PRODUCT KEY FACTS

TREASURE MASTER PLUS 2

May 2023

AIA International Limited
(Incorporated in Bermuda with limited liability)

This statement provides you with key information about this product.
This statement is a part of the offering document.
You should not invest in this product based on this statement alone.

There is a "Glossary" section at the end of this Product Key Facts Statement.
For those words which are capitalised and unless defined otherwise,
please refer to the "Glossary" section for explanations.

Quick facts

Name of insurance company:	AIA International Limited	**Policy currency:**	USD / HKD / RMB
Single or regular premium:	Single premium	**Life insurance protection level:**	☐ High protection ☑ Low protection
Policy term:	Whole life	**Governing law of policy:**	The laws of Hong Kong Special Administrative Region
Minimum premium payment term:	Not applicable		
Period with surrender charge:	First 5 Policy Years		

Things to know before you invest ⚠

- **Treasure Master Plus 2 ("TMP2", the "Plan" or the "ILAS policy") is a long-term investment-cum-life insurance product. Your principal will be at risk and subject to the credit risks of AIA International Limited (Incorporated in Bermuda with limited liability) ("AIA" or "the Company" or "we" or "us" or "our").**

- **This ILAS policy is subject to an upfront charge of 1.35% per annum (i.e. 6.75% in total) of the single premium and a surrender charge of up to 6% of the single premium for the first 5 Policy Years. It is only suitable for investors who are prepared to hold the investment for a long term period.**

- **If you are not prepared to hold your policy for at least 8 years, this policy is not suitable for you and it may be cheaper to purchase an insurance policy and make separate fund investments. You should seek independent professional advice.**

What is this product and how does it work?

1. Product nature

Life insurance policy that provides:
- investment in Investment Options; and
- limited life insurance protection.

2. Premiums

The premiums you pay, is subject to an upfront charge, will be used by AIA to allocate notional units of Investment Options you select and will go towards accretion of the value of your ILAS policy.

3. Investment

The range of Investment Options (and their corresponding underlying funds) available for selection under the Plan are listed in the investment options brochure. They are funds authorised by the Securities and Futures Commission of Hong Kong ("SFC") pursuant to the Code on Unit Trusts and Mutual Funds.

You may switch between Investment Options over time to suit your investment plan and risk profile. The features and risk profiles of the underlying funds can be found in their offering documents which are available from AIA upon request.

4. Investment returns

The value of your ILAS policy is calculated by AIA based on the performance of your selected Investment Options (linked to the corresponding underlying funds). Your return under this ILAS policy is subject to various fees and charges levied by AIA (see item 6 below) and will be lower than the return of the corresponding underlying funds.

5. Insurance protection

Period	Level of death benefits
(a) If the insured passes away on or before the Policy Anniversary on or immediately following the insured's eightieth birthday and as long as there is no named and surviving contingent insured who becomes the new insured, the death benefit will be:	The higher of: (i) 100% of the single premium – the sum of all the partial withdrawals paid to the policyholder; and (ii) 105% of the Account Value
(b) If the insured passes away after the Policy Anniversary on or immediately following the insured's eightieth birthday and as long as there is no named and surviving contingent insured who becomes the new insured, the death benefit will be:	105% of the Account Value

The Cost of Insurance ("COI") used to cover the insurance protection will be deducted from your ILAS policy. This charge may increase significantly when the insured gets older or your investments make a loss, etc. **Please refer to the section "Policy charges payable to AIA" of this statement or the section "B) Summary of Fees and Charges" of the product brochure for more information.**

What is this product and how does it work? (Cont.)

6. Fees and charges

There are various fees and charges under this ILAS policy. Please see below for details:

Policy charges	• Upfront charge A • Account value charge B	Platform fee
	• COI C	
	• Surrender charge D	
Underlying fund charges E	E.g. management fee and performance fee	

Separately, the managers of the underlying funds may pay up to 80% of their annual management fees as a rebate to AIA subject to various terms and conditions.

