

PRUlink single premium investment plan



What is **PRU**link single premium investment plan?

PRUlink single premium investment plan (the "Plan" or your "Plan") is a single premium whole-life investment-linked insurance plan, specially designed for life assured aged from 1 to 60 (age next birthday).

PRUlink single premium investment plan is offered by Prudential Hong Kong Limited ("Prudential"). Your investment under the Plan is subject to the credit risks of Prudential. The Plan is classified under Class C linked long-term business, as defined in the Insurance Companies Ordinance. It is not a fund authorised by the Securities and Futures Commission ("SFC") pursuant to the Code on Unit Trusts and Mutual Funds ("UT Code"). Please refer to the "Glossary" section on page 17 of this brochure for the definition of specific terms.

How does the Plan work?



Start Your Plan With a Single Premium

PRUlink single premium investment plan is a single premium investment-linked insurance plan denominated in US Dollar that offers whole life protection. You can start the Plan by paying a minimum single premium of US\$10,000, whilst the maximum amount of single premium allowed will be subject to underwriting requirements. No additional premium will be accepted after policy issuance. All premiums and benefits are quoted for payment in US Dollar.

The single premium you paid will be allocated to the investment choice(s) you selected. The policy will be subject to Administration and Assurance Charges which will be deducted from the value of policy account every month after the commencing date as long as the policy is in force. Please refer to the "Summary of charges" section of this brochure for details of the charges.

To find out the value of your policy account, you can sum up the value of each investment choice from your policy account and then deduct from this value any outstanding charges payable from your policy. The value of each investment choice is calculated by multiplying the number of notional units of the investment choice in your policy account by the relevant unit redemption price.

Please note that units allocated to the policy are notional and are solely for the purpose of determining the value of your policy account. Your investment returns under the policy are also subject to the charges of the policy. Hence the returns you get may be lower than the returns of reference funds of the investment choices.

Life coverage for your loved ones



Basic Death Benefit

In the unfortunate event that the life assured passes away while the policy is in force, a Basic Death Benefit which is equivalent to the **higher of (1) and (2) below** will be paid:

- (1) 105% of the value of your policy account*; and
- (2) 105% of the amount equivalent to the single premium paid less total partial withdrawals (including the relevant Redemption Charge deducted in respect of such partial withdrawals, if any) during the term of the policy.

*The value of the policy account will be calculated as at the date we receive the death claim of the life assured. Any applicable charges which have already been incurred but are outstanding at the time of policy termination upon death of the life assured will be first deducted from the policy account before we determine the value of the policy account as set out in the above item (1). Please refer to the "Summary of charges" section for further details.

Subject to the credit risk of Prudential, you will receive at least 105% of the amount equivalent to the single premium you have paid for the Plan less the sum of all partial withdrawals even if the investments you have made have suffered losses.

Assurance Charge for the Basic Death Benefit will be deducted monthly from the value of the policy account on the Charge Deduction Day. The Assurance Charge will reduce the amount that may be applied towards investment in the investment choices you selected. The Assurance Charge may increase significantly during the term of your policy due to factors such as age and investment losses, etc. If the value of the policy account is not sufficient to cover all ongoing fees and charges, including the Assurance Charge, your policy will automatically be terminated and you could lose all your premiums paid and benefits. Please refer to the "Summary of charges" section for further details.

In case the life assured commits suicide within one year from the date of issuance of the policy, our liability will be limited to the value of the policy account plus a refund of all charges we have deducted for this policy. The original amount of Extra Allocation previously credited to your policy will be first clawed back from the value of the policy account. Regarding the claw back of the Extra Allocation, no adjustment will be made in respect of the investment gain or loss arising from the notional units of investment choices allocated for the Extra Allocation and the corresponding fees and charges that have been levied on these notional units.

The Basic Death Benefit payment will normally be payable within one month after we have received all proper documents for us to assess the claims. The whole payment of the Basic Death Benefit may be deferred or suspended (i) when the dealings and / or the valuation of any investment choice under your policy account have been deferred or suspended in circumstances of the deferment, closure, restriction or suspension of trading of underlying investments of such investment choice has invested; and / or (ii) in any exceptional circumstances which are beyond the control of Prudential that such suspension or deferment is necessary. The death benefit payment will be made as soon as practicable after cessation of such events / circumstances. No interest will be provided in respect of the period between the notification of the death claim and the date of claim payment. For details of the deferment and / or suspension conditions of the reference funds, please refer to the relevant offering documents of the reference funds.

