inforce Policies

Most products remain unchanged, while the dividend or bonus of some products are increased or decreased.

	Declared or/and Projected Dividend and Bonus (vs the Projected Dividend and Bonus in the Last Inforce Illustration*)	Total Policy Value (vs the Projected Total Cash Value in the Last Inforce Illustration*)
Most Inforce Policies	=	=
Global Power Multi-Currency (Applicable to USD, HKD, MOP policies only), Wealth Elite, Companion Express Series, etc. 13 Products in Total (Refer to table below for details)	↑	↑ (*Mild Increased*)
Forever Love Coupon Plan 2 / 3, Simply Love Encore 2, Executive Care Pro, etc. 12 Products in Total (Refer to table below for details)	↓	↓ (*Mild Decreased*)

Affected Product List:

↑	Quick Saver, Kid's Choice, Excel Kids' Choice (including AP), Companion Express Series, Lady's Choice (including AP), Prestige Retirement, Triple A Series, Pay Life, Wealth Elite, Single Premium Whole Life, Single Premium Whole Life AP – Par, Global Power Multi-Currency Plan (GP) (Applicable to USD, HKD, MOP policies only), Privilege Life
↓	Forever Love Coupon Plan 2, Forever Love Coupon Plan 2 (Enhanced Protection), Forever Love Coupon Plan 3, Forever Love Coupon Plan 3 (Enhanced Protection), Simply Love Encore 2, Simply Love Encore, Love Encore, Target Saver Plus, Special Target Saver Plus [1], Executive Care Pro, Bonus Power Plan 3, Proactive Insurance Plan 2

Increase	Decrease	Unchanged
↑	↓	=

** Does not represent comparison against point of sales benefit illustration*

[1] Non-guaranteed benefit(s) will remain unchanged for policies with application date on or after 1 January 2024

Note: Please be alerted that the historical dividends / bonuses are not an indicator of future dividends / bonuses declaration of the participating products.

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Dividend Review Results Effective From 1 Aug 2025 – New Business

	Compared to Existing (Jul 2025) Illustrated Future Dividend and Bonus *
All products open to new business	**Unchanged** *(* For new business in Hong Kong, this refers to that the illustration of new business will remain the same as the version after 1 July 2025, which is adjusted according to the Practice Note from Insurance Authority on Illustration Rate Caps for Participating Policies. For details, please refer to memo A250579.)*

Note: Please be alerted that the historical dividends / bonuses are not an indicator of future dividends / bonuses declaration of the participating products.

[AIA - INTERNAL]

Participating Products - Stable Performance

Example: Global Power Multi-Currency Plan

Using Global Power Multi-Currency Plan as an example, after Dividend / Bonus Annual Review 2025, the declared Reversionary Bonus / Terminal Bonus will be remain unchanged when compared to the corresponding amounts from last dividend / bonus review. The Total Cash Value# (i.e. Total Surrender Value) at the 5th policy anniversary would be the same as the value illustrated at policy inception. The Total Cash Value Ratio (i.e. Total Surrender Value Ratio) would be 100% of the corresponding value as illustrated at policy inception.

Age 0, Female, Non-Smoker, Principal Amount = US$100,000, Premium Payment Term = 5 years
Inception Year: June 2021 (Reaching the 5th policy anniversary within 1 August 2025 to 31 July 2026)

End of Policy Year	Historical Total Cash Value# Declared (US$) (a)	Illustrated Projected Total Cash Value# at policy inception (US$) (b)	Total Cash Value Ratio (a) / (b)
1	-	-	N/A
2	-	-	N/A
3	13,868	13,868	100%
4	22,051	22,051	100%
5	31,705*	31,705	100%

* This is the declared Total Cash Value after reflecting the 2025 Dividend / Bonus Review, the amount is the same as the projected value at the previous dividend/bonus review cycle. The figures in the above example may differ slightly from the actual amounts due to rounding differences and is for reference only.
# Including Guaranteed Cash Value, cash value of non-guaranteed Reversionary Bonus and cash value of non-guaranteed Terminal Bonus