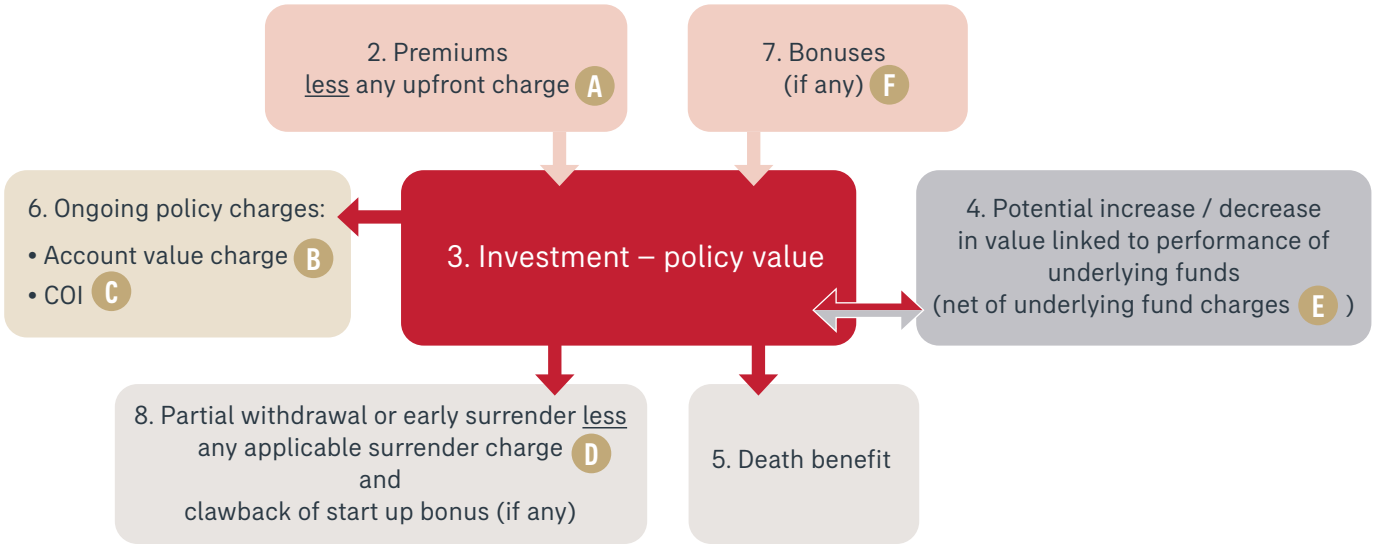
7. Bonuses F

You may be entitled to start up bonus and loyalty bonus subject to certain conditions. The start up bonus may be subject to claw back in certain events.

Please refer to the section "Start Up Bonus" and "Loyalty Bonus" of the product brochure for more information.

8. Partial withdrawal and early surrender

You may request to make partial withdrawal subject to conditions; or early surrender your Basic Policy subject to conditions and any applicable surrender charge. You should note that due to partial withdrawal(s) made from the Account Value, the death benefit payable and the amount of loyalty bonus (if applicable) will be reduced. Any partial withdrawal(s) made may also affect the sustainability of the Basic Policy due to the reduction of your Account Value. If you choose to fully surrender your Basic Policy early, you may not get back the full amount of premium you pay. Your personalised illustration will provide an indication of the surrender values over time.



The numbers in this graph follow the items numbered in the table right above.

What are the key risks?

Investment involves risks. Please refer to the principal brochure of the Plan for details including the risk factors.

- **Credit and insolvency risks** – This product is an insurance policy issued by AIA. Your investments and insurance protection are subject to the credit risks of AIA.
- **No ownership over assets** – All the premiums you pay towards your ILAS policy, and any investments made by AIA in the underlying funds, will become and remain the assets of AIA. You do not have any rights or ownership over any of those assets. Your recourse is against AIA only.
- **Insurance benefits are at risk** – As part of the death benefit is linked to the performance of the Investment Options you selected from time to time, the death benefit is subject to investment risks and market fluctuations.
- **Market risks** – Return of this ILAS policy is contingent upon the performance of the underlying funds corresponding to the Investment Options you selected and therefore there is a risk of capital loss.
- **Some Investment Options have higher risk** – The Investment Options available under this product can have very different features and risk profiles. Some may be of high risk. For example, Investment Options linked to funds with investment in high yield bonds may lead to high risk of significant loss; Investment Options linked to funds that pay dividend out of capital may result in an immediate reduction of the underlying funds' net asset value per unit.
- **Early termination risks** – Partial withdrawal from the Basic Policy, may significantly reduce the value of the ILAS policy while all fees and charges are still deductible. Poor performance of the underlying funds may further magnify your investment losses. If the value of your ILAS policy becomes insufficient to cover all the ongoing fees and charges, your ILAS policy may be terminated early and you could lose all your premiums paid and benefits.
- **Foreign exchange risks** – The investment returns of your ILAS policy may be subject to foreign exchange risks as some of the underlying funds may be denominated in a currency which is different from that of your ILAS policy.
- **RMB risks** – RMB is currently not freely convertible and is subject to exchange controls, policies and restrictions imposed by the Mainland China authorities. Such policies may limit the depth of RMB market available outside of Mainland China, and thereby may reduce the liquidity of the Basic Policy. Under exceptional circumstances, any payments (including dividend payments) we made in RMB can be delayed due to the exchange controls and restrictions applicable to RMB. RMB's exchange rate against other currencies, including USD or HKD, is therefore susceptible to movements based on external factors.

