AIA 2-IN-1 PROTECTION LINKED PLAN (REGULAR PREMIUM)

Product Brochure



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AIA International Limited
(Incorporated in Bermuda with limited liability)

HEALTHIER, LONGER, BETTER LIVES

Product Brochure

The product key facts statement, this product brochure and the investment options brochure are construed as the offering documents of **AIA 2-in-1 Protection Linked Plan (Regular Premium)** and should be issued and read in conjunction with each other.

Unless defined otherwise, those capitalised terms shall have the same meanings ascribed to them in the section **"F) Glossary"**.

IMPORTANT INFORMATION

1) **AIA 2-in-1 Protection Linked Plan (Regular Premium) (the "Plan" or the "ILAS policy") is an investment-linked assurance scheme, which is a long-term investment-cum-life insurance policy issued by AIA International Limited (Incorporated in Bermuda with limited liability) ("AIA").**

2) **It is not a bank savings product. Your investments are subject to the credit risks of AIA and other investment risks.** Although your ILAS policy is a life insurance policy, because your death benefit is linked to the performance of the underlying funds corresponding to the Investment Options you selected from time to time, your death benefit is subject to investment risks and market fluctuations.

3) **What you are investing in is an ILAS policy. The premiums paid by you towards the ILAS policy, and any investments made by AIA in the underlying funds you selected, will become and remain part of the assets of AIA. You do not have any rights or ownership over any of those assets. Your recourse is against AIA only.**

4) The premiums received from you, after deduction of any applicable fees and charges of your ILAS policy, will be invested by AIA into the underlying funds corresponding to the Investment Options as selected by you for our asset liability management. However, the Unit(s) allocated to your Account is notional and is solely for the purpose of determining the Account Value and benefits under your Basic Policy.

5) **If you select to reduce the Sum Assured by lowering the Prescribed Percentage and / or reduce the Regular Premium, the life insurance coverage and in turn the death benefit payable may also be reduced, which may not be sufficient to meet your individual needs. In addition, once the Sum Assured is reduced, it cannot be increased by selecting a higher Prescribed Percentage and / or a higher Regular Premium. Please also note that reduction of the Sum Assured can only be made starting from the 3rd Policy Year until the Policy Anniversary on or immediately following the insured's 65th birthday.**

6) More importantly, you should be aware that cost of insurance ("COI") is one of the applicable fees and charges:

   i) Part of the fees and charges in the ILAS policy. COI will be deducted from the value of your ILAS policy and will be used to cover the life coverage.

   ii) The COI may increase significantly during the term of the ILAS policy due to factors such as age and investment losses etc. This may result in significant or even total loss of your premiums paid.

   iii) The COI will be waived after the Policy Anniversary on or immediately following the insured's 65th birthday.

   iv) If the value of your ILAS policy becomes insufficient to cover all the ongoing fees and charges, including the COI / account value charge, causing the Account Value to fall to zero, your ILAS policy will be terminated early and you could lose all your premiums paid and any benefits.

   v) You should consult your financial planner for details, such as how the COI may increase and could impact the value of your ILAS policy.

   For details of the death benefit and COI, please refer to the section "Death Benefit" and section "B) Summary of fees and charges" respectively.

7) **Your potential return on investments is calculated by AIA with reference to the performance of the underlying funds corresponding to the Investment Options you selected. Besides, your potential return shall be subject to ongoing fees and charges which will continue to be deducted from the ILAS policy, hence, it may be lower than the return of the corresponding underlying funds.** Each of the underlying funds has its own investment profile and associated risks. Underlying funds available for selection are listed in the investment options brochure.

8) **The Investment Options available under the ILAS policy can have very different features and risk profiles. Some may be of high risks.** For example, 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 and hence reduce the value of your ILAS policy. Please refer to the offering documents of the relevant underlying funds for details.

9) **Early termination, surrender or withdrawal of the Account Value of the ILAS policy / suspension of or reduction in Regular Premium may result in significant loss of your investment and premiums paid as well as refund of COI and bonuses awarded (if applicable). Poor performance of the underlying funds may further magnify your investment losses while all charges are still deductible.**

10) You should not purchase this ILAS policy unless you understand it and your financial planner has explained to you how it is suitable for you. The final decision is yours.

11) Investments involve risks. You should read the offering documents of the Plan and the underlying funds which can be obtained from your financial planner or downloaded from our website at aia.com.hk. Alternatively, you can visit our Company's Wealth Select Centre to obtain a copy which will be provided to you within 14 days upon your request.

12) This ILAS policy is subject to a surrender charge of up to 30% of the Basic Account Value for the first 9 Policy Years and an upfront charge of 6% for each top up Lump Sum Premium paid (if any). It is only suitable for investors who are prepared to hold the investment for a long term period.

13) If you are not prepared to hold your ILAS policy for at least 10 years, this ILAS 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.

14) Please note the premium payment period of your ILAS policy is 10 years. In the first 3 Policy Years, your ILAS policy will Lapse in the event of non-payment of the Regular Premium at the expiry of the Grace Period, and surrender charge is applicable to your ILAS policy upon policy termination and we will pay you the Surrender Value.

Important Notes:

The Plan is classified as Class C, linked long-term business, as defined in the Insurance Ordinance.

This product brochure is not a contract of insurance. Please refer to the policy contract for the terms and conditions governing the Plan.

This product brochure is for distribution in Hong Kong only.

AIA WEALTH SELECT CENTRE

12/F, AIA Tower, 183 Electric Road, North Point, Hong Kong

OPENING HOURS:
Monday – Friday
8:45 a.m. – 6:00 p.m. (open through lunch)
Saturday, Sunday and Public Holidays closed

For further enquiries or obtaining a copy of a specimen of the Basic Policy, please contact your financial planner, call the AIA Customer Hotline at 2232 8888 or visit the AIA Wealth Select Centre. The specimen is free of charge.

aia.com.hk

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

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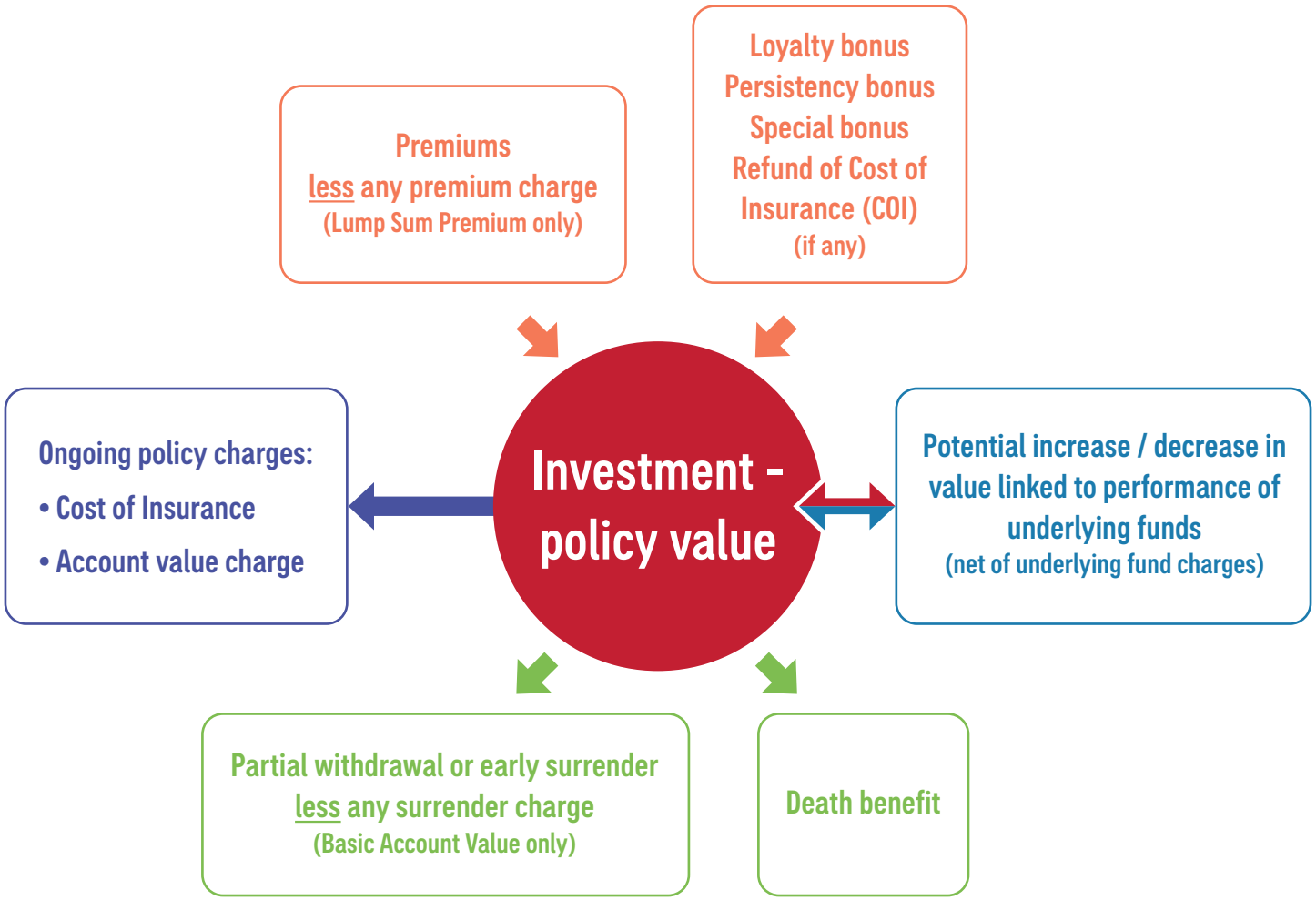
A) Product Features

The Plan is a regular premium investment-linked assurance scheme with a premium payment period of 10 years and you have the option to pay top up Lump Sum Premium. It is available to applicants between the age of 18 and 55 (inclusive) and insured between the age of 15 days and 55 (inclusive). The Plan provides the insured with life insurance coverage and access to a range of Investment Options. If you wish to apply, simply submit to us the duly completed application documents, the signed illustration document and the required premium contribution. The application documents and the illustration document are available from your financial planner.

How does the Plan work?

The following diagram describes how the product works:



For details on the fees and charges, bonuses and refund of COI applicable to the Plan, please refer to the relevant sections in this product brochure on bonuses, refund of COI and the section **"B) Summary of fees and charges"**.

If the Account Value is insufficient to pay for the COI and account value charge, the Basic Policy will Lapse. We will send you a prior notification at least two months before the potential Lapse of your Basic Policy. You may login to AIA+ mobile app / web version, contact your financial planner or call the AIA Customer Hotline for information of the Account Value.



Base Currency

You can choose United States dollars (USD), Hong Kong dollars (HKD) or Renminbi (RMB) as the base currency of your Basic Policy at the time of application. The currency cannot be changed once the Basic Policy is issued. Your premium is payable in the base currency of your Basic Policy, which is either USD, HKD or RMB. We may at our discretion accept premium payment in currencies other than your policy currency subject to our prevailing exchange rate as determined by us in good faith and commercially reasonable manner with reference to the prevailing market exchange rates from time to time. Currency conversions will be subject to exchange rate risks. Please refer to aia.com.hk for our prevailing exchange rates.

Please note 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.



Regular Premium

You may start your Basic Policy by contributing a Regular Premium over the premium payment period of 10 years subject to the following minimum Regular Premium amount, as well as the maximum Regular Premium amount requirements and underwriting requirements as determined by us from time to time. You may choose to pay the Regular Premium monthly, quarterly, semi-annually or annually. You may change the premium payment mode on the next premium due date subject to our requirements and approval. The Regular Premium is subject to the following minimum amount and our approval:

Premium payment mode	Minimum Regular Premium			Premium Due Date of Relevant Premium Payment Mode During Premium Payment Period
	USD	HKD	RMB	
Monthly	75	600	525	Every Monthiversary
Quarterly	225	1,800	1,575	In the 1st Policy Year: The same date in the 4th, the 7th and the 10th month^ as the Policy Date. From the 2nd to 10th Policy Year: The relevant Policy Anniversary, the same date in the 4th, the 7th and the 10th month^ as the Policy Date.
Semi-annually	450	3,600	3,150	In the 1st Policy Year: The same date in the 7th month^ as the Policy Date. From the 2nd to 10th Policy Year: The relevant Policy Anniversary and the same date in the 7th month^ as the Policy Date.
Annually	900	7,200	6,300	Every Policy Anniversary

^ If there is no corresponding date in the month such as 29th, 30th or 31st, then the premium due date of respective premium payment mode will be the last date of such month.

The Regular Premium you pay will be used by AIA to allocate notional Units of Investment Options you select to the Basic Account. The amount of Regular Premium and the Prescribed Percentage* you selected will be used to determine the Sum Assured you desire, subject to our approval. Starting from the 3rd Policy Year, regardless of the premium payment mode chosen by you, you can reduce the Sum Assured by (i) selecting a lower Prescribed Percentage (subject to a minimum Prescribed Percentage of 150%) while keeping the Regular Premium unchanged; and / or (ii) selecting a lower Regular Premium (subject to the minimum Regular Premium amount requirement) during premium payment period while keeping the Prescribed Percentage unchanged. Your request to reduce the Sum Assured is normally completed within 14 Business Days after receipt of your request with the required document(s) to our satisfaction.

For request of reduction of Regular Premium, if we approve your request, the new Regular Premium will be effective on the next premium due date upon our approval of such request.

For the request of reduction of Prescribed Percentage, the new Prescribed Percentage will be effective upon our approval of such request.

For request of change of premium payment mode, it will be effective on the next premium due date under the new premium payment mode.

Please note that reduction of the Sum Assured can only be made starting from the 3rd Policy Year until the Policy Anniversary on or immediately following the insured's 65th birthday; and the request to reduce the Sum Assured is subject to the minimum Sum Assured, minimum Regular Premium, minimum Prescribed Percentage requirements and our approval. Please refer to the section "Reduction of Sum Assured" for more information.

* The following levels of the Prescribed Percentage are available for selection based on the Issue Age, gender and class of risk of the insured:

Prescribed Percentage						
150%	200%	250%	300%	350%	400%	450%

You may select the appropriate Sum Assured and Prescribed Percentage to match your protection needs. Your financial planner can provide you with a personalised illustration document which will show the Regular Premium required for your selected Sum Assured and Prescribed Percentage.

Please note that reduction in Regular Premium may result in significant reduction of Basic Account Value and premiums paid, which will lead to a reduction of refund of COI (if applicable) and bonuses awarded (if applicable).

Before applying any request of change of premium payment mode, reduction of Regular Premium or reduction of Prescribed Percentage, you may contact your financial planner or call the AIA Customer Hotline for more information, including the effective date of the new premium payment mode, effective date of the reduced Regular Premium and effective date of the reduced Prescribed Percentage.