Please note that your Basic Death Benefit is subject to investment risks and market fluctuations as it is linked to the performance of the reference funds of the investment choices you selected from time to time. Poor performance of the reference funds may reduce the value of the policy account.

Examples for the calculation of the Basic Death Benefit

(All figures are hypothetical and for illustrative purpose only. They have been rounded to the nearest dollar.)

Illustrative example 1

Single premium paid	US\$80,000
Assumed value of the policy account	US\$85,000
Outstanding fees and charges incurred	US\$0
Value of the policy account as at the date of Prudential received the death claim of the life assured after the deduction of the outstanding fees and charges	US\$85,000 – US\$0 = US\$85,000
Total partial withdrawals made (including the Redemption Charge deducted in respect of such partial withdrawals)	US\$0
Basic Death Benefit of the PRULink single premium investment plan	<p>(1) 105% x value of the policy account = 105% x US\$85,000 = US\$89,250</p> <p>(2) 105% x (single premium paid – total partial withdrawals made) = 105% x (US\$80,000 – US\$0) = US\$84,000</p> <p>Basic Death Benefit of the PRULink single premium investment plan = The higher of (1) and (2) = US\$89,250</p>

Illustrative example 2

Single premium paid	US\$80,000
Assumed value of the policy account	US\$70,000
Outstanding fees and charges incurred	US\$200
Value of the policy account as at the date of Prudential received the death claim of the life assured after the deduction of the outstanding fees and charges	US\$70,000 – US\$200 = US\$69,800
Total partial withdrawals made (including the Redemption Charge deducted in respect of such partial withdrawals)	US\$1,000
Basic Death Benefit of the PRULink single premium investment plan	<p>(1) 105% x value of the policy account = 105% x US\$69,800 = US\$73,290</p> <p>(2) 105% x (single premium paid – total partial withdrawals made) = 105% x (US\$80,000 – US\$1,000) = US\$82,950</p> <p>Basic Death Benefit of the PRULink single premium investment plan = The higher of (1) and (2) = US\$82,950</p>

Accidental Death Benefit

Accidental Death Benefit is equivalent to the **higher of (1) and (2) below**:

- (1) 100% of the value of policy account*; and
- (2) 100% of the amount equivalent to the single premium paid less total partial withdrawals (including the relevant Redemption Charges deducted in respect of such partial withdrawals, if any) during the term of the policy.

*The value of the policy account will be calculated as at the date we receive the death claim of the life assured. Any applicable charges which have already been incurred but are outstanding at the time of policy termination upon death of the life assured will be first deducted from the policy account before we determine the value of the policy account as set out in the above item (1). Please refer to the "Summary of charges" section for further details.

Accidental Death Benefit is payable in addition to and at the same time as the Basic Death Benefit in the event that the life assured passes away within 90 days as a result of an accident. The accident must have occurred while the policy is in force and before the relevant policy anniversary which comes immediately after the life assured reaches age 71 (age next birthday). The maximum total amount of the Accidental Death Benefit payable for the same life assured under all **PRUlink single premium investment plan** policies issued in respect of that life assured is US\$250,000.

A death will not be considered as caused by an accident if the death is a direct or indirect result of: war, hostilities (whether war is declared or not), rebellion, insurrection; riot, civil commotion; alcohol, narcotics or drugs unless taken as prescribed by a registered doctor; attempted suicide, suicide or self inflicted injuries while sane or insane; participation in any criminal offence; scuba diving or engaging in or taking part in any kind of race other than on foot; travelling or flights in any vehicle or device for aerial navigation other than as a fare-paying passenger on a scheduled public air service; an activity or disease under the exclusion(s) shown in any Special Provision of your policy, where such Special Provision may be imposed based on underwriting result.

Bonuses



Extra Allocation

Extra Allocation, which is a percentage of the single premium paid, will be paid in the form of additional notional units of your investment choice(s) provided that the single premium paid is received and meets the following criteria:

Single Premium (US\$)	Extra Allocation (% of Single Premium Paid)
\$25,000 – \$49,999	0.50%
\$50,000 – \$99,999	0.75%
\$100,000 or above	1.00%

The percentages listed above do not represent the rates of return or the performance of your investment.