Total Cash Value after 2025 Dividend Review is close to the illustrated projected Total Cash Value at policy inception

Example: Forever Love Coupon Plan 3

Using Forever Love Coupon Plan 3 Series as an example, after this year's review, the Total Cash Value# (i.e. Total Surrender Value) declared at the 11th policy anniversary would be similar to the value as illustrated from policy inception with a Total Cash Value Ratio (i.e. Total Surrender Value Ratio) of 98%, which is considered a stable dividend and bonus payment.

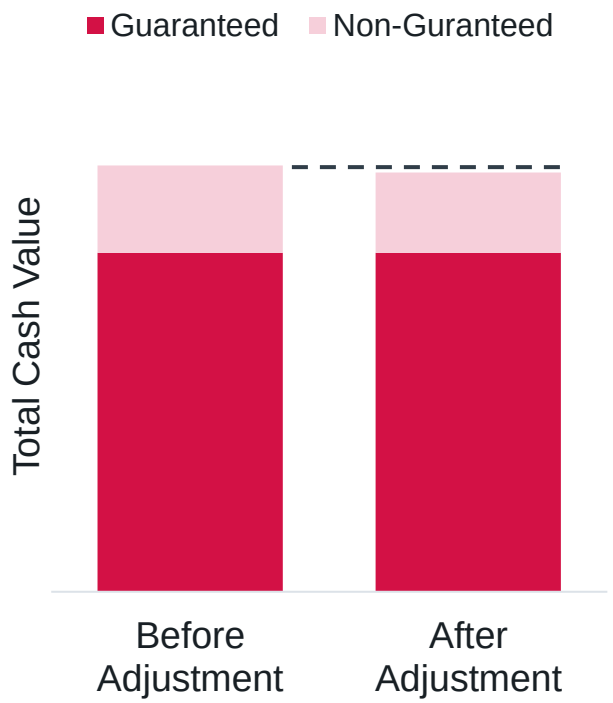
Age 40, Male, Non-Smoker, Principal Amount = US$100,000, Premium Payment Term = 10 years
Inception Year: January 2015 (Reaching the 11th policy anniversary within 1 August 2025 to 31 July 2026)

End of Policy Year	Historical Total Cash Value# Declared (US$) (a)	Illustrated Projected Total Cash Value# at policy inception (US$) (b)	Total Cash Value Ratio (a) / (b)
1	55	55	N/A
2	5,884	5,884	N/A
3	13,210	13,210	100%
4	21,658	21,658	100%
5	31,358	31,358	100%
6	43,774	43,774	100%
7	55,899	56,406	99%
8	69,604	70,270	99%
9	85,020	86,000	99%
10	108,047	109,398	99%
11	116,426	119,172	98%

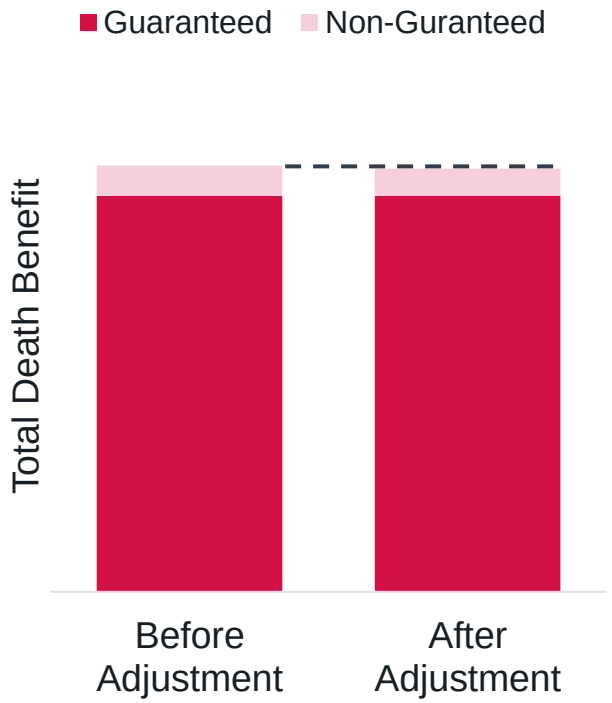
* This is the declared Total Cash Value after reflecting the 2025 Dividend / Bonus Review, the amount is less than the projected value at the previous dividend/bonus review cycle. The figures in the above example may differ slightly from the actual amounts due to rounding differences and is for reference only.
# Including Guaranteed Cash Value, Accumulated Guaranteed Cash Payments, accumulated non-guaranteed Annual Dividend and Interest and non-guaranteed Terminal Dividend