Please be reminded that if you submit request to reduce the Regular Premium, and the Prescribed Percentage, as well as to change the premium payment mode at the same time, these changes may take effect on different effective dates as mentioned above.



Regular Premium Payment for 10 years

Please note the Plan has a premium payment period of 10 years. In the first 3 Policy Years, premium holiday is not applicable to your Basic Policy, and your Basic Policy will Lapse, subject to surrender charge, in the event of non-payment of the Regular Premium at the expiry of the Grace Period and that we will cancel all of the Units held in the Account. The cancellation of Units will take place as soon as practicable at the Bid Price of the relevant Investment Option(s) at the Dealing Day immediately following the termination of the Basic Policy. We will pay you such Account Value less any applicable surrender charge which can be up to 30% of the Basic Account Value, normally within 12 Business Days after completion of transactions in the Investment Options. However, we have the right to defer such payments under exceptional circumstances. Please refer to the section "Exceptional Circumstances" for details regarding such deferment.

In the event of non-payment of the Regular Premium during the first 3 Policy Years, we will send you a prior notification before the expiry of the Grace Period to remind you that your Basic Policy will Lapse if the outstanding Regular Premium remains unpaid at the expiry of the Grace Period.

From the 4th Policy Year and onwards, provided that the Regular Premium due during the first 3 Policy Years are paid in full, premium holiday will be automatically applied to the Basic Policy when the Regular Premium is not received at the expiry of the Grace Period, as long as the Account Value is sufficient to cover the account value charge and COI. If the Account Value is insufficient to cover 2 months of ongoing fees and charges (COI and account value charge) of your Basic Policy that will be incurred, we will send you a prior notification at least two months before the potential Lapse of your Basic Policy. You may login to AIA+ mobile app / web version, contact your financial planner or call the AIA Customer Hotline for information of the Account Value. If the Account Value is insufficient to cover the account value charge and COI during premium holiday, the Basic Policy will Lapse.

If the Regular Premium has ever been reduced within the premium payment period, the calculation of the special bonus will be based on the latest reduced annualised Regular Premium within the premium payment period; and both the payment of the special bonus and the refund of COI will be adjusted accordingly and may be significantly reduced. For further details and examples of special bonus and refund of COI, please refer to the sub-section "Special bonus" and "Refund of COI" under **"A) Product features"** for more information.

Sum Assured

The Sum Assured is determined as follows:

Sum Assured = the Total Premium Payable within the 10-year premium payment period multiplied by the Prescribed Percentage

Please note any reduction in the Regular Premium will affect the Total Premium Payable, which will lead to reduction of the Sum Assured (assuming no change to the Prescribed Percentage) and death benefit; however premium holiday and change of premium payment mode will not affect Total Premium Payable and the Sum Assured. For details of reduction of Sum Assured, reduction of Regular Premium, change of premium payment mode and calculation of Total Premium Payable, please refer to the sub-section "Death Benefit" under **"A) Product features"** for more information.

The Sum Assured is subject to a minimum amount of USD13,500/HKD108,000/RMB94,500. The Regular Premium is subject to a minimum amount and the Prescribed Percentage is subject to a minimum of 150%.

You may select the appropriate Sum Assured to match your protection needs. Your financial planner can provide you with a personalised illustration document which will show the Regular Premium required for your selected Sum Assured and Prescribed Percentage.

Example 1 - Calculation of Sum Assured

1a) Ms. Chan selected to pay a monthly Regular Premium of USD100 for a Prescribed Percentage of 200% when she was 35 years old in order to take out the Basic Policy.

Annualised Regular Premium:
= Monthly Regular Premium x 12 months
= USD100 x 12
= USD1,200

Total Premium Payable:
= Annualised Regular Premium x 10 years
= USD1,200 x 10
= USD12,000

Sum Assured:
= Total Premium Payable x Prescribed Percentage
= USD12,000 x 200%
= USD24,000

1b) Starting from the beginning of 6th Policy Year, Ms. Chan selected to reduce the monthly Regular Premium of her policy to USD80, while keeping the Prescribed Percentage unchanged at 200%.

Latest annualised Regular Premium after reduction of Regular Premium:
= Monthly Regular Premium x 12 months
= USD80 x 12
= USD960

Total Premium Payable after reduction of the Regular Premium:
= [Total amount of scheduled Regular Premium due before the effective date of Regular Premium reduction]^ +
[Total amount of scheduled Regular Premium due on and after the effective date of Regular Premium reduction]#
= [USD1,200 x 5] + [USD960 x 5]
= USD10,800

^ Total amount of scheduled Regular Premium due from 1st to 5th Policy Years.
# Total amount of scheduled Regular Premium due from 6th Policy Year to end of 10 years premium payment period.

Latest Sum Assured after the reduction of the Regular Premium:
= Total Premium Payable x Prescribed Percentage
= USD10,800 x 200%
= USD21,600

Reduction of Sum Assured

Starting from the 3rd Policy Year until the Policy Anniversary on or immediately following the insured's 65th birthday, you may reduce the life insurance coverage of your Basic Policy by reducing the Sum Assured free of charge. You may request to reduce the Sum Assured by selecting a lower Prescribed Percentage (subject to a minimum Prescribed Percentage of 150%), and / or a lower Regular Premium (subject to the minimum Regular Premium requirement). Please note that the Sum Assured cannot be increased after issuance of the Basic Policy. Once the Sum Assured of your Basic Policy is reduced, it cannot be resumed to the original Sum Assured by selecting a higher Prescribed Percentage and / or a higher Regular Premium.

Your request to reduce the Sum Assured is normally completed within 14 Business Days after receipt of the request with the required document(s) to our satisfaction.

For request of reduction of Regular Premium, the new Regular Premium will be effective on the next premium due date upon our approval of such request.

For the request of reduction of Prescribed Percentage, the new Prescribed Percentage will be effective upon our approval of such request. If you reduce the Sum Assured, you may pay a lower Cost of Insurance based on the reduced Sum Assured. Please note that Cost of Insurance will be waived after the Policy Anniversary on or immediately following the insured's 65th birthday.

Prior to any application to reduce the Sum Assured, you should evaluate if the death benefit is sufficient to meet your needs after such reduction.

Please also note that reduction of the Sum Assured can only be made starting from the 3rd Policy Year until the Policy Anniversary on or immediately following the insured's 65th birthday and subject to the minimum Sum Assured, minimum Regular Premium and minimum Prescribed Percentage requirements and our approval. Please refer to the sub-section "Death Benefit" under **"A) Product features"** for more information.

Reduction in Sum Assured may reduce death benefit, the reduced death benefit payable may not be sufficient for your individual needs of insurance coverage. The reduction of Sum Assured may affect your entitlement to refund of COI.

Example 2 - Illustration on reduction of Sum Assured

A Basic Policy with a Sum Assured of USD113,400, a Prescribed Percentage of 450% and a Total Premium Payable of USD25,200 was issued to Mr. Chan.

Mr. Chan requested to reduce the Sum Assured by changing the Prescribed Percentage from 450% to 250% in the 6th Policy Year.

The new Sum Assured:
= Total Premium Payable x Prescribed Percentage
= USD25,200 x 250%
= USD63,000



Lump Sum Premium

You may contribute Lump Sum Premiums of at least USD100/HKD800/RMB700 at any time while your Basic Policy is in force and subject to a 6% upfront charge (i.e. premium charge) and our approval. AIA may exercise its discretion to waive the minimum Lump Sum Premium amount requirement. The Company reserves the right to refund, reject or limit the amount and / or frequency of any payment of Lump Sum Premium(s) at any time.

The Lump Sum Premium(s) you pay will be used by AIA to allocate notional Units of Investment Options you select to the Lump Sum Premium Account. No ongoing fee is applicable to the Lump Sum Premium Account except when the Basic Account Value is insufficient to pay for the COI, the outstanding COI will be deducted from the Lump Sum Premium Account (if any). Please refer to the section **"B) Summary of fees and charges"** for more information. While bonuses and refund of COI can be payable to the Basic Account, they are not applicable to the Lump Sum Premium Account.

Lump Sum Premium(s) (if any) will not have any impact on the Sum Assured and the death benefit payable under the Basic Account. Please refer to the section **"B) Summary of fees and charges"** for more information.



Premium Holiday

During the premium payment period and from the 4th Policy Year and onwards, provided that the Regular Premium due during the first 3 Policy Years is paid in full, premium holiday will be automatically applied to the Basic Policy when the Regular Premium is not received at the expiry of the Grace Period as long as the Account Value is sufficient to cover the account value charge and COI. If the Account Value is insufficient to cover the account value charge and COI during premium holiday, the Basic Policy will Lapse.

Please note payment of Regular Premium will be suspended during premium holiday. As long as the Regular Premium and / or Prescribed Percentage have not been adjusted during the premium holiday, the premium holiday will not affect the Total Premium Payable and Sum Assured of the Basic Policy, which will remain unchanged during premium holiday.

During the premium holiday, Regular Premium will be suspended while the account value charge and COI will continue to be deducted from the Basic Account while the Policy is in force. Hence, the Basic Account Value will be significantly reduced, which may lead to a reduction in the death benefit, the amount of loyalty bonus, persistency bonus, special bonus and refund of COI entitlement (if applicable). When the Basic Account Value is insufficient to pay for the COI, the outstanding COI will be deducted from the Lump Sum Premium Account (if any). If the Account Value is insufficient to pay for the COI, the Basic Policy will Lapse. Surrender charge is still applicable during the premium holiday which the Lapse occurs within the first 9 Policy Years. The applicable surrender charge period will not be affected by the premium holiday.

You may resume payment of Regular Premium at any time within the premium payment period (i.e. the first 10 Policy Years). However, you are not allowed to pay back any Regular Premium you missed during the period of premium holiday. Once you resume payment of the Regular Premium, the premium holiday ends.

During the premium holiday, you may pay a Lump Sum Premium to your Basic Policy before the Lapse in order to keep your Basic Policy in force. If the Account Value is insufficient to cover 2 months of ongoing fees and charges (COI and account value charge) of your Basic Policy that will be incurred, we will send you a prior notification at least two months before the potential Lapse of your Basic Policy. You may login to AIA+ mobile app / web version, contact your financial planner or call the AIA Customer Hotline for information of the Account Value.

Please note in the first 3 Policy Years, premium holiday is not applicable to your Basic Policy. During the first 3 Policy Years, the Basic Policy will Lapse, subject to surrender charge, in the event of non-payment of the Regular Premium at the expiry of the Grace Period, and we will cancel all of the Units held in the Account. The cancellation of Units will take place as soon as practicable at the Bid Price of the relevant Investment Option at the Dealing Day immediately following the termination of the Basic Policy. We will pay you such Account Value less any applicable surrender charge which can be up to 30% of the Basic Account Value.

In addition, the Grace Period mentioned under section **"E) General information"** will not be applicable during premium holiday but Grace Period will be applicable to the policy upon subsequent resumption of payment of the Regular Premium.



Investment Options Allocation

The premium contribution(s) you make shall be used to notionally allocate Units of your selected Investment Options at the Offer Price at the Dealing Day for determination of the Account Value and benefits under the Basic Policy.

The Regular Premium received will be used to allocated Units in accordance with your selection of Investment Option(s) at the relevant Offer Price prevailing at the Dealing Day immediately following the Business Day after we received such premium. Such Units will be notionally allocated to the Basic Account.

Each Lump Sum Premium received will be subject to deduction of 6% as premium charge, the remaining balance will be used for allocation of Units in accordance with your selection of Investment Option(s) at the relevant Offer Price prevailing at the Dealing Day immediately following the Business Day after we received such premium. Such Units will be notionally allocated to the Lump Sum Premium Account. For details of the premium charge for such investment, please refer to the section **"B) Summary of fees and charges"**.

For more information about Investment Options, please refer to the section **"D) Investment Options Information"** of this product brochure and the investment options brochure.



Account Value

The Account Value shall be the total value of all Investment Options under the Basic Account and the Lump Sum Premium Account. The value of each Investment Option is determined by multiplying the number of Units of the Investment Option by its Latest Available Bid Price. The Account Value will change from day to day due to fluctuations of the market value of the underlying funds and will be reduced due to partial withdrawals and deduction of the applicable fees and charges. You may login to AIA+ mobile app / web version, contact your financial planner or call the AIA Customer Hotline for information of the Account Value.

Death Benefit

For Basic Account

In the unfortunate event of the death of the insured on or before the Policy Anniversary on or immediately following the insured's 65th birthday, while the Basic Policy is in force, we will pay the beneficiary the higher of:

(i) the Total Premium Payable multiplied by the Prescribed Percentage and less the sum of all the partial withdrawals made from the Basic Account (if any), and

(ii) 105% of the Basic Account Value

If the insured dies after the Policy Anniversary on or immediately following the insured's 65th birthday, while the Basic Policy is in force, we will pay the beneficiary the higher of:

(i) the total Regular Premium paid less the sum of all the partial withdrawals made from the Basic Account (if any), and

(ii) 105% of the Basic Account Value

Calculation of Total Premium Payable:

Total Premium Payable = **Total amount of all scheduled Regular Premium due during the premium payment period**

I. For the scenario without any reduction of the amount of Regular Premium for the Basic Policy during the premium payment period.

Total Premium Payable = Total amount of all scheduled Regular Premium due during the premium payment period
= the Regular Premium x M

Whereas:
M = 10 (for annually premium payment mode) / 20 (for semi-annually premium payment mode) / 40 (for quarterly premium payment mode) / 120 (for monthly premium payment mode)

Please refer to below example for the calculation of Total Premium Payable under different premium payment mode and death benefit.

Example

Mr. Lee purchased the Plan at the age of 40 with himself as the insured, a Prescribed Percentage of 200% was selected for the Basic Policy. It is assumed that (i) no partial withdrawal is made within the premium payment period, (ii) he has not reduced the Regular Premium, changed premium payment mode and reduced the Prescribed Percentage and (iii) no Lump Sum Premium has been paid for the Basic Policy.

Assuming Mr. Lee passed away at the age of 45, the Total Premium Payable under different premium payment mode is as follows:

Premium payment mode	Regular Premium (A)	Number of scheduled payment of premium (B)	Total Premium Payable = (A) X (B)
Monthly	USD1,000	120	USD1,000 x 120 = USD120,000
Quarterly	USD3,000	40	USD3,000 x 40 = USD120,000
Semi-annually	USD6,000	20	USD6,000 x 20 = USD120,000
Annually	USD12,000	10	USD12,000 x 10 = USD120,000

The Basic Account Value was USD51,000 when Mr. Lee passed away. The death benefit payable to the beneficiary is calculated as follows:

The death benefit payable from the Basic Account at the age of 45:
= the higher of [(i) the Total Premium Payable x Prescribed Percentage – the sum of all the partial withdrawals made (if any), and (ii) 105% of the Basic Account Value]
= the higher of [(i) (USD120,000 x 200% - 0) and (ii) (USD51,000 x 105%)]
= the higher of [USD240,000 and USD53,550]
= USD240,000

Please note the Total Premium Payable under different premium payment modes is the same in above example, hence the death benefit will be the same.