Is there any guarantee?

This ILAS policy does not have any guarantees. You may not get back the full amount of premium you pay.

What are the fees and charges?

Total policy charges illustration

Estimated policy charges for a non-smoking 40 year-old male over the respective holding periods (% of premiums) (Note 1)			
Years	**10 years**	**15 years**	**20 years**
Upfront Charge + Account value charge (net of bonuses) (A + B – F)	13.6% (equivalent to 1.27% of policy value per year)	16.8% (equivalent to 0.99% of policy value per year)	20.2% (equivalent to 0.84% of policy value per year)
COI (C)	0.1%	0.3%	0.6%
Total	13.7%	17.1%	20.8%

The actual percentage(s) may change depending on individual circumstances of each case, and will be significantly higher if your selected underlying investments are making losses.

Policy charges payable to AIA

Applicable charge	Applicable rate	When and how the charges are deducted
Platform fee		
Upfront charge (A)	1.35% per annum (i.e., 1.35% p.a. ÷ 12 per month) of the single premium on each Monthiversary within the first 5 Policy Years.	Deduct from the Account Value at each Monthiversary while the Basic Policy is in effect by cancelling units of Investment Options.
Account value charge (B)	1.0% per annum (i.e., 1.0% p.a. ÷ 12 per month) of the Account Value on each Monthiversary throughout the policy term.	Deduct from the Account Value at each Monthiversary while the Basic Policy is in effect by cancelling units of Investment Options.
Cost of insurance protection		
COI (C)	COI will be charged monthly starting from the first Policy Year up to the Policy Anniversary on or immediately following the insured's eightieth birthday, while the Basic Policy is in force. The COI is calculated as follows: **COI = sum at risk x COI rate**	Deduct from the Account Value on each Monthiversary while the Basic Policy is in effect by cancelling units of Investment Options.

What are the fees and charges? (Cont.)

Applicable charge	Applicable rate	When and how the charges are deducted
COI (Cont.) C	where: i) Sum at risk is the death benefit minus the Account Value, subject to a minimum of zero. ii) COI rates are based on the following factors of the insured: 1) the age attained at the most recent Policy Anniversary ("Attained Age") and / or the age the Basic Policy is issued; and 2) gender The COI rates may increase significantly during the term of the Basic Policy due to the insured's Attained Age and may significantly reduce the Account Value. COI will be waived after the Policy Anniversary on or immediately following the insured's eightieth birthday. The table below set out some indicative standard COI rates for the Basic Policy.	

COI rates (Annual rate per 1,000 sum at risk)
Base currency: USD, HKD or RMB

Attained Age	Male Non-smoker	Male Smoker	Female Non-smoker	Female Smoker
0	1.81		1.81	
5				
10				
15				
20	1.16		1.15	
25				
30	1.19		1.15	
35	1.35		1.24	
40	1.78		1.48	
45	2.68		1.98	
50	4.15		3.01	
55	6.48		4.31	
60	10.75		6.95	
65	19.23		12.61	
70	29.80		21.46	
75	51.84		37.01	
80	108.76		76.34	
Over 80	0		0	

Please ask your intermediaries and / or refer to the customised illustration documents for the details.

What are the fees and charges? (Cont.)

Applicable charge	Applicable rate	When and how the charges are deducted
Charge on early surrender		
Surrender charge D	In the event of surrender of the Basic Policy within the first 5 Policy Years, surrender charge is applicable and is calculated according to the relevant surrender charge rate (as set out in the table below) multiplied by the single premium. **Surrender charge = Single premium x applicable surrender charge rate as set out in the above table.** Please refer to the sections "Surrender" and **"C) Illustrative Examples on Fees and Charges"** of the product brochure for more information.	Deduct from the value of units of Investment Options cancelled in accordance with the surrender request during the first 5 Policy Years. This means that you will only receive the net amount after deducting the surrender charge and start up bonus claw back (if applicable).