Dividend and bonus of some products are decreased, but the impact of dividend adjustment to total policy value is mild

Example A：Forever Love Coupon Plan 3



Example B: Executive Care Pro



Note:The above examples are hypothetical and are for illustrative purposes and reference only. The actual dividends and bonuses are non-guaranteed, the amount are determined at AIA's sole discretion and subject to the terms and conditions of the Policy. Please be alerted that the historical dividends / bonuses are not an indicator of future dividends / bonuses declaration of the participating products. For details, please refer to aia.com.hk.

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2025 Dividend Review FAQ

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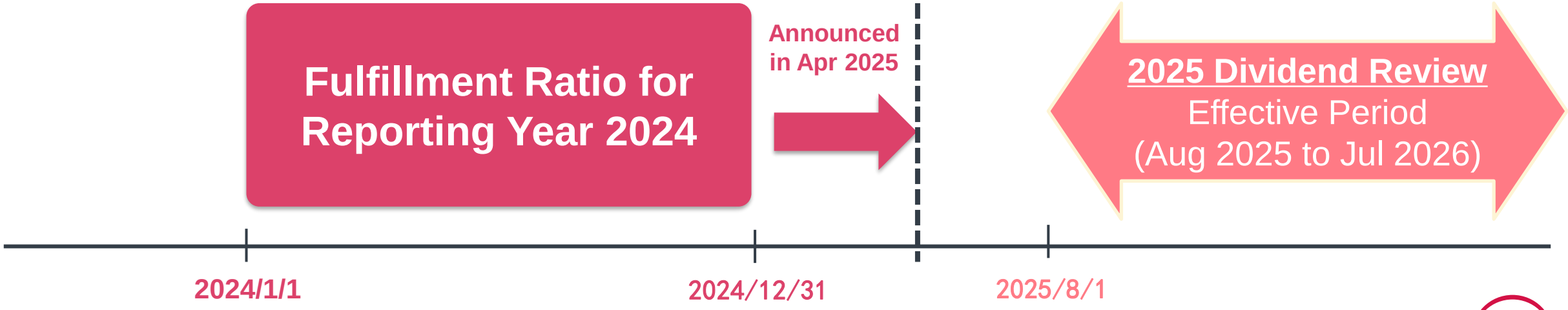
Q: Will the Total Cash Value Ratio and Fulfilment Ratio published earlier in April 2025 reflect the dividend review results effective in August this year?

A: No. Total Cash Value Ratio and Fulfilment Ratio published this April was calculated based on the historical data for year 2024, while this year's dividend review is only applicable to the dividend and bonus payout starting in the coming August. Hence, it will NOT be reflected in the Total Cash Value Ratio and Fulfilment Ratio as of reporting year 2024.