II. For the scenario with reduction in the amount of Regular Premium (allowable starting from 3rd Policy Year) during the premium payment period.

Total Premium Payable = Total amount of all scheduled Regular Premium* due during the premium payment period

* For each reduction of Regular Premium, the new scheduled amount of Regular Premium due will take effect on the next premium due date.

III. For the scenario with change of premium payment mode during the premium payment period.

Example 1

Mr. Lee purchased the Plan at the age of 40 with himself as the insured and with an annual Regular Premium of USD12,000 on 1 January 2025. A Prescribed Percentage of 200% was selected for the Basic Policy. In the 3rd Policy Year, Mr. Lee requested to change the premium payment mode from annually to monthly, which was approved by us on 8 September 2027. It is assumed that the Regular Premium of first 3 Policy Years has been paid on or before the relevant premium due date (i.e. the Policy Anniversary).

The next premium (USD1,000) due date under the monthly premium payment mode would be 1 January 2028 given Mr. Lee had paid the Regular Premium for the period from 1 January 2027 to 31 December 2027 on or before 1 January 2027. For avoidance of doubt, the Total Premium Payable will not be affected due to the change of premium payment mode.

Example 2

Mr. Lee purchased the Plan at the age of 40 with a quarterly Regular Premium of USD3,000 (i.e. annualised Regular Premium of USD12,000) on 1 January 2025. A Prescribed Percentage of 200% was selected for the Basic Policy. In the 4th Policy Year, Mr. Lee requested to change the premium payment mode from quarterly to semi-annually, which was approved by us on 8 March 2028. It is assumed that all the scheduled Regular Premium due have been paid on or before the relevant premium due date.

The next premium due date under the semi-annually premium payment mode would be 1 July 2028, given the premium due dates under semi-annually premium payment mode for the 4th Policy Year are 1 January 2028 and 1 July 2028. Therefore, Mr. Lee had to pay the quarterly Regular Premium of USD3,000 on 1 April 2028 (assuming no premium holiday would be taken). The effective date of semi-annually premium (USD6,000) payment mode would be 1 July 2028. For avoidance of doubt, the Total Premium Payable will not be affected due to the change of premium payment mode.

Suspension of Regular Premium during premium holiday and any change of premium payment mode will not affect the Total Premium Payable and Sum Assured of the Basic Policy.

Please refer to below examples for the calculation of Total Premium Payable with premium holiday taken and change of premium payment mode.

Example

Mr. Lee purchased the Plan at the age of 40 with himself as the insured, with an annual Regular Premium of USD12,000 and a Prescribed Percentage of 200% was selected for the Basic Policy. Premium holiday has been exercised in the 4th Policy Year. It is assumed that (i) Mr. Lee has not made any partial withdrawal, (ii) he has not reduced the Prescribed Percentage and (iii) no Lump Sum Premium has been paid for the Basic Policy.

Total Premium Payable from Policy Date to the date before any premium reduction has been made
= USD12,000 x 10
= USD120,000

Sum Assured from Policy Date to the date before any premium reduction has been made
= USD120,000 x 200%
= USD240,000

Scenario (a): Premium payment mode was changed in the 5th Policy Year and Mr. Lee has passed away at the end of the 8th Policy Year

- In the 5th Policy Year, he decided to resume premium payment and he applied for change of the premium payment mode of the Basic Policy to monthly.
- At the end of the 8th Policy Year, unfortunately Mr. Lee has passed away.

Scenario (b): Premium payment mode was changed in the 5th Policy Year, premium reduction was made in the 7th Policy Year and Mr. Lee has passed away at the end of the 8th Policy Year

- In the 5th Policy Year, he decided to resume premium payment and he applied for change of premium payment mode of the Basic Policy to monthly.
- In the 7th Policy Year, the monthly Regular Premium of the Basic Policy was lowered to USD600.
- At the end of the 8th Policy Year, unfortunately Mr. Lee has passed away.

Scenario (a)

The Total Premium Payable upon the effective date of change of premium payment mode in the 5th Policy Year:

Premium Holiday

Premium payment mode changed from annually to monthly

Policy Year	1	2	3	4	5	6	7	8	9	10
Premium payment mode	Annual					Monthly				
Scheduled Regular Premium Amount (USD)	12,000	12,000	12,000	12,000	12,000	1,000	1,000	1,000	1,000	1,000
Number of scheduled payment of premium in the current Policy Year	1	1	1	1	1	12	12	12	12	12
Amount used for calculation of Total Premium Payable (USD)	12,000 x 1	12,000 x 1	12,000 x 1	12,000 x 1	12,000 x 1	1,000 x 12	1,000 x 12	1,000 x 12	1,000 x 12	1,000 x 12
	Total amount of scheduled Regular Premium due before the effective date of new premium payment mode = USD60,000					Total amount of scheduled Regular Premium due after the effective date of new premium payment mode = USD60,000				

Total Premium Payable = USD60,000 + USD60,000 = USD120,000

Policy Year	Premium payment mode	Scheduled Regular Premium (USD)	Number of scheduled payment of premium in the current Policy Year	Amount used for calculation of Total Premium Payable	Remark
		[A]	[B]	[C] = [A] x [B]	
1	Annually	USD12,000	1	USD12,000 [C1]	Policy Date: 1 January 2025
2	Annually	USD12,000	1	USD12,000 [C2]	
3	Annually	USD12,000	1	USD12,000 [C3]	
4	Annually	USD12,000	1	USD12,000 [C4]	Premium holiday has been taken for this Policy Year.
5	Annually	USD12,000	1	USD12,000 [C5]	On 14 March 2029, Mr Lee requested to change premium payment mode from annually to monthly. The request was approved on 28 March 2029. The effective date of the monthly premium payment mode will be 1 January 2030 (i.e next premium due date under new premium payment mode)**

Policy Year	Premium payment mode	Scheduled Regular Premium (USD)	Number of scheduled payment of premium in the current Policy Year	Amount used for calculation of Total Premium Payable	Remark
		[A]	[B]	[C] = [A] x [B]	
6	Monthly	USD1,000	12	USD12,000 [C6]	
7	Monthly	USD1,000	12	USD12,000 [C7]	
8	Monthly	USD1,000	12	USD12,000 [C8]	At the end of the 8th Policy Year, Mr. Lee passed away.
9	Monthly	USD1,000	12	USD12,000 [C9]	
10	Monthly	USD1,000	12	USD12,000 [C10]	

** There was no scheduled Regular Premium due between 28 March 2029 and 31 December 2029, given that there was a scheduled Regular Premium due paid by Mr. Lee on 1 January 2029, which was the annual Regular Premium for the whole Policy Year.

Total amount of scheduled Regular Premium due before the effective date of monthly premium payment mode:
= the total amount of scheduled Regular Premium in 1st / 2nd / 3rd / 4th / 5th Policy Year
= C1 + C2 + C3 + C4 + C5
= (USD12,000 x 1) + (USD12,000 x 1) + (USD12,000 x 1) + (USD12,000 x 1) + (USD12,000 x 1)
= USD12,000 + USD12,000 + USD12,000 + USD12,000 + USD12,000
= USD60,000

Total amount of scheduled Regular Premium due on and after the effective date of monthly premium payment mode:
= the total amount of scheduled Regular Premium in 6th / 7th / 8th / 9th / 10th Policy Year
= C6 + C7 + C8 + C9 + C10
= (USD1,000 x 12) + (USD1,000 x 12) + (USD1,000 x 12) + (USD1,000 x 12) + (USD1,000 x 12)
= USD12,000 + USD12,000 + USD12,000 + USD12,000 + USD12,000
= USD60,000

The Total Premium Payable upon the effective date of monthly premium payment mode in the 6th Policy Year (i.e. 1 January 2030)
= USD60,000 + USD60,000
= USD120,000

After the change of premium payment mode, the Total Premium Payable and Sum Assured remain unchanged, they are USD120,000 and USD240,000 (i.e. USD120,000 x 200%) respectively.

The Basic Account Value was USD75,000 when Mr. Lee passed away. The death benefit payable to the beneficiary is calculated as follows:

The death benefit payable from the Basic Account at the end of the 8th Policy Year:
= the higher of [(i) the Total Premium Payable x Prescribed Percentage – the sum of all the partial withdrawals made (if any), and (ii) 105% of the Basic Account Value]
= the higher of [(i) (USD120,000 x 200% - 0) and (ii) (USD75,000 x 105%)]
= the higher of [USD240,000 and USD78,750]
= USD240,000

Scenario (b)

The Total Premium Payable upon the effective date of reduction of Regular Premium in the 7th Policy Year:

Reduction of monthly Regular Premium to USD600

Premium payment mode changed from annually to monthly

Premium Hoilday

Policy Year	1	2	3	4	5	6	7	8	9	10
Premium payment mode	Annual					Monthly				
Scheduled Regular Premium Amount (USD)	12,000	12,000	12,000	12,000	12,000	1,000	600	600	600	600
Number of scheduled payment of premium in the current Policy Year	1	1	1	1	1	12	12	12	12	12
Amount used for calculation of Total Premium Payable (USD)	12,000 x 1	12,000 x 1	12,000 x 1	12,000 x 1	12,000 x 1	1,000 x 12	600 x 12	600 x 12	600 x 12	600 x 12
	Total amount of scheduled Regular Premium due before the effective date of Regular Premium adjustment = USD72,000						Total amount of scheduled Regular Premium due on and after the effective date of Regular Premium adjustment = USD28,800			

Total Premium Payable = USD72,000 + USD28,800 = USD100,800

Policy Year	Premium payment mode	Scheduled Regular Premium (USD)	Number of scheduled payment of premium in the current Policy Year	Amount used for calculation of Total Premium Payable	Remark
		[A]	[B]	[C] = [A] x [B]	
1	Annually	USD12,000	1	USD12,000 [C1]	Policy Date: 1 January 2025
2	Annually	USD12,000	1	USD12,000 [C2]	
3	Annually	USD12,000	1	USD12,000 [C3]	
4	Annually	USD12,000	1	USD12,000 [C4]	Premium holiday has been taken for this Policy Year.
5	Annually	USD12,000	1	USD12,000 [C5]	On 14 March 2029, Mr Lee requested to change premium payment mode from annually to monthly. The request was approved on 28 March 2029. The effective date of the monthly premium payment mode will be 1 January 2030 (i.e. next premium due date under new premium payment mode)**
6	Monthly	USD1,000	12	USD12,000 [C6]	On 11 December 2030, Mr Lee requested to lower Regular Premium to USD600, effective date of such change is 1 January 2031.
7	Monthly	USD600	12	USD7,200 [C7]	New monthly Regular Premium USD600 is effective on 1 January 2031.
8	Monthly	USD600	12	USD7,200 [C8]	At the end of the 8th Policy Year, Mr. Lee passed away.
9	Monthly	USD600	12	USD7,200 [C9]	
10	Monthly	USD600	12	USD7,200 [C10]	

** There was no scheduled Regular Premium due between 28 March 2029 and 31 December 2029, given that there was a scheduled Regular Premium due paid by Mr. Lee on 1 January 2029, which was the annual Regular Premium for the whole Policy Year.

Total amount of scheduled Regular Premium before the effective date of Regular Premium reduction:
= the total amount of scheduled Regular Premium in 1st / 2nd / 3rd / 4th / 5th / 6th Policy Year
= C1 + C2 + C3 + C4 + C5 + C6
= (USD12,000 x 1) + (USD12,000 x 1) + (USD12,000 x 1) + (USD12,000 x 1) + (USD12,000 x 1) + (USD1,000 x 12)
= USD12,000 + USD12,000 + USD12,000 + USD12,000 + USD12,000 + USD12,000
= USD72,000

Total amount of scheduled Regular Premium due on and after the effective date of Regular Premium reduction:
= the total amount of scheduled Regular Premium in 7th / 8th / 9th / 10th Policy Year
= C7 + C8 + C9 + C10
= (USD600 x 12) + (USD600 x 12) +(USD600 x 12) +(USD600 x 12)
= USD7,200 + USD7,200 + USD7,200 + USD7,200
= USD28,800

The Total Premium Payable upon the effective date of reduction of Regular Premium in the 7th Policy Year (i.e. 1 January 2031)
= USD72,000+ USD28,800
= USD100,800

After the premium adjustment of Regular Premium in the 7th Policy Year, the Total Premium Payable reduced from USD120,000 to USD100,800.

Sum Assured upon the effective date of reduction of Regular Premium in the 7th Policy Year (i.e. 1 January 2031)
= USD100,800 x 200%
= USD201,600

The Basic Account Value was USD75,000 when Mr. Lee passed away. The death benefit payable to the beneficiary is calculated as follows:

The death benefit payable from the Basic Account at the end of the 8th Policy Year:
= the higher of [(i) the Total Premium Payable x Prescribed Percentage –
the sum of all the partial withdrawals made (if any), and (ii) 105% of the Basic Account Value]
= the higher of [(i) (USD100,800 x 200% - 0) and (ii) (USD75,000 x 105%)]
= the higher of [USD201,600 and USD78,750]
= USD201,600

For Lump Sum Premium Account

The death benefit is 105% of the Lump Sum Premium Account Value (if any) if the insured dies while the Basic Policy is in force.

If any Lump Sum Premium is contributed to the Basic Policy, the death benefit payable to the beneficiary will be the sum of death benefit under the Basic Account and the Lump Sum Premium Account. Otherwise, it should be the death benefit under the Basic Account only.

For the purpose of calculating the death benefit amount, the Basic Account Value and Lump Sum Premium Account Value (if any) are determined with reference to the Bid Price prevailing on the next Dealing Day immediately following the Business Day on which the proof of death with the required documentation to our satisfaction is received by us.

A written notification of the insured's death using our prescribed form and proof of claim as listed in the policy contract shall be submitted as soon as practicable and to our satisfaction before any payment is made. We will normally pay the proceed of death claim under the Basic Policy within one month after the proof of death to our satisfaction is received by us. However, we have the right to defer such payments under exceptional circumstances. Please refer to the section "Exceptional Circumstances" for details regarding such deferment. No interest will be payable by us for any pending payment of the death benefit.

If the insured, whether sane or insane, commits suicide within one year from the Issue Date or Commencement Date of the reinstatement of the Basic Policy, whichever is later, our liability under the Basic Policy will be limited to the sum of the Basic Account Value and the Lump Sum Premium Account Value (if any), and to refund any account value charge, COI and premium charge previously deducted (if applicable).

You should note that as part of or all the death benefit is linked to the performance of the underlying funds corresponding to the Investment Options selected and is therefore subject to investment risks and market fluctuations. Poor performance of the underlying funds, as well as partial withdrawals, premium holiday and reduction of Sum Assured may reduce the death benefit payable, which may be significantly less than the premiums paid and may not be sufficient for your individual needs.