Policy Year	Surrender charge rate applicable to single premium
1st	6%
2nd	5%
3rd	4%
4th	3%
5th	2%
6th and thereafter	Not applicable

AIA may vary the charges with no less than one-month prior written notice or such shorter period of notice in compliance with the relevant regulatory requirements.

Underlying funds charges E

Underlying funds corresponding to the Investment Options have separate fees and charges on top of the policy charges set out above. Such charges will be deducted and reflected in the unit price of the underlying funds.

Intermediaries' remuneration

- Although you may pay nothing directly to the intermediary who sells / distributes this ILAS policy to you, your intermediary will receive remuneration which, in force, will be borne out of the charges you pay and is therefore not independent. Your intermediary should disclose to you in writing at the point-of-sale information about intermediary remuneration.

- The amount of remuneration actually receivable by your intermediary may vary from year to year and may be higher in the early Policy Years. You should ask your intermediary before taking up your ILAS policy to know more about the remuneration that your intermediary will receive in respect of your ILAS policy. If you ask, your intermediary should disclose the requested information to you.

What if you change your mind?

Cooling-off period

- Cooling-off period is a period during which life insurance policyholders may cancel their policies within the earlier of 21 calendar days immediately following either the day of delivery of the Basic Policy or a notice to you or your representative. Such notice should inform you or your representative of the availability of the Basic Policy and expiry date of the cooling-off period.

- Upon cancellation of your Basic Policy we will then refund to you any premium and levy paid to us less (1) partial withdrawal amount paid to you (if any); (2) the amount of cash dividend paid to you (if any); and (3) market value adjustments which are adjustments based on the loss we may suffer in cancelling the units of an Investment Option based on the bid price prevailing at the dealing day following the business day we received your cancellation request with the required document(s) to our satisfaction.

- You have to inform AIA by giving a written notice. Such notice must be signed by you and received directly by AIA at 12/F, AIA Tower, 183 Electric Road, North Point, Hong Kong.

- You may get back the amount you paid, or less if the value of the Investment Options chosen has gone down.

Additional information

- You should read the principal brochure of **TMP2** and the offering documents of the underlying funds, which are available from AIA upon request, for details of the product features, risks and charges.

Insurance company's information

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Website: aia.com.hk

Important

AIA is subject to the prudential regulation of the Insurance Authority. However, the Insurance Authority does not give approval to individual insurance products, including **TMP2** referred to in this statement.

If you are in doubt, you should seek professional advice.

The SFC takes no responsibility for the contents of this statement and makes no representation as to its accuracy or completeness.

Note

1. The estimated total policy charges figures are calculated based on the following assumptions:
   (a) the insured is a non-smoking 40 year-old male;
   (b) the payment of single premium of HKD1,000,000 is made;
   (c) you hold your ILAS policy for 10, 15 and 20 years respectively;
   (d) there is no early withdrawal / termination of your ILAS policy; and
   (e) an assumed rate of return of 3% per annum.

The platform fee per year means the equivalent annual fee (as a percentage of policy value) in respect of the total platform fee (net of all non-discretionary bonuses) levied under this ILAS policy.

Glossary

The following terms have the meanings set out below.

Term	Meaning
Account Value	The total value of all Investment Options under the Basic Policy. The value of each Investment Option equals the number of units of the Investment Option multiplied by the bid price of the Investment Option on the relevant valuation day.
Basic Policy	The contract of **Treasure Master Plus 2**, including the schedule of fees and charges, as may be amended by endorsement from time to time.
Investment Options	A range of investment choices available for your selection under the Plan issued by AIA and are set out in the investment options brochure. Each Investment Option will link with into one underlying fund as specified in the investment options brochure.
Monthiversary	The same day of each subsequent month as the policy date. If there is no corresponding date in the month such as 29th, 30th or 31st, then the Monthiversary will be the last date of such month.
Policy Anniversary	The same date in each subsequent year as the policy date. If the policy date is 29 February in a leap year, then the Policy Anniversary will be 28 February in any subsequent non-leap year.
Policy Year	Each twelve-month period starting from the policy date.

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