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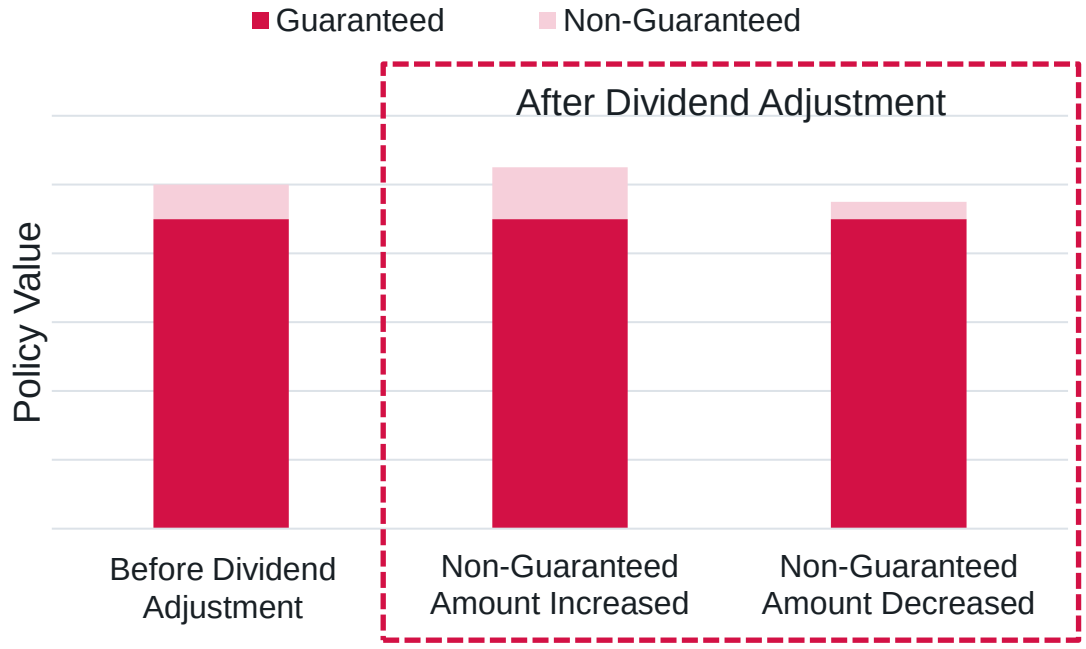
Q: How does the portion of growth assets investment in different products relate to the dividend review?

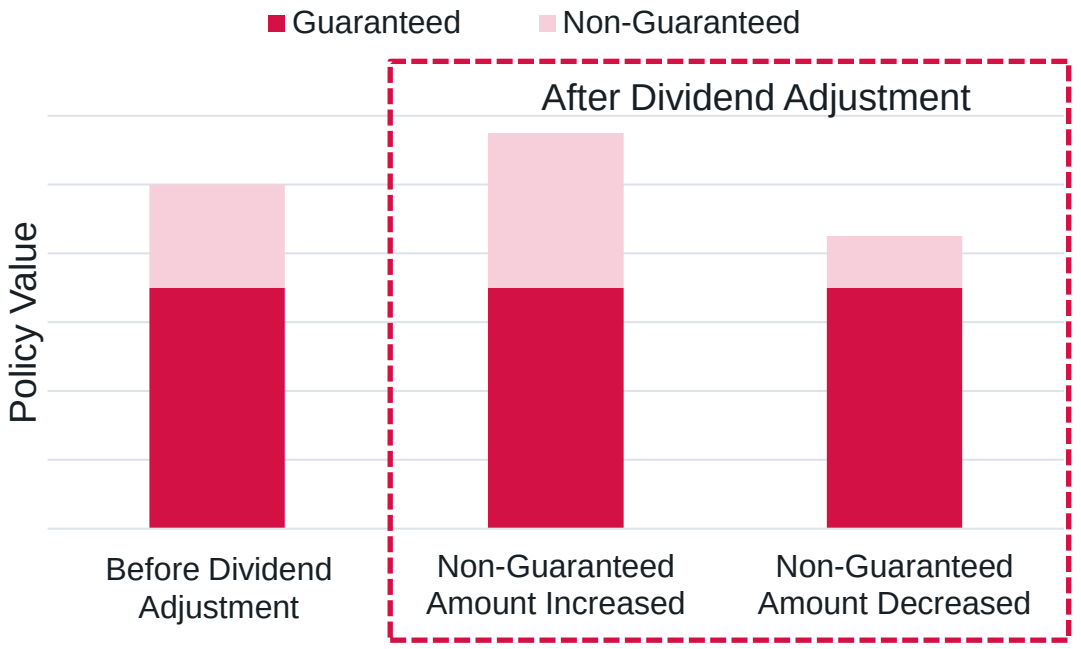
A: The portion of growth assets reflects the level of guaranteed portion.