Depending on the issue age of the insured, the period of high insurance protection may not be sufficient for your individual needs.

Select a lower Regular Premium to reduce the Sum Assured will result in reduction of Total Premium Payable and may reduce the death benefit payable, which may not be sufficient for your individual needs.

Please note that the death benefit provided by the Lump Sum Premium Account is limited to 105% of the Lump Sum Premium Account Value (if any) which is different from the death benefit provided by the Basic Account. Lump Sum Premium will only form part of the Account Value and hence will not have any impact on the Sum Assured and that the Lump Sum Premium Account is not subject to high insurance protection. The Sum Assured is used to calculate the death benefit only if the insured passes away on or before the Policy Anniversary on or immediately following the insured's 65th birthday.

In the event that the Basic Account Value has been reduced to zero while the Lump Sum Premium Account Value is above zero, you are still entitled to death benefit under the Basic Account. In this case, the outstanding COI relating to the Basic Account will be deducted from the Lump Sum Premium Account, which will deplete the Lump Sum Premium Account Value more quickly. If the Account Value is reduced to zero, the Basic Policy will Lapse, and this may result in a significant loss of your investments and all the benefits under the Basic Policy.

Please also note that the death benefit provided by the Basic Account equals to the higher of (i) the total Regular Premium paid less the sum of all the partial withdrawals made (if any) and (ii) 105% of the Basic Account Value, if the life insured passes away after the Policy Anniversary on or immediately following the insured's 65th birthday. Hence, the death benefit payable may not be sufficient to meet your individual needs.

Example 3 – How is the death benefit calculated?

Mr. Lee purchased the Plan at the age of 40 with himself as the insured, with an annual Regular Premium of USD3,000, a Prescribed Percentage of 450% was selected for the Basic Policy. A Lump Sum Premium of USD30,000 was made in the 5th Policy Year. It is assumed that premium holiday has not been exercised within the premium payment period.

Case 1

He passed away at the age of 62 while the Basic Policy was in force. The Prescribed Percentage remained at 450%, and the annual Regular Premium remained to be USD3,000, no partial withdrawal was made from the Basic Policy. The Basic Account Value was USD110,000 and the Lump Sum Premium Account Value was USD70,800 at the time. The death benefit payable to the beneficiary is calculated as follows:

The death benefit payable from the Basic Account at the age of 62:
= the higher of [(i) the Total Premium Payable x Prescribed Percentage – the sum of all the partial withdrawals made (if any), and (ii) 105% of the Basic Account Value]
= the higher of [(i) ((USD3,000 x 10) x 450% - 0) and (ii) (USD110,000 x 105%)]
= the higher of [USD135,000 and USD115,500]
= USD135,000

The death benefit payable from the Lump Sum Premium Account at the age of 62:
= 105% of the Lump Sum Premium Account Value
= USD70,800 x 105%
= USD74,340

The total death benefit payable at the age of 62:
= the sum of death benefit payable from the Basic Account and Lump Sum Premium Account at the age of 62
= USD135,000 + USD74,340
= USD209,340

Case 2

He passed away at the age of 60 while the Basic Policy was in force. The Prescribed Percentage remained at 450% but he decided to select a lower annual Regular Premium of USD2,000 for the reduced Sum Assured at the end of the 5th Policy Year, no partial withdrawal was made from the Basic Policy. The Basic Account Value was USD85,000 and the Lump Sum Premium Account Value was USD68,000 at the time. The death benefit payable to the beneficiary is calculated as follows:

The death benefit payable from the Basic Account at the age of 60:
= the higher of [(i) the Total Premium Payable x Prescribed Percentage – the sum of all the partial withdrawals made (if any), and (ii) 105% of the Basic Account Value]
= the higher of [(i) ((USD3,000 x 5 + USD2,000 x 5) x 450% - 0) and (ii) (USD85,000 x 105%)]
= the higher of [USD112,500 and USD89,250]
= USD112,500

The death benefit payable from the Lump Sum Premium Account at the age of 60:
= 105% of the Lump Sum Premium Account Value
= USD68,000 x 105%
= USD71,400

The total death benefit payable at the age of 60:
= the sum of death benefit payable from the Basic Account and Lump Sum Premium Account at the age of 60
= USD112,500 + USD71,400
= USD183,900

Case 3

He passed away at the age of 70 while the Basic Policy was in force. The Prescribed Percentage remained at 450% and the annual Regular Premium remained to be USD3,000, and no partial withdrawal was made from the Basic Policy. The Basic Account Value was USD110,500 and Lump Sum Premium Account Value was USD60,000 at the time. The death benefit payable to the beneficiary is calculated as follows:

The death benefit payable from the Basic Account at the age of 70:
= the higher of [(i) the total Regular Premium paid – the sum of all the partial withdrawals made (if any), and (ii) 105% of the Basic Account Value]
= the higher of [(i) USD30,000 – 0 and (ii) (USD110,500 x 105%)]
= the higher of [USD30,000 and USD116,025]
= USD116,025

The death benefit payable from the Lump Sum Premium Account at the age of 70:
= 105% of the Lump Sum Premium Account Value
= USD60,000 x 105%
= USD63,000

The total death benefit payable at the age of 70:
= the sum of death benefit payable from the Basic Account and Lump Sum Premium Account at the age of 70
= USD116,025 + USD63,000
= USD179,025

The above example is hypothetical and for illustrative purposes only and it is assumed that all premiums are paid in full when due and as planned during the premium payment period.

Persistency Bonus

Persistency bonus will be payable at every Monthiversary starting from **the 61st Monthiversary** to the Basic Account until the Basic Policy is terminated. The monthly persistency bonus is calculated on a tiered basis of the Average Basic Account Value and the monthly persistency bonus rates, which are applied to the sum of the Basic Account Value based on the Latest Available Bid Price at each Monthiversary over the previous 60 months divided by 60 (i.e. Average Basic Account Value), are set out in the table below.

Tier	Average Basic Account Value as per the Basic Policy currency			Monthly persistency bonus rate
First	USD20,000	HKD160,000	RMB140,000	0.2% ÷ 12 (i.e. 0.01667%)
Second	USD30,000	HKD240,000	RMB210,000	0.3% ÷ 12 (i.e. 0.02500%)
Third	USD50,000	HKD400,000	RMB350,000	0.5% ÷ 12 (i.e. 0.04167%)
Fourth	The remaining Average Basic Account Value			0.8% ÷ 12 (i.e. 0.06667%)

Please note that the relevant persistency bonus rate will be applicable to the Average Basic Account Value at the relevant Monthiversary when the persistency bonus is calculated.

The persistency bonus rates do not represent the rates of return or the performance of the investments under your ILAS policy.

You may login to AIA+ mobile app / web version, contact your financial planner or call the AIA Customer Hotline for information of the Average Basic Account Value.

The persistency bonus will be credited to the Basic Account as soon as practicable within one month in the form of Units of the Investment Option(s) in proportion to their respective value(s) being held in the Basic Account at the corresponding Monthiversary by using the Offer Price prevailing at the next Dealing Day.

In the event that any of such Investment Option(s) is unavailable for allocation, the persistency bonus will then be credited by allocating Units of other Investment Options being held in the Basic Account in proportion to their values at the respective Monthiversary. If all the Investment Options under the Basic Account are not available for crediting of the persistency bonus, we shall credit the persistency bonus to alternative Investment Option(s) which the latest comparable risk level is appropriate in AIA's view at the time of assessment as compared with all other Investment Options at our absolute discretion at the Offer Price prevailing as at the appropriate Dealing Day of the relevant Investment Option(s).

The persistency bonus awarded will form part of the Basic Account Value and will be subject to the on-going fees and charges stated in the section "B) Summary of fees and charges". Once the persistency bonus is credited to the Basic Account, it will not be clawed back.

Example 4 - How is the persistency bonus calculated?

Ms. Lee had been holding a Basic Policy for 5 years and she would be entitled to a persistency bonus starting from the 61st Monthiversary until termination of the Basic Policy according to the calculation as follows:

Calculation of the first persistency bonus payable at the 61st Monthiversary (i.e. the first persistency bonus paid)
The sum of the Basic Account Values at each Monthiversary from the 2nd to the 61st Monthiversaries was USD7,200,360.

Average Basic Account Value:
= Sum of the Basic Account Values ÷ 60
= USD7,200,360 ÷ 60
= USD120,006

Persistency bonus payable:
= Average Basic Account Value at the relevant Monthiversary on which the bonus is payable x applicable monthly persistency bonus rate according to the relevant tier
= USD20,000 x 0.2% ÷ 12 (First tier of the Average Basic Account Value) +
USD30,000 x 0.3% ÷ 12 (Second tier of the Average Basic Account Value) +
USD50,000 x 0.5% ÷ 12 (Third tier of the Average Basic Account Value) +
USD20,006 x 0.8% ÷ 12 (Fourth tier i.e. the remaining Average Basic Account Value)
= USD45

Calculation of the persistency bonus payable at the 64th Monthiversary
The sum of the Basic Account Values at each Monthiversary from the 5th to the 64th Monthiversaries was USD7,221,000.

Average Basic Account Value:
= Sum of the Basic Account Values ÷ 60
= USD7,221,000 ÷ 60
= USD120,350

Persistency bonus payable:
= Average Basic Account Value at the relevant Monthiversary on which the bonus is payable x applicable monthly persistency bonus rate according to the relevant tier
= USD20,000 x 0.2% ÷ 12 (First tier of the Average Basic Account Value) +
USD30,000 x 0.3% ÷ 12 (Second tier of the Average Basic Account Value) +
USD50,000 x 0.5% ÷ 12 (Third tier of the Average Basic Account Value) +
USD20,350 x 0.8% ÷ 12 (Fourth tier i.e. the remaining Average Basic Account Value)
= USD45.23

The persistency bonus will continue to be payable at every subsequent Monthiversary while the Basic Policy is in force.

The above examples are hypothetical and for illustrative purposes only and it is assumed that all premiums are paid in full when due and as planned during the premium payment period.

Loyalty Bonus

A one-off loyalty bonus will be payable at the **10th Policy Anniversary** to the Basic Account while your Basic Policy is in force. The loyalty bonus is calculated as follows:

Loyalty bonus = **Average Basic Account Value* at the 10th Policy Anniversary** x **0.5%**

* Average Basic Account Value is the sum of the Basic Account Value at each Monthiversary over the previous 60 months from the 10th Policy Anniversary divided by 60.

The 0.5% loyalty bonus rate does not represent the rates of return or the performance of the investments under your ILAS policy.

You may login to AIA+ mobile app / web version, contact your financial planner or call the AIA Customer Hotline for information of the Average Basic Account Value.

The loyalty bonus will be credited to the Basic Account as soon as practicable within one month in the form of Units of the Investment Option(s) in proportion to their respective value(s) being held in the Basic Account at the 10th Policy Anniversary by using the Offer Price prevailing at the next Dealing Day.

In the event that any of such Investment Option(s) is unavailable for allocation, the loyalty bonus will then be credited by allocating Units of other Investment Option(s) being held in the Basic Account in proportion to their values at the 10th Policy Anniversary. If all the Investment Options under the Basic Account are not available for the crediting of the loyalty bonus, we shall credit the loyalty bonus to alternative Investment Option(s) which the latest comparable risk level is appropriate in AIA's view at the time of assessment as compared with all other Investment Options at our absolute discretion at the Offer Price prevailing as at the appropriate Dealing Day of the relevant Investment Option(s).

The loyalty bonus awarded will form part of the Basic Account Value and will be subject to the on-going fees and charges stated in the section "B) Summary of fees and charges". Once the loyalty bonus is credited to the Basic Account, it will not be clawed back.

Example 5 – How is the loyalty bonus calculated?

Ms. Lee had been holding a Basic Policy for 10 years, with the annual Regular Premium of USD600,000, and was entitled to receive a loyalty bonus at the 10th Policy Anniversary according to the loyalty bonus rate as follows:

Calculation of the loyalty bonus payable at the 10th Policy Anniversary
The sum of the Basic Account Values at each Monthiversary over the previous 60 months from the 10th Policy Anniversary was USD7,200,000, and the loyalty bonus rate was 0.5%.

Average Basic Account Value:
= Sum of the Basic Account Values ÷ 60
= USD7,200,000 ÷ 60
= USD120,000

Loyalty bonus payable at the 60th Monthiversary:
= Average Basic Account Value x loyalty bonus rate
= USD120,000 x 0.5%
= USD600

The above example is hypothetical and for illustrative purposes only and it is assumed that all premiums are paid in full when due and as planned during the premium payment period.

Special Bonus

Special bonus will be payable at the **15th Policy Anniversary** and **20th Policy Anniversary** to the Basic Account while your Basic Policy is in force. The special bonus is calculated as follows:

First Payment:

Special bonus payable at the 15th Policy Anniversary = **The latest annualised Regular Premium within the premium payment period** x **13%** x **Adjustment***

Final Payment:

Special bonus payable at the 20th Policy Anniversary = **The latest annualised Regular Premium within the premium payment period** x **15%** x **Adjustment***

* Adjustment = (The latest annualised Regular Premium x No. of policy months the Regular Premium paid ÷ 12 – All partial withdrawals made from the Basic Account) ÷ (10 x the latest annualised Regular Premium)

The adjustment is subject to a minimum of zero.

If partial withdrawal has been made from the Basic Account on or before the 15th or 20th Policy Anniversaries or the Regular Premium has been reduced or premium holiday has been taken during the premium payment period, the special bonus will be adjusted accordingly and it may be significantly reduced.

If the Regular Premium has ever been reduced within the premium payment period, both the first and final payment of the special bonus will be based on the latest reduced annualised Regular Premium within the premium payment period.

The special bonus will be credited by way of units allocated to the Basic Account as soon as practicable within one month in the form of Units of the Investment Option(s) in proportion to their respective value(s) being held in the Basic Account at the 15th and 20th Policy Anniversary by using the Offer Price prevailing at the next Dealing Day.

In the event that any of such Investment Option(s) is unavailable for allocation, the special bonus will then be credited by allocating Units of other Investment Options being held in the Basic Account in proportion to their values at the respective Policy Anniversary. If all the Investment Options under the Basic Account are not available for crediting of the special bonus, we shall credit the special bonus to alternative Investment Option(s) which the latest comparable risk level is appropriate in AIA's view at the time of assessment as compared with all other Investment Options at our absolute discretion at the Offer Price prevailing as at the appropriate Dealing Day of the relevant Investment Option(s).

The special bonus awarded will form part of the Basic Account Value and will be subject to the on-going fees and charges stated in the section "B) Summary of fees and charges". Once the special bonus is credited to the Basic Account, it will not be clawed back.

Example 6 - How is the special bonus calculated?

Case 1

Ms. Chan held the Plan and paid USD5,000 as the annual Regular Premium without making any partial withdrawals. She paid the Regular Premium for 10 consecutive Policy Years without reducing it. It is assumed that premium holiday has not been exercised within the premium payment period.