The Extra Allocation will be payable upon confirmed receipt of your single premium of US\$25,000 or above, in the form of additional notional units of your investment choice(s) at the unit issue price in the same proportion as your premium allocation instructions at the time when we calculate your entitlement of the Extra Allocation. The additional notional units will be credited to your policy account upon the receipt of the single premium on the same valuation date of the investment choice to which your premium is allocated. The Extra Allocation will then form a part of the value of the policy account and will also be subject to the relevant charges applicable to the policy account. For details of the charges, please refer to the “Summary of charges” section.

In case the life assured commits suicide within one year from the date of issuance of the policy, the original amount of Extra Allocation, if any, previously credited to your policy will be first clawed back from the value of the policy account before we determine the benefit proceeds payable. Regarding such claw back, no adjustment will be made in respect of the investment gain or loss arising from the notional units of investment choices allocated for the Extra Allocation and the corresponding fees and charges that have been levied on these notional units.

The original amount of Extra Allocation previously credited to your policy will be clawed back from the value of the policy account if you cancel your policy during cooling-off period. Please refer to the “Cooling-off Period” sub-section under the “General information” section for details.

Loyalty Bonus

A Loyalty Bonus will be credited to your policy account every year starting from the sixth policy anniversary within 30 calendar days following the relevant policy anniversary, provided that your policy account maintains a minimum balance of US\$8,000 on the relevant policy anniversary (or the next business day if it falls on a weekend or public holiday) and the policy is in force when we credit the relevant amount into the policy account of your policy.

The Loyalty Bonus is calculated as a percentage of the value of policy account as at the first business day of the relevant policy anniversary (or the next business day if it falls on a weekend or public holiday) as follows:

Policy Anniversary	Loyalty Bonus (% of value of the policy account)
6 th to 9 th	0.5% per annum
10 th and thereafter	1.5% per annum

The percentages listed above do not represent the rates of return or the performance of your investment.

The Loyalty Bonus will be payable on each policy anniversary in the form of additional notional units of your investment choice(s) at the unit issue price in accordance with each of the investment choice's proportion to the total value of the policy account at the time of such bonus calculation. The bonus will then form a part of the value of the policy account and will also be subject to the relevant charges applicable to the policy account. For details of the charges, please refer to the “Summary of charges” section. You will continue to receive the Loyalty Bonus so long as your policy remains in force at the time of allocation. Once the Loyalty Bonus is credited to your policy account, we will not claw back the bonus paid when you exercise your rights under the policy.

Please note that making any partial withdrawal(s) may significantly reduce the value of your policy account due to all fees and charges are still deductible from the account, and the amount of Loyalty Bonus (if any) awarded to your policy will be less.

Financial arrangement for your needs at different life stages



A Range of Investment Choices

The Plan offers you a spectrum of investment choices with different investment objectives to meet your investment goals. For details of each investment choice, please refer to the *Summary Information for Investment Choices*. Copy of *Summary Information for Investment Choices* is made available through your consultant or at our corporate website www.prudential.com.hk.

Notional units of investment choices will be allocated to the policy account on the relevant valuation date of the investment choice as soon as practicable following the date of receipt of single premium in cleared funds. You can select your own allocation portfolio, with up to a maximum of 10 investment choices to be invested in concurrently, for the single premium payment. This is subject to a minimum allocation of 10% of your premium in each investment choice.

Please note that you are investing in an investment-linked insurance policy and NOT investing in the reference funds. The premium you pay towards this Plan will be invested by Prudential. Any corresponding investments made by Prudential in the reference funds of the investment choices you select will become and remain the assets of Prudential. For this reason you do not have any rights or ownership over these reference funds. Your recourse under this Plan is against Prudential only. Furthermore, notional units allocated to the policy are purely notional and solely for the determination of the value of your policy.

Investment choices can have very different features and risk profiles. Some of them may even be of high risk. Your return on investment is calculated by Prudential with reference to the performance of the reference funds of the investment choices you select. Performance of such investment choices may not be identical to the performance of the corresponding reference funds due to the differences in currency and / or rounding mechanism for valuation.

In addition, your investment returns under the policy are subject to the charges of the policy. Hence, any returns you get may be lower than the returns of the reference funds of the investment choices. For details of each investment choice including the fees and risk factors involved, please refer to the *Summary Information for Investment Choices* and the offering documents of the reference funds, which are available from Prudential upon request.

Unlimited Switching of Investment Choices

You can switch among different investment choices at any time and the current minimum amount required for each switching is US\$100 per transaction and a minimum allocation of 10% of the switched amount in each investment choice. Currently there is no switching charge. The bid-offer spread may be levied by the reference fund of the investment choice. For details of bid-offer spread, please refer