- **For example, for a product with a higher level of guaranteed portion, its level of non-guaranteed portion will then be lower, and hence will take a lower portion of growth assets, and vice versa.**
- **Products with higher level of guaranteed portion would be less impacted by the result of dividend review, reflecting that these products can offer relatively stable total policy values through higher level of guaranteed portion.**

Sample Product A: **Higher Guaranteed Portion**
→ **Lower Growth Asset Investment Portion**
→ **Total Policy Value may be less affected by Dividend Review**



Sample Product B: **Lower Guaranteed Portion**
→ **Higher Growth Asset Investment Portion**
→ **Total Policy Value may be more affected by Dividend Review**



The above examples are hypothetical and are for illustrative purposes and reference only. The actual dividends and bonuses are non-guaranteed, the amount are determined at AIA's sole discretion and subject to the terms and conditions of the Policy.

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Q: Which inforce illustration should we compare the 2024 dividend review results against?

A: This year's review results should be compared against the inforce illustration provided between 1 August 2024 and 31 July 2025.

Q: Why might the dividend/bonus adjustments be different across products? While within a product series, there may be some products subject to dividend/bonus adjustments but not the rest of the products, what is the reason behind this? (e.g. under Bonus Power Series, only the bonus of Bonus Power Plan 3 are adjusted)

A: Due to different factors among products, the effect of dividends and bonuses review to each product varies.

- **These differences include, but not limited to, the product launch time, product design and features, premium structure, and past experiences (such as investment returns, claims, surrenders and expenses). Additionally, the effect of smoothing mechanism varies across products. For each product, the adjustments to dividends and bonuses may differ under the combined influence of the above factors and the smoothing mechanism.**
- **For products within the same series, all or some of the above relevant factors along with the smoothing mechanism continue to play a role. Hence, within the same product series, different products may have different dividend and bonus adjustments after considering all these factors.**

Q: Is there a relationship between AIA Group's (1299.HK) stock price and the dividend review of our participating products?

A: No inevitable relationship

- **AIA Group's stock price is subject to group performance and market valuation.**
- **The dividend review of AIA Hong Kong & Macau's participating products is conducted based on our dividend philosophy and will take into account the past experience and outlook of factors such as the investment return, claims, surrenders, expenses, as well as the effect of the smoothing mechanism.**

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Appendix

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Where can find related info

Memo + FAQ	Dividend / Bonus Annual Review 2025 (Arrangement For Inforce Policies And New Business)	Agency Corner & Product Library
Video + Q&A	Dividend / Bonus Annual Review 2025 (Arrangement For Inforce Policies And New Business)	iAcademy
AIA Website	Fulfilment Ratio Total Cash Value Ratio Dividend & Bonus Philosophy, Investment Philosophy, Objective And Strategy	https://www.aia.com.hk/en/products/further-product-information/participating-products/fulfillment-ratio https://www.aia.com.hk/zh-hk/products/further-product-information/participating-products/total-cash-value-ratio https://www.aia.com.hk/en/products/further-product-information/participating-products/dividend-philosophy
Vantage	Investment Strategy(Traditional Chinese version)	By email
iSay	Investment Strategy(Traditional Chinese & Simplified Chinese version)	iSay
WeChat	Investment Strategy(Simplified Chinese version)	AIA Hong Kong WeChat account