First Payment:

Special bonus payable at the 15th Policy Anniversary
= The latest annualised Regular Premium within the premium payment period x 13% x Adjustment

Adjustment:
= (The latest annualised Regular Premium x No. of policy months the Regular Premium paid ÷ 12 – All partial withdrawals made from the Basic Account) ÷ (10 x the latest annualised Regular Premium)
= (USD5,000 x 120 months ÷ 12 – 0) ÷ (10 x USD5,000)
= (USD5,000 x 10) ÷ (10 x USD5,000)
= 1

First special bonus:
= The latest annualised Regular Premium within the premium payment period x 13% x Adjustment
= USD5,000 x 13% x 1
= USD650

Final Payment:

Special Bonus payable at the 20th Policy Anniversary
= The latest annualised Regular Premium within the premium payment period x 15% x Adjustment

Adjustment:
= (The latest annualised Regular Premium x No. of policy months the Regular Premium paid ÷ 12 – All partial withdrawals made from the Basic Account) ÷ (10 x the latest annualised Regular Premium)
= (USD5,000 x 120 months ÷ 12 – 0) ÷ (10 x USD5,000)
= (USD5,000 x 10) ÷ (10 x USD5,000)
= 1

Final special bonus:
= The latest annualised Regular Premium within the premium payment period x 15% x Adjustment
= USD5,000 x 15% x 1
= USD750

The amount of the special bonus payable at the 15th Policy Anniversary would be USD650, and the amount of special bonus payable at the 20th Policy Anniversary would be USD750.

Case 2

Mr. Lee held the Plan and paid USD5,000 as the annual Regular Premium for 5 consecutive Policy Years and decided to select a lower annual Regular Premium of USD2,500 for the reduced Sum Assured at the end of the 5th Policy Year payable for the remaining premium payment period (i.e. 5 years). He also made a partial withdrawal of USD2,000 from his Basic Account in the 12th Policy Year. It is assumed that premium holiday has not been exercised within the premium payment period.

First Payment:

Special bonus payable at the 15th Policy Anniversary
= The latest annualised Regular Premium within the premium payment period x 13% x Adjustment

Adjustment:
= (The latest annualised Regular Premium x No. of policy months the Regular Premium paid ÷ 12 –
All partial withdrawals made from the Basic Account) ÷ (10 x the latest annualised Regular Premium)
= (USD2,500 x 120 months ÷ 12 – USD2,000) ÷ (10 x USD2,500)
= (USD2,500 x 10 – USD2,000) ÷ (10 x USD2,500)
= 0.92

First special bonus:
= The latest annualised Regular Premium within the premium payment period x 13% x Adjustment
= USD2,500 x 13% x 0.92
= USD299

Final Payment:

Special Bonus payable at the 20th Policy Anniversary
= The latest annualised Regular Premium within the premium payment period x 15% x Adjustment

Adjustment:
= (The latest annualised Regular Premium x No. of policy months the Regular Premium paid ÷ 12 –
All partial withdrawals made from the Basic Account) ÷ (10 x the latest annualised Regular Premium)
= (USD2,500 x 120 months ÷ 12 – USD2,000) ÷ (10 x USD2,500)
= (USD2,500 x 10 – USD2,000) ÷ (10 x USD2,500)
= 0.92

Final special bonus:
= The latest annualised Regular Premium within the premium payment period x 15% x Adjustment
= USD2,500 x 15% x 0.92
= USD345

The amount of the special bonus payable at the 15th Policy Anniversary would be USD299, and the amount of special bonus payable at the 20th Policy Anniversary would be USD345.

The above examples are hypothetical and for illustrative purposes only and it is assumed that all premiums are paid in full when due and as planned during the premium payment period.

Refund of COI

Provided that (i) the Prescribed Percentage of the Basic Policy is not less than 300% at any time during the first 20 Policy Years; (ii) there is COI being charged for the Basic Policy during the first 20 Policy Years; and (iii) the Basic Policy has not been reinstated, a one-off refund of COI equivalent to a maximum of 50% of the total COI charged during the first 20 Policy Years will be payable at the 20th Policy Anniversary to the Basic Account.

If partial withdrawal has been made from the Basic Account on or before the 20th Policy Anniversary, or the Regular Premium has been reduced or premium holiday has been taken during the premium payment period, the refund amount will be adjusted accordingly and it may be significantly reduced. Please refer to the section **"B) Summary of fees and charges"** for information on COI.

The amount of COI to be refunded is calculated as follows:

Refund of COI = Total COI charged during the 1st to the 20th Policy Years x 50% x Adjustment*

* Adjustment = (The latest annualised Regular Premium x No. of policy months the Regular Premium paid ÷ 12 – All partial withdrawals made from the Basic Account) ÷ (10 x the latest annualised Regular Premium)
The adjustment is subject to a minimum of zero.

You may refer to the "Example 7 – How is the refund of COI calculated?" for more information on calculation of the refund of COI.

You may login to AIA+ mobile app / web version, contact your financial planner or call the AIA Customer Hotline for information of the total COI charged.



The amount of COI refunded will be credited to the Basic Account as soon as practicable within one month in the form of Units of the Investment Option(s) in proportion to their respective value(s) being held in the Basic Account at the 20th Policy Anniversary by using the Offer Price prevailing at the next Dealing Day.

In the event that any of such Investment Option(s) is unavailable for allocation, the refund of COI will then be credited by allocating Units of other Investment Option(s) being held in the Basic Account in proportion to their values at the 20th Policy Anniversary. If all the Investment Options under the Basic Account are not available for the crediting of the refund of COI, we shall credit the refund of COI to alternative Investment Option(s) which the latest comparable risk level is appropriate in AIA's view at the time of assessment as compared with all other Investment Options at our absolute discretion at the Offer Price prevailing as at the appropriate Dealing Day of the relevant Investment Option(s).

The amount of COI refunded will form part of the Basic Account Value and will be subject to the on-going fees and charges stated in the section "B) Summary of fees and charges". Once the amount of COI refunded is credited to the Basic Account, it will not be clawed back.

Example 7 - How is the refund of COI calculated?

Mrs. Lam had purchased a Basic Policy with an annualised Regular Premium of HKD100,000 and a Prescribed Percentage of 450% on 28 September 2022.

Case 1

She had been holding the Basic Policy for 20 years and the Prescribed Percentage remained at 450% at the 20th Policy Anniversary. The annualised Regular Premium at policy inception is HKD100,000 and it remains the same within the premium payment period. It is assumed that premium holiday has not been exercised within the premium payment period and no partial withdrawal has been made from the Basic Account. A total of HKD18,810.83 COI was charged during the first 20 Policy Years. She would be entitled to a refund of COI at the 20th Policy Anniversary on 28 September 2042 according to the calculation as follows:

Calculation of the refund of COI payable at the 20th Policy Anniversary:
= Total COI charged from the 1st to the 20th Policy Years x 50% x Adjustment

Adjustment:
= (The latest annualised Regular Premium x No. of policy months the Regular Premium paid ÷ 12 –
All partial withdrawals made from the Basic Account ÷ (10 x the latest annualised Regular Premium)
= (HKD100,000 x 120 months ÷ 12 – 0) ÷ (10 x HKD100,000)
= (HKD100,000 x 10) ÷ (10 x HKD100,000)
= 1

Refund of COI:
= Total COI charged from the 1st to the 20th Policy Years x 50% x Adjustment
= HKD18,810.83 x 50% x 1
= HKD9,405.42

Case 2

She had been holding the Basic Policy for 20 years, she requested for a reduction of the Sum Assured at the 11th Policy Anniversary to lower the Prescribed Percentage to 250%. Since the Prescribed Percentage falls below 300% within the first 20 Policy Years, she would not be entitled to a refund of COI at the 20th Policy Anniversary.

Case 3

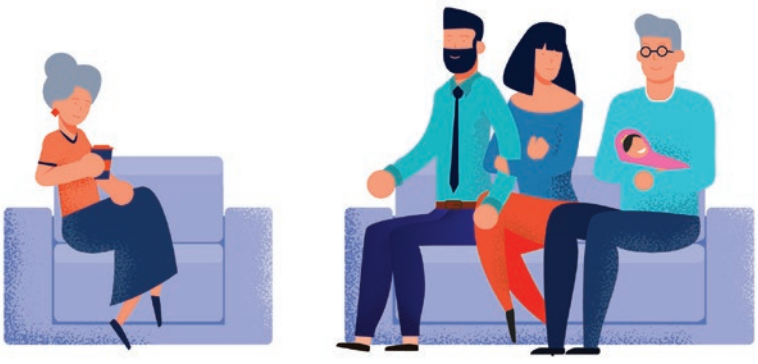
She had been holding the Basic Policy for 20 years. A partial withdrawal of HKD20,000 was made from the Basic Account in the 4th Policy Year. No partial withdrawal was made thereafter. At the 8th Policy Anniversary, she requested for a reduction of the Sum Assured by (i) lowering of the Prescribed Percentage to 300% and such Prescribed Percentage remained unchanged ever since and (ii) reducing the annualised Regular Premium to HKD75,000. It is assumed that premium holiday has not been exercised within the premium payment period. A total of HKD10,487.04 COI was charged during the first 20 Policy Years. She would be entitled to a refund of COI at the 20th Policy Anniversary on 28 September 2042 according to the calculation as follows:

Calculation of the refund of COI payable at the 20th Policy Anniversary:
= Total COI charged from the 1st to the 20th Policy Years x 50% x Adjustment

Adjustment:
= (The latest annualised Regular Premium x No. of policy months the Regular Premium paid ÷ 12 –
All partial withdrawals made from the Basic Account) ÷ (10 x the latest annualised Regular Premium)
= (HKD75,000 x 120 months ÷ 12 – HKD20,000) ÷ (10 x HKD75,000)
= (HKD75,000 x 10 – HKD20,000) ÷ (10 x HKD75,000)
= 0.97333

Refund of COI:
= Total COI charged from the 1st to the 20th Policy Years x 50% x Adjustment
= HKD10,487.04 x 50% x 0.97333
= HKD5,103.68

The above examples are hypothetical and for illustrative purposes only and it is assumed that all premiums are paid in full when due and as planned during the premium payment period.



Basic Account

Please note that if a partial withdrawal from the Basic Account is made during the first 9 Policy Years, the partial withdrawal will be subject to a surrender charge of up to 30% of the amount withdrawn.

Lump Sum Premium Account (if any)

Partial withdrawal from the Lump Sum Premium Account (if optional Lump Sum Premium is paid) is not subject to any surrender charge.

Once partial withdrawal is made from the Basic Account and / or the Lump Sum Premium Account, the amount withdrawn cannot be repaid into the Account.

Besides, ongoing fees and charges will continue to apply to the remaining Basic Account Value after each partial withdrawal.

You should also note that due to partial withdrawals are made from the Account Value, the death benefit payable and the amount of loyalty bonus, persistency bonus, special bonus and refund of COI entitlement (if applicable) will be reduced.



Partial Withdrawal

Partial withdrawal from the Lump Sum Premium Account is free of charge.

Partial withdrawal from the Basic Account is subject to surrender charge in the first 9 Policy Years.

You may withdraw part of your Account Value any time, while your Basic Policy is in force by submitting your request for partial withdrawal in writing using our prescribed form(s) together with the documentations as required for us to comply with any applicable law and relevant regulatory requirements for our approval. Your request for partial withdrawal may be subject to surrender charges, where applicable.

You need to specify the number of Units of the Investment Options you want to withdraw. If the selected Investment Option(s) is / are present in more than one account under the Basic Policy, you do not have to specify the withdrawal to be made from which account, the number of Units requested to be withdrawn shall be cancelled from the Lump Sum Premium Account first before cancellation of the Units in the Basic Account. The amount of partial withdrawal is calculated by multiplying such number of Units by the Bid Price of the relevant Investment Options as at the Dealing Day immediately following the Business Day we received the request with the required documentation to our satisfaction. You may login to AIA+ mobile app / web version, contact your financial planner or call the AIA Customer Hotline for information of the number of Units of the Investment Options under your Basic Account and Lump Sum Premium Account (if any).

We will not accept a request for partial withdrawal if:

(a) the amount to be withdrawn is less than the minimum partial withdrawal amount of USD100/HKD800/RMB700; or

(b) the balance of the Account Value immediately after the partial withdrawal would fall below USD1,500/HKD12,000/RMB10,500; or

(c) unless the entire holding of an Investment Option (Cash Distribution) is withdrawn, the remaining holding balance of any Investment Option (Cash Distribution) immediately after the partial withdrawal from it would fall below USD2,000/HKD16,000/RMB14,000.

We have the right to vary the abovementioned minimum requirements on partial withdrawal amount, balance of the Account Value immediately after the partial withdrawal and remaining holding balance of any Investment Option (Cash Distribution) immediately after the partial withdrawal with not less than one month's prior written notice or shorter notice period in compliance with relevant regulatory requirements.

Upon receipt of the required documentation to our satisfaction on a Business Day, we will cancel the specified Units of Investment Options held in the Account according to your instructions. The cancellation of the specified Units will take place as soon as practicable at the Bid Price of the Investment Options at the Dealing Day immediately following the Business Day we received your request for partial withdrawal, and we will pay you such value less any applicable surrender charge normally within 12 Business Days after completion of transactions in the Investment Options. However, we have the right to defer such payments under exceptional circumstances. Please refer to the section "Exceptional Circumstances" for details regarding such deferment.

Please note partial withdrawal made may reduce the Account Value and entitlement to bonuses and refund of COI. If the Account Value is insufficient to pay for the COI and account value charge, the Basic Policy will Lapse.



Surrender

You may request a surrender of your Basic Policy in writing for its Surrender Value on our prescribed form(s) together with the documentations as required for us to comply with any applicable law and relevant regulatory requirements for our approval.

Upon receipt of your request to surrender and the required document(s) to our satisfaction on a Business Day, we will cancel all of the Units held in the Account. The cancellation of Units will take place as soon as practicable at the Bid Price of the relevant Investment Option(s) at the Dealing Day immediately following the Business Day we received your request for surrender and the required document(s) to our satisfaction. We will pay you such Account Value less any applicable surrender charge which can be up to 30% of the Basic Account Value, normally within 12 Business Days after completion of transactions in the Investment Options. However, we have the right to defer such payments under exceptional circumstances. Please refer to the section "Exceptional Circumstances" for details regarding such deferment.

Determination of surrender charge upon partial withdrawal / non-payment of Regular Premium during the first 3 Policy Years / surrender

Surrender charge is applicable (1) in the event of partial withdrawal made from the Basic Account during the first 9 Policy Years; (2) in the event of Lapse of the Basic Policy due to non-payment of the Regular Premium at the expiry of the Grace Period during the first 3 Policy Years; or (3) in the event of surrender of the Basic Policy during the first 9 Policy Years.

The amount of surrender charge is calculated by multiplying the amount withdrawn from the Basic Account (applicable to partial withdrawal during the first 9 Policy Years) or the Basic Account Value (applicable to Lapse of the Basic Policy due to non-payment of the Regular Premium at the expiry of the Grace Period during the first 3 Policy Years or surrender of the Basic Policy during the first 9 Policy Years) by the relevant surrender charge rate, which varies according to the applicable Policy Year and can be up to 30% of the Basic Account Value. Any surrender charge incurred will be deducted from the proceeds of the three aforementioned situations. Please refer to the section **"B) Summary of fees and charges"** for more information of surrender charge.

The surrender charge is calculated as follows:

Applicable to (i) Lapse of the Basic Policy due to non-payment of the Regular Premium at the expiry of the Grace Period during the first 3 Policy Years or (ii) surrender of the Basic Policy during the first 9 Policy Years

Surrender charge = **Basic Account Value** x **applicable surrender charge rate for the respective Policy Year when the Lapse or surrender occurs**

Applicable to partial withdrawal during the first 9 Policy Years

Surrender charge = **the amount withdrawn from Basic Account** x **applicable surrender charge rate for the respective Policy Year when the partial withdrawal is made**

Example 8: Illustration example of surrender charge for partial withdrawal

1. Mr. Lau paid an annual Regular Premium of HKD60,000 for his Basic Policy without paying any Lump Sum Premium.
2. In the 3rd Policy Year, he requested to withdraw HKD20,000 from the Basic Policy. On the Business Day that the required documents to our satisfaction was received, the Basic Account Value was HKD66,500.

Since no Lump Sum Premium has been paid since policy inception (i.e. Lump Sum Premium Account is not applicable to Mr. Lau's Basic Policy), partial withdrawal will be made from the Basic Account only. Surrender charge is applicable to the amount withdrawn in the event of partial withdrawal from the Basic Account in the first 9 Policy Years.

Basic Account Value

The Basic Account Value under Mr. Lau's Basic Policy at the time of the partial withdrawal made in the 3rd Policy Year was HKD66,500.

To calculate the surrender charge for the partial withdrawal:

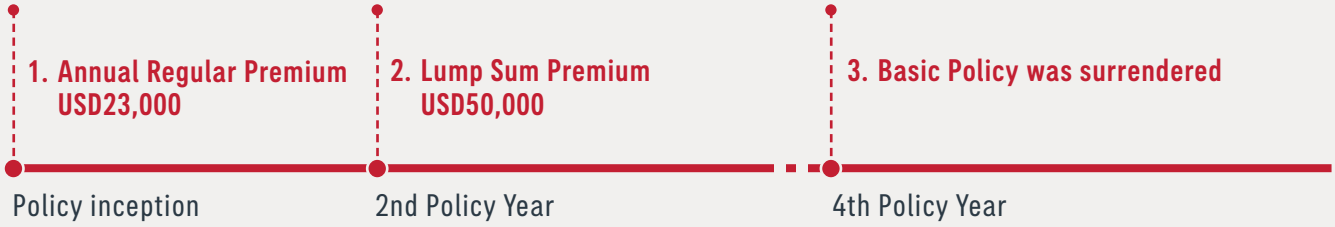
The surrender charge:
= Partial withdrawal from the Basic Account x applicable surrender charge rate in the 3rd Policy Year
= HKD20,000 x 13%
= HKD2,600

The net partial withdrawal amount Mr. Lau received:
= Partial withdrawal from the Basic Account – surrender charge applicable to the Basic Account
= HKD20,000 – HKD2,600
= HKD17,400

The above example is hypothetical and for illustrative purposes only and it is assumed that all premiums are paid in full when due and as planned during the premium payment period.

Example 9: Illustration example of surrender charge for surrender

1. Mr. Chan paid an annual Regular Premium of USD23,000 for his Basic Policy.
2. In the 2nd Policy Year, Mr. Chan paid a Lump Sum Premium of USD50,000.
3. In the 4th Policy Year, Mr. Chan surrendered his Basic Policy with an Account Value of USD160,000, under which USD100,000 was in the Basic Account and USD60,000 was in the Lump Sum Premium Account. It is assumed that premium holiday has not been exercised under the Basic Policy.



How to calculate the surrender charge for surrender?

Surrender charge is applicable to the Basic Account Value in the event of surrender from the Basic Account during the first 9 Policy Years. Surrender from the Lump Sum Premium Account is not subject to surrender charge.

As the Basic Policy was surrendered in the 4th Policy Year, a surrender charge will be applied to the Basic Account.

The surrender charge applicable to the Basic Account in the 4th Policy Year:
= Basic Account Value x applicable surrender charge rate in the 4th Policy Year
= USD100,000 x 12%
= USD12,000

The Surrender Value Mr. Chan received:
= (Basic Account Value – surrender charge applicable to the Basic Account) + Lump Sum Premium Account Value
= (USD100,000 – USD12,000) + USD60,000
= USD148,000

The above example is hypothetical and for illustrative purposes only and it is assumed that all premiums are paid in full when due and as planned during the premium payment period.

For further details on how the surrender charge is determined, please refer to the section **"B) Summary of fees and charges"** and **"C) Illustrative examples on fees and charges"** for more information.

The Plan is intended for long-term investment. A surrender charge of up to 30% of the Basic Account Value is applicable to surrender during the first 9 Policy Years. The amount payable to you upon surrender may be lower than the premium paid. Poor performance of the underlying funds may further magnify your investment losses.

Termination

Your Basic Policy shall terminate on the earliest of the following events:

	Event	Payment to customer upon termination	Surrender Charge applied	Relevant section
(a)	**Cancellation of the Basic Policy during the cooling-off period**	Refund to the policyholder any premium(s) and levy paid to us (without interest) less the amount of partial withdrawal paid to policyholder (if any); the amount of cash dividend paid to the policyholder (if any); and market value adjustments (if any).	Not applicable	Cooling-off period
(b)	**Lapse due to failure to pay the Regular Premium at the expiry of Grace Period in the first three Policy Years**	Surrender Value payable to the policyholder which is equal to the Account Value less any applicable surrender charge upon Lapse.	Applicable	Surrender / Regular Premium
(c)	**Surrender of the Basic Policy**	Surrender Value payable to the policyholder which is equal to the Account Value less any applicable surrender charge upon surrender.	Applicable	Surrender
(d)	**Death of the insured**	Death benefit payable to the beneficiary(ies)	Not applicable	Death benefit
(e)	**Rescission of the Basic Policy by us as a result of the insured commits suicide within one year from the Issue Date or Commencement Date of the reinstatement of the Basic Policy, whichever is later**	Refund to the beneficiary(ies) the sum of the Basic Account Value and the Lump Sum Premium Account Value (if any), and to refund any account value charge, COI and premium charge previously deducted (if applicable).	Not applicable	Death benefit
(f)	**Lapse due to the Account Value is insufficient to pay for the COI and account value charge**	No payment is payable from us. The policyholder is not required to pay any unpaid portion of the COI and / or the account value charge.	Not applicable	Definition of Lapse under the section **"F) Glossary"**

Once your Basic Policy is terminated, all benefits under your Basic Policy will be terminated. Termination of your Basic Policy will not affect any claim arising prior to such termination.

In the event of (b) and (c) above, the surrender charge will be applied during the first 3 and 9 Policy Years respectively and therefore the Surrender Value may be lower than the premium paid. Poor performance of the underlying funds may further magnify your investment losses.

In the event of (f) above, the Basic Policy has Lapsed due to the Account Value is insufficient to pay for the COI and account value charge, we will not ask you to pay back any outstanding COI and / or the account value charge. You can pay a Lump Sum Premium to your Basic Policy before the Lapse in order to keep your Basic Policy in force. We will send you a prior notification at least two months before the potential Lapse of your Basic Policy. You may login to AIA+ mobile app / web version, contact your financial planner or call the AIA Customer Hotline for information of the Account Value.

Please refer to the section **"B) Summary of fees and charges"** for more information.

B) Summary of Fees and Charges

AIA has the right to vary the policy charges with not less than one month's prior written notice or such shorter period of notice in compliance with the relevant regulatory requirements.

Please consult your financial planner for a personalized illustration document to understand more about how the fees and charges affect the Surrender Value and death benefit based on your own profile.

Policy charges payable to AIA

For Basic Account:

<table>
<tr><th>Applicable charge</th><th>Applicable rate</th><th>When and how the charges are deducted</th></tr>
<tr><td colspan="3">Platform fee</td></tr>
<tr><td>Account value charge</td><td>The account value charge is calculated on each Monthiversary as follows:

Applicable account value charge rate / 12 x Basic Account Value

<table><tr><th>Policy Year</th><th>Account value charge rate (per annum)</th></tr><tr><td>1 - 5</td><td>2.8%</td></tr><tr><td>6 - 10</td><td>1.8%</td></tr><tr><td>From 11 and thereafter</td><td>1.5%</td></tr></table>
Please note account value charge is only appliable to the Basic Account.

Please refer to the section "C) Illustrative examples on fees and charges" for examples on the calculation of the account value charge.</td><td>Deduct from the Basic Account Value at each Monthiversary while the Basic Policy is in effect by cancelling Units of Investment Options being held in the Basic Account in proportion to their respective values.</td></tr>
</table>

Applicable charge	Applicable rate	When and how the charges are deducted
Cost of insurance protection		
COI	**For Basic Policy** COI will be charged monthly starting from the 1st Policy Year up to the Policy Anniversary on or immediately following the insured's 65th birthday, while the Basic Policy is in effect. The COI is calculated as follows: **COI = sum at risk x COI rate** whereas: i) Sum at risk is the death benefit of the Basic Account minus the Basic Account Value, subject to a minimum of zero. ii) COI rates are based on the following factors of the insured: 1) Attained Age and / or Issue Age; 2) gender; and 3) class of risk (including, but not limited to, health status, smoking status, nationality and residence) 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 65th birthday. Please refer to the section **"G) Cost of Insurance Rates"** for indicative standard COI rates. Your applicable COI rates can be found in the appendix to your personalised illustration document.	Deduct from the Basic Account Value at each Monthiversary while the Basic Policy is in effect by cancelling Units of Investment Options being held in the Basic Account in proportion to their respective values. When the Basic Account Value is insufficient to pay for the COI, the outstanding COI will be deducted from the Lump Sum Premium Account (if any). If the Account Value is insufficient to pay for the COI, the Basic Policy will Lapse.
Charge on early surrender or partial withdrawal or non-payment of regular premium		
Surrender charge	Surrender charge is applicable in the event of: (i) partial withdrawal made from the Basic Account during the first 9 Policy Years; (ii) Lapse of Basic Policy due to failure to pay the Regular Premium at the expiry of Grace Period during the first 3 Policy Years; or (iii) surrender of the Basic Policy during the first 9 Policy Years.	Deduct from the value of units of Investment Options cancelled in accordance with the partial withdrawal, non-payment of the Regular Premium or surrender. You will only receive the net amount after deducting the applicable surrender charge.

<table>
<tr><th>Applicable charge</th><th>Applicable rate</th><th>When and how the charges are deducted</th></tr>
<tr><td>Surrender charge (Cont.)</td><td>
The applicable surrender charge rates for the respective Policy Years are set out as follows:
<table>
<tr><th>Policy Year</th><th>Surrender Charge Rate</th></tr>
<tr><td>1</td><td>30%</td></tr>
<tr><td>2</td><td>20%</td></tr>
<tr><td>3</td><td>13%</td></tr>
<tr><td>4</td><td>12%</td></tr>
<tr><td>5</td><td>11%</td></tr>
<tr><td>6</td><td>10%</td></tr>
<tr><td>7</td><td>8%</td></tr>
<tr><td>8</td><td>6%</td></tr>
<tr><td>9</td><td>5%</td></tr>
<tr><td>10 and thereafter</td><td>Not applicable</td></tr>
</table>
(a) <u>For partial withdrawal:</u>
In the event of partial withdrawal made from the Basic Account during the first 9 Policy Years, the surrender charge is applicable and is calculated according to the relevant surrender charge rate (as set out in the table above) multiplied by the partial withdrawal amount.
(b) <u>For non-payment of the regular premium:</u>
In the event of Lapse of the Basic Policy due to non-payment of the Regular Premium at the expiry of the Grace Period during the first 3 Policy Years, the surrender charge is applicable and is calculated according to the relevant surrender charge rate (as set out in the table above) multiplied by the Basic Account Value.
(c) <u>For surrender:</u>
In the event of surrender of the Basic Policy during the first 9 Policy Years, the surrender charge is applicable and is calculated according to the relevant surrender charge rate (as set out in the table above) multiplied by the Basic Account Value.
Please refer to the sections “Partial withdrawal”, “Surrender” and C) “Illustrative examples on fees and charges” of the product brochure for more information.
</td><td></td></tr>
</table>

For Lump Sum Premium Account (if applicable):

Applicable charge	Applicable rate	When and how the charges are deducted
Platform fee		
Upfront charge (i.e. Premium charge)	6% of each Lump Sum Premium received by us deducted upfront before investment.	Deduct from each Lump Sum Premium received by us.

AIA may vary the charges with no less than 1-month prior written notice or such shorter period of notice in compliance with the relevant regulatory requirements.

Underlying funds charges

You should note that the underlying funds of the Investment Options may have separate charges on management fee, performance fee, bid-offer spread and / or switching fee. You do not pay these fees directly – the fees will be deducted from and reflected in the unit price of the underlying funds. For details, please refer to the investment options brochure of the Plan and the offering documents of the underlying funds, which are available from AIA upon request.

C) Illustrative Examples on Fees and Charges

The below examples are hypothetical and for illustrative purposes only and it is assumed that all premiums are paid in full when due and as planned during the premium payment period.

Example 10: Illustration examples of account value charge

1. Mr. Cheung paid an annual Regular Premium of HKD100,000 for his Basic Policy.
2. In the 1st Policy Year at the 1st Monthiversary, the Basic Account Value was HKD100,500.
3. In the 2nd Policy Year at the 23rd Monthiversary, Mr. Cheung paid a Lump Sum Premium of HKD50,000.
4. In the 6th Policy Year at the 61st Monthiversary, his Basic Policy had an Account Value of HKD180,000, under which HKD120,000 was in the Basic Account and HKD60,000 was in the Lump Sum Premium Account.

How to calculate the account value charge?

The account value charge of 2.8% per annum (i.e. 2.8% p.a. ÷ 12 per month) is applicable to the Basic Account Value for first 5 Policy Years and payable at each Monthiversary.

The account value charge payable from the Basic Account in the 1st Policy Year at the 1st Monthiversary:
= Basic Account Value at the 1st Monthiversary x account value charge per annum ÷ 12
= HKD100,500 x 2.8% p.a. ÷ 12
= HKD234.5

The account value charge of 1.8% per annum (i.e. 1.8% p.a. ÷ 12 per month) is applicable to the Basic Account Value on each Monthiversary from the 6th Policy Year to the 10th Policy Year and payable at each Monthiversary.

The account value charge payable from the Basic Account in the 6th Policy Year at the 61st Monthiversary:
= Basic Account Value at the 61st Monthiversary x account value charge per annum ÷ 12
= HKD120,000 x 1.8% p.a. ÷ 12
= HKD180

Account value charge is not applicable to the Lump Sum Premium Account under the Basic Policy, but please note each Lump Sum Premium is subject to a 6% upfront charge.

D) Investment Options Information

What you are investing in is an investment linked insurance policy. We will invest the premium received from you into the underlying funds corresponding to the Investment Options as selected by you for our asset liability management. **The premium you paid towards the Plan will become part of the assets of AIA. You do not have any rights or ownership over any of those assets. Your recourse is against AIA only. You are not investing in the underlying funds. The Units allocated to your Account are notional and are solely for the purpose of determining the Account Value and benefits under your Basic Policy. Your Account Value and investment return are not guaranteed.**

Please refer to the investment options brochure of the Plan and the offering documents of the underlying funds which are available at www.aia.com.hk for more information.

Investment Options

We have made a number of Investment Options available to the Plan. Please refer to the investment options brochure of the Plan for more information.

The investment returns of your Basic 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 Basic Policy.

We will allocate your premium (after deducting all applicable charges) in one or a combination of Investment Options in accordance with your instructions in terms of percentages. While you can assign different combinations of Investment Options for your Regular Premium and Lump Sum Premium, please be noted that Investment Options (Cash Distribution) are not available for selection through allocation of Regular Premium and can only be selected through Lump Sum Premium. For each allocation instruction:

(i) the percentage allocated to each selected Investment Option must be in integer and at least 10% in each selected Investment Option;

(ii) the total of all your premium allocation percentages must be 100% for each of Regular Premium and Lump Sum Premium (if any);

(iii) you may choose up to 10 Investment Options for each of Basic Account and Lump Sum Premium Account (if any) respectively; and

(iv) if an Investment Option (Cash Distribution) is selected for Lump Sum Premium, the minimum amount for each investment is USD2,000/HKD16,000/RMB14,000.

Units of an Investment Option to be cancelled from your Account upon partial withdrawal, Investment Option switching or termination of the Basic Policy will be calculated at the Bid Price. The Bid Price will be the same as the bid price of the corresponding underlying fund.

At present, the underlying funds of all Investment Options do not charge bid and offer spreads or the spreads have been waived. In these cases, the Bid Price and the Offer Price of an Investment Option are the same and are equal to the corresponding bid price and the offer price of the corresponding underlying fund.

For the latest information on the Offer Price and the Bid Price, please refer to aia.com.hk. You may also obtain the Bid Price and the Offer Price of an Investment Option on a certain Valuation Day from us through your financial planner.

Investment Options Switching

You may switch the Units in the Investment Options held in your Account, provided that the switched amount is at least USD100/HKD800/RMB700 per transaction. Switching into an Investment Option (Cash Distribution) can be made in the Basic Account and Lump Sum Premium Account, subject to a minimum investment amount of USD2,000/HKD16,000/RMB14,000 per transaction. Unless the entire holding of an Investment Option (Cash Distribution) is switched out, the minimum amount to be switched out from an Investment Option (Cash Distribution) is USD100/HKD800/RMB700 per transaction and the remaining holding balance of the Investment Option (Cash Distribution) immediately after the switch should be at least equal to USD2,000/HKD16,000/RMB14,000. We have the right to vary the abovementioned minimum requirements on the amount for switching out, switching in and remaining holding balance after switching out with not less than one month's prior written notice or shorter notice period in compliance with relevant regulatory requirements.

We will cancel the Units in the Investment Options you wish to switch out of and allocate Units in other Investment Options according to your instructions.

The cancellation of Units will take place at the Bid Price of the respective Investment Options prevailing on the Dealing Day immediately following the Business Day we received your request with the required document(s) to our satisfaction. The allocation of Units will take place at the Offer Price of the respective Investment Options prevailing on the next Dealing Day after completion of the corresponding cancellation of Units. Your switching request is normally completed within 7 Business Days after receipt of the request with the required document(s) to our satisfaction. However, we have the right to defer such date of completion accordingly if any Business Day during the course is not a Valuation Day or under exceptional circumstances. Please refer to the section "Exceptional Circumstances" for details regarding such deferment. There is no switching fee.

If the Investment Option of which Units are cancelled from your Account is denominated in a currency different from the base currency of your Basic Policy, we will convert the proceeds from the cancelled Units into the base currency of your Basic Policy. If the alternative Investment Option of which Units are to be allocated to your Account is denominated in a currency different from the base currency of your Basic Policy, we will further convert the proceeds denominated in the base currency into the denominated currency of the alternative Investment Option in order to determine the number of Units of the alternative Investment Option to be allocated to your Account. Currency conversion will be conducted at an exchange rate as determined by us in good faith and commercially reasonable manner with reference to the prevailing market exchange rates from time to time. Please refer to the aia.com.hk for the prevailing exchange rates. Please note that these currency conversions will be subject to exchange rate risks.

Subject to our absolute discretion in good faith and commercially reasonable manner, we may exercise methods of Investment Option switching other than those prescribed above which in our opinion are more efficient or cost-effective to you. For example, we may offer direct value switching if the switching in Investment Option is denominated in the same currency as the switching out Investment Option even if their denominating currency is different from the base currency of your Basic Policy.

Please refer to section "Investment Options Administration" of the investment options brochure for more information.



Rounding of Units and Unit Prices

The number of the Units to be allocated to or cancelled from the Account is rounded to the nearest four decimal places. The Bid Price and the Offer Price are rounded to the nearest four decimal places. Any remaining balance after such rounding will be absorbed by AIA.

Changes to Underlying Funds of the Investment Options

We will give you written notice of at least one month (or such other shorter period in compliance with the relevant regulatory requirements) prior to cessation, closure, winding-up, termination or change of investment objective for the relevant underlying fund of the Investment Option.

Dividend of Underlying Funds

Dividend may be distributed by us through (1) re-investing the dividend amount in the form of additional Units for Investment Options other than Investment Option (Cash Distribution) or (2) paying out the dividend amount in cash for Investment Option (Cash Distribution). Please refer to the section "Dividend of Underlying Funds" of the investment options brochure for more information.

You will be notified of the dividend distribution(s) in the quarterly statement following distribution of such dividend.

The amount of dividend paid by the Investment Options (Cash Distribution) and the compositions of the dividends (i.e. the relative amounts paid out of (i) net distributable income and (ii) capital) of the corresponding underlying funds are made available on our website and upon request. Please refer to aia.com.hk under "Invest" ➔ "Investment Options Information" ➔ "Cash Dividend Distribution Record" for information on dividend payment.

We may change the distribution policy of the ILAS (including their Investment Options and Investment Options (Cash Distribution)) subject to the prior approval of the SFC by giving not less than one month's prior notice to you or such shorter period in compliance with relevant regulatory requirement.

E) General Information

Currency of Your Benefits Payment

The payment of death benefit, partial withdrawal and surrender will be made in the base currency of your Basic Policy provided that we have the absolute discretion to make payment in other currencies. You may request for the benefits to be paid in the base currency of your Basic Policy or other currencies that we may offer and you select at the time of payment. The exchange rate, if applicable, used is based on an exchange rate as determined by us in good faith and commercially reasonable manner with reference to the prevailing market exchange rates from time to time. Please refer to aia.com.hk for the prevailing exchange rates.



Grace Period

A Grace Period of 45 calendar days from the premium due date will be allowed for payment of each subsequent Regular Premium, the Basic Policy will remain in force during this period. In the first 3 Policy Years (where premium holiday is not allowed), if any Regular Premium remains due at the expiry of the Grace Period, the Basic Policy will Lapse and your Basic Policy shall no longer be in force. The Basic Policy will be terminated and we will cancel all of the Units held in the Account and pay you the Surrender Value within 12 Business Days after completion of transactions in the Investment Options.

From the 4th Policy Year and onwards, any Regular Premium remains due at the expiry of Grace Period will trigger premium holiday. Payment of the Regular Premium is suspended during the premium holiday, Grace Period is not applicable during the premium holiday but it will be resumed upon resumption of payment of the Regular Premium. Please refer to the section “Premium Holiday” of the product brochure for more information.

In the event of non-payment of the Regular Premium during the first 3 Policy Years, we will send you a prior notification before the expiry of the Grace Period to remind you that your Basic Policy will Lapse if the outstanding premium remains unpaid at the expiry of the Grace Period.

Reinstatement

If the Basic Policy Lapsed during the first 3 Policy Years because a Regular Premium due is not paid at the expiry of the Grace Period, you may request to reinstate the Basic Policy within 2 years after the date of Lapse of the Basic Policy.

To reinstate the Basic Policy, you will need to pay back any unpaid Regular Premium due in the first 3 Policy Years, all outstanding fees and charges (including COI) due (based on Basic Account Value upon Lapse) as determined by us, and the Surrender Value relating to the Basic Account when the Basic Policy Lapsed. Upon reinstatement, we will refund you the surrender charge deducted when the Basic Policy Lapsed. All unpaid Regular Premium and Surrender Value relating to the Basic Account repaid by you and surrender charge refunded to you upon reinstatement of the Basic Policy will be used to allocate Units in accordance with your selection of Investment Option(s) at the relevant Offer Price prevailing at the Dealing Day immediately following the Business Day after we received the payments repaid by you. Such Units will be notionally allocated to the Basic Account.

If the Basic Policy Lapsed because the Account Value becomes insufficient to cover the COI and account value charge of the Basic Policy when due, you may request to reinstate the Basic Policy within 2 years after the Lapse.

To reinstate the Basic Policy, you will need to pay back any unpaid Regular Premium due in the first 3 Policy Years (if applicable) and all outstanding fees and charges (including COI) due (based on Basic Account Value upon Lapse) as determined by us, and to pay a Lump Sum Premium of at least USD1,500/HKD12,000/RMB10,500 subject to the premium charge (applicable if the reinstatement occurs after the 10th Policy Year). All unpaid Regular Premium repaid by you and Lump Sum Premium (if any) paid upon reinstatement will be used to allocate Units in accordance with your selection of Investment Option(s) at the relevant Offer Price prevailing at the Dealing Day immediately following the Business Day after we received such payments from you. Such Units will be notionally allocated to the Basic Account and the Lump Sum Premium Account respectively.

Except for the unpaid Regular Premium due and payable in the first 3 Policy Years, you are not allowed to pay back the outstanding Regular Premium amount due and payable between the date of Lapse of the Basic Policy and the Commencement Date of the reinstatement of the Basic Policy, but you will need to resume payment of the Regular Premium after reinstatement of the Basic Policy (applicable if reinstatement occurs within premium payment period).

We will also require a written application for reinstatement with evidence of the insured's insurability. We may approve or reject such request for reinstatement according to our prevailing underwriting requirements. We will notify you in advance of other terms and conditions we may impose for reinstatement.

If the Basic Policy Lapsed, all coverage under the Basic Policy will only resume from the Commencement Date of the reinstatement of the Basic Policy. There will be no change to the premium payment period and surrender charge period. Except for refund of COI, from the Commencement Date of the reinstatement of the Basic Policy onwards, all future bonus entitlements of the reinstated Basic Policy will not be affected.

Please note your Basic Policy will not be entitled to any persistency bonus, loyalty bonus and special bonus originally payable between the date of Lapse of the Basic Policy and the Commencement Date of the reinstatement of the Basic Policy, and refund of COI is not applicable to Basic Policy which has been reinstated. Further, reinstatement of the Basic Policy will not affect the Policy Year of the Basic Policy and will not change the terms and conditions of your Basic Policy, please also refer to the policy contract for detailed terms and conditions of reinstatement.

Before applying for reinstatement of your Basic Policy, you may contact your financial planner or call the AIA Customer Hotline for more information, including the procedure of reinstatement and calculation of amount to be repaid (including any unpaid Regular Premium due and payable in the first 3 Policy Years and all outstanding fees and charges due as determined by AIA) to us upon reinstatement.

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. If the last day of such 21-calendar day period is not a Business Day or is a gale warning day or black rainstorm warning day, such period shall include the next Business Day. 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 under the cooling-off period, the Basic Policy will be cancelled with effect from the Issue Date. We will then refund to you any premium(s) and levy paid to us less (1) the amount of partial withdrawal 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 immediately following the Business Day we received your cancellation request with the required document(s) to our satisfaction. The maximum amount of market value adjustments that we may make shall not exceed the total amount of premiums allocated to the Account under the Basic Policy (without interest).

To exercise this right, you shall give us a written notice which shall be signed by you and received directly by us at the 12th Floor, AIA Tower, 183 Electric Road, North Point, Hong Kong, or such other address as may be notified in writing by us to you from time to time. You may get back the amount you paid, or less if the value of the Investment Options chosen has gone down.

If you cancel your Basic Policy during the first 9 Policy Years but not within the cooling-off period, a surrender charge of up to 30% of the Basic Account Value is applicable.

Policy Ownership and Assignment

While your Basic Policy is in force, you may, without the consent of the Beneficiary or trustee, change the ownership of your Basic Policy by filing a written notice on the Company's prescribed form. Any change of ownership of the Basic Policy shall be conditional upon the satisfaction of customer due diligence, applicable requirements under Anti-Money Laundering and Counter-Terrorist Financing Ordinance and other applicable guidelines, and any such change will not be effective until such change is evidenced by an endorsement issued by us. Subject to the satisfaction of customer due diligence and other applicable requirements under Anti-Money Laundering and Counter-Terrorist Financing Ordinance and other applicable guidelines, you may also assign your right to the benefits under your Basic Policy by filing a written notice on the Company's prescribed form. We shall not be deemed to have any knowledge of any assignment unless we have acknowledged in writing the receipt of the notice of assignment.

No Third Party Rights

The Basic Policy is excluded from the application of The Contracts (Rights of Third Parties) Ordinance (Chapter 623). Accordingly, other than AIA and the policyholder, a person who is not a party to the Basic Policy (e.g. a third party beneficiary) shall have no right under this Ordinance to enforce any of the terms of the Basic Policy.

Exceptional Circumstances

We will normally pay out the amounts payable under the Basic Policy within twelve (12) Business Days after receipt of the requests with the documentation(s) received to our satisfaction for compliance with any applicable law and relevant requirements. Death benefit (including case of suicide) is normally paid within one (1) month after receipt of the proof of death or evidence of suicide with the documentation(s) to our satisfaction. Switching request is normally completed within seven (7) Business Days after receipt of the request with the required documentation(s) to our satisfaction.

However, we have the right to defer the processing of any requests and / or such payments (if any) under exceptional circumstances including but not limited to prohibition on the transaction of the corresponding underlying fund due to any regulations or occurrence of war or disaster, or restrictions applied by the underlying funds. Such requests and / or payment (if any) will be carried out as soon as practicable after cessation of such event. No interest is payable on such amounts for the period during which the request and / or payment (if any) is deferred. We are not responsible for any losses arising from or attributable to such deferment.

Investment Restrictions and Borrowing Powers

The Plan does not provide for policy loans and has no borrowing powers. For details of the investment restrictions and borrowing powers of the underlying funds, please refer to the offering documents of the respective underlying funds.

Taxation

The levels and bases of taxation that apply to any benefits payable from the Plan will depend on the status of the individual receiving the benefits and will be subject to any changes in relevant tax legislations. You are advised to seek professional advice regarding your own tax circumstances and liability before investing in the Plan.

Foreign Account Tax Compliance Act

Under the U.S. Foreign Account Tax Compliance Act ("FATCA"), a foreign financial institution ("FFI") is required to report to the U.S. Internal Revenue Service ("IRS") certain information on U.S. persons that hold accounts with that FFI outside the U.S. and to obtain their consent to the FFI passing that information to the IRS. An FFI which does not enter into or does not comply with the requirements of an agreement it has entered into with the IRS in respect of FATCA and / or who is not otherwise exempt from doing so (referred to as a "nonparticipating FFI") face a 30% withholding tax ("FATCA Withholding Tax") on all "withholdable payments" (as defined under FATCA) derived from U.S. sources (initially including dividend, interest and certain derivative payments).

The U.S. and Hong Kong have signed an inter-governmental agreement ("IGA") to facilitate compliance by FFIs in Hong Kong with FATCA and which creates a framework for Hong Kong FFIs to rely on streamlined due diligence procedures to (i) identify U.S. indicia, (ii) seek consent for disclosure from its U.S. policyholders and (iii) report relevant tax information of those policyholders to the IRS.

FATCA applies to the Company and this ILAS policy. The Company is a participating FFI. The Company is committed to complying with FATCA. To do so, the Company requires you to:

(i) provide to the Company certain information including, as applicable, your U.S. identification details (e.g. name, address, the US federal taxpayer identifying numbers, etc.); and

(ii) consent to the Company reporting this information and your account information (such as account balances, interest and dividend income and withdrawals) to the IRS. If you fail to comply with these obligations (being a "Non-Compliant Accountholder"), the Company is required to report "aggregate information" of account balances, payment amounts and number of non-consenting US accounts to IRS.

The Company could, in certain circumstances, be required to impose FATCA Withholding Tax on payments made to, or which it makes from, your ILAS policy. Currently the only circumstances in which the Company may be required to do so are:

(i) if the Inland Revenue Department of Hong Kong fails to exchange information with the IRS under IGA (and the relevant tax information exchange agreement between Hong Kong and the U.S.), in which case the Company may be required to deduct and withhold FATCA Withholding Tax on withholdable payments made to your ILAS policy and remit this to the IRS; and

(ii) if you are (or any other account holder is) a nonparticipating FFI, in which case the Company may be required to deduct and withhold FATCA Withholding Tax on withholdable payments made to your ILAS policy and remit this to the IRS.

You should seek independent professional advice on the impact FATCA may have on you or your ILAS policy.

The Automatic Exchange of Information ("AEOI")

From 2018, Hong Kong has started exchanging financial account information with other jurisdictions, thereby enabling them to know taxpayers who place their assets abroad. This is the result of a G20-led initiative carried out by the Organisation for Economic Cooperation and Development. The world is getting global, so tax authorities go global.

Under AEOI, banks and other financial institutions collect and report to the tax authority information in relation to financial accounts held by residents of reportable jurisdictions. The Inland Revenue Department (the "IRD") exchanges this information with the foreign tax authorities of those residents of reportable jurisdictions (i.e. jurisdictions with which Hong Kong has signed the competent authority agreement). In parallel, the IRD receives financial account information on Hong Kong residents from foreign tax authorities.

AIA must comply with the following requirements of the Inland Revenue Ordinance to facilitate the IRD automatically exchanging certain financial account information as provided for thereunder:

(i) to identify certain accounts as reportable accounts*;

(ii) to identify the jurisdiction(s) in which reportable account* holding individuals and entities reside for tax purposes;

(iii) to determine the status of certain reportable account* holding entities as "passive non-financial entities" and identify the jurisdiction(s) in which their "controlling persons" reside for tax purposes;

(iv) to collect certain information on reportable accounts* ("Required Information"); and

(v) to furnish certain Required Information to the IRD (collectively, the "AEOI requirements").

You shall agree to comply with requests made by AIA to comply with the AEOI requirements; otherwise your application for this ILAS policy will not be processed.

* "Reportable Account" has the meaning ascribed to it under the Inland Revenue Ordinance (Cap.112)

Governing Law and Jurisdiction

The Plan is governed by and shall be construed in accordance with the laws of the Hong Kong Special Administrative Region and the parties involved have the right to bring legal action in a Hong Kong court as well as in any court elsewhere which has a relevant connection with the Basic Policy.

Illustration Document

Your financial planner will provide you with a personalised illustration document, which mainly demonstrates how fees and charges affect the Surrender Value and the death benefit based on hypothetical returns on investment as specified in the illustration document.

Responsibility

AIA accepts full responsibility for the accuracy of the information contained in the offering documents and confirm, having made all reasonable enquiries, that to the best of our knowledge and belief there are no other facts the omission of which would make any statement misleading.

The information given in the offering documents is not designed to address your particular situation. Please also refer to the policy contract for detailed terms and conditions. You are advised to seek professional advice for your own circumstances.

The Plan is not a fund authorised by the SFC pursuant to the Code on Unit Trusts and Mutual Funds. The Plan is authorised by the SFC. SFC authorisation does not imply official recommendation or endorsement of the Plan nor does it guarantee the commercial merits of the Plan or its performance. It does not mean the Plan is suitable for all investors nor is it an endorsement of its suitability for any particular investor or class of investors.

The SFC does not take any responsibility for the contents of the offering documents of the Plan, makes no representation as to its accuracy or completeness, expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of the offering documents of the Plan.

AIA is subject to the prudential regulation of the Insurance Authority.

Customer Enquiries and Complaints

For any enquiries and complaints, please contact us by calling AIA Customer Hotline at 2232 8888 or visit our AIA Wealth Select Centre in person during opening hours (as stated on page 2). You can also send your enquiries and complaints to us by mail at 12/F, AIA Tower, 183 Electric Road, North Point, Hong Kong.

F) Glossary

Unless the context otherwise requires, the following definitions apply to the Plan:

"Account" means the account that the Company establishes and maintains for you under the Basic Policy which shall be notionally allocated with Units in accordance with the allocation instructions for determination of the Account Value and under which the following accounts shall be created:

(i) **"Basic Account"** means the account holding all notional units of the Investment Options attributable to the Regular Premiums, including any relevant bonus(es), refund of COI and any dividend(s) amount paid in the form of Units;

(ii) **"Lump Sum Premium Account"** means the account holding all notional units of the Investment Options attributable to the Lump Sum Premium(s) (after deducting any applicable premium charge), including any dividend(s) amount paid in the form of Units.

"Account Value" means the total value of all Investment Options under the Basic Account and Lump Sum Premium Account (if any). 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. You may login to AIA+ mobile app / web version, contact your financial planner or call the AIA Customer Hotline for information of the Account Value.

"Attained Age" means the insured's age attained at the most recent Policy Anniversary.

"Average Basic Account Value" means the sum of the Basic Account Value based on the Latest Available Bid Price at each Monthiversary over the previous 60 months divided by 60.

"Basic Account Value" means the value calculated by multiplying the number of Units of the Investment Options in the Basic Account by the Bid Price of the relevant Investment Option on the relevant Valuation Day.

"Basic Policy" means the contract of **AIA 2-in-1 Protection Linked Plan (Regular Premium)**, including the schedule of fees and charges, as may be amended by Endorsement from time to time.

"Bid Price" means the price per Unit of an Investment Option at which the Units are redeemed from your Account by us on the Dealing Day as determined in accordance with the provisions of the Basic Policy, and is equal to the bid price of the corresponding underlying fund.

"Business Day" means a day other than Saturdays, Sundays and public holidays, on which we are open for business in Hong Kong.

"Commencement Date" means:

(a) In the case of reinstatement of the Basic Policy, it means the date of reinstatement of the Basic Policy as shown in the relevant Endorsement for reinstatement.

(b) In the case of any subsequent changes in coverage of the Basic Policy after the Issue Date, it means the date as shown on the relevant Endorsement when the subsequent changes of the existing terms and / or coverage of the Basic Policy take effect.

"Cost of Insurance" or **"COI"** means the sum at risk multiplied by the relevant Cost of Insurance rate, which is based on the Insured's attained age, gender, class of risk.

"Cut-Off Time" means the point in time as published by us from time to time on each Business Day by which transaction requests must be received. Any transaction request received by us after the Cut-Off Time of a Business Day will be deemed as received before the Cut-Off Time of the next Business Day.

"Dealing Day" is normally a Business Day and a Valuation Day on which allocation of Units or cancellation of the Units of an Investment Option(s) may take place, subject to the dealing and valuation practices of the underlying fund(s) and our time to process a transaction request. If the transaction request is received on a Business Day by the Cut-Off Time, the Dealing Day is the day immediately following the Business Day if it is also a Valuation Day.

"Endorsement" means the document issued by us specifying additional terms and conditions which shall apply, amend, and / or supplement the policy.

"Grace Period" means a period of 45 calendar days from the premium due date will be allowed for payment of each subsequent Regular Premium, the Basic Policy will remain in force during this period.

"Investment Options" or **"Investment Options (Cash Distribution)"** are a range of investment choices available for your selection under the Plan issued by AIA and are set out in the investment options brochure. They are available only via investment in the Plan and are not available for direct purchase. Each Investment Option or Investment Option (Cash Distribution) will link with one underlying fund as specified in the investment options brochure. References to "Investment Option" and "Investment Option (Cash Distribution)" shall have the same meaning, except for the treatment of dividend payment in respect of the relevant underlying fund as refer to the section "Dividend of Underlying Funds" of the investment options brochure.

"Issue Age" means the age of the insured when the Basic Policy is issued and as shown on the Policy Information Page as the "Issue Age".

"Issue Date" means the date on which the Basic Policy came into force and shown on the Policy Information Page as the "Issue Date".

"Lapse" means the termination of the Basic Policy by the Company when any Regular Premium remains unpaid at the expiry of the Grace Period in the first 3 Policy Years; or when the Account Value shall become insufficient to cover the COI and account value charge when due.

"Latest Available Bid Price" means the most recent historical Bid Price of an Investment Option available on a particular day which is used to determine the value of the Investment Option.

"Lump Sum Premium Account Value" means the value calculated by multiplying the number of Units of the Investment Options in the Lump Sum Premium Account by the Bid Price of the relevant Investment Option on the relevant Valuation Day.

"Lump Sum Premium" means the optional unscheduled premium which you may pay to the Company at any time while the Basic Policy is in force which is subject to premium charge and our approval.

"Monthiversary" means 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.

"Offer Price" means the price per Unit of an Investment Option at which Units are notionally allocated to your Account by us on the Dealing Day as determined in accordance with the provisions of the Basic Policy, and is equal to the offer price of the corresponding underlying fund.

"Policy Anniversary" means 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 Date" means the date by which Monthiversary, Policy Anniversary, Policy Year and premium due date are determined and shown on the Policy Information Page as the "Policy Date" or, where amended, the date shown on an Endorsement to the Basic Policy (if any).

"Policy Information Page" means the schedule headed "Policy Information Page" issued with your Basic Policy.

"Policy Year" means each twelve-month period starting from the Policy Date.

"Prescribed Percentage" means a percentage selected by you and approved by us as shown on an Endorsement issued with the Basic Policy. It is used to calculate the death benefit under the Basic Policy. Prescribed Percentage of 150%, 200%, 250%, 300%, 350%, 400% or 450% are made available for selection based on the Issue Age, gender and class of risk of the insured, but subject to a minimum of 150% and our approval. Prescribed Percentage and the Total Premium Payable are used to determine the Sum Assured of the Basic Policy. Any subsequent reduction in the Prescribed Percentage and / or Regular Premium upon your request will reduce the Sum Assured accordingly and such change will be recorded by an Endorsement.

"Record Date" means the date an underlying fund of an Investment Option declares dividend and the date we record the number of Units of the Investment Option you are entitled to in your Basic Policy.

"Regular Premium" means the amount of scheduled regular basic premiums payable on a respective premium due date (excluding any Lump Sum Premiums), which is shown on the Policy Information Page.

"SFC" means the Securities and Futures Commission of Hong Kong.

"Sum Assured" means the amount selected by you and approved by the Company as shown on the Policy Information Page as the "Sum Assured" (any subsequent reduction in the Sum Assured by reducing the Prescribed Percentage and / or reducing Regular Premium upon your request will be amended by an Endorsement). The Sum Assured is equal to the Total Premium Payable multiplied by the Prescribed Percentage.

"Surrender Value" means an amount or value which is equal to the Account Value less any applicable surrender charge upon surrender.

"Total Premium Payable" means the total amount of all scheduled Regular Premiums due (excluding any Lump Sum Premiums) for the Basic Policy within the premium payment period. If the Regular Premium of the Basic Policy has been reduced, the Total Premium Payable will be reduced accordingly and may result in reduction of the death benefit payable. Premium holiday and change of premium payment mode will not affect the Total Premium Payable and Sum Assured.

"Unit" or **"Units"** means a unit or collectively units of the Investment Options or Investment Options (Cash Distribution). The Unit(s) allocated to your Account is notional and is solely for the purpose of determining the Account Value and benefits under your Basic Policy.

"Valuation Day" means, in relation to an underlying fund, the date on which the net asset value of that underlying fund is valued, as determined by the fund manager of that underlying fund from time to time.

G) Cost of Insurance Rates

Cost of Insurance rates for Basic Policy

The table below set out some indicative standard COI rates for the Basic Policy. These standard COI rates are for illustration purposes only. The COI rates can be found in the appendix to your illustration document. Please contact the Company for confirmation of the COI rates applicable to you.

The COI rate increases based on the insured's Attained Age. Please refer to the COI rates table as follows:

Attained Age	COI rates (annual rate per 1,000 Sum at Risk) Base currency: USD, HKD or RMB			
	Male Non-smoker	Male Smoker	Female Non-smoker	Female Smoker
0	1.45	1.45	1.45	1.45
5				
10				
15				
20	0.93	1.25	0.92	1.20
25				
30	0.95	1.30	0.92	1.23
35	1.08	1.66	0.99	1.43
40	1.42	2.50	1.18	1.92
45	2.14	4.00	1.58	2.82
50	3.32	6.43	2.41	4.73
55	5.18	9.67	3.45	6.54
60	8.60	15.17	5.56	10.29
65	15.38	29.57	10.09	18.81
Over 65	0	0	0	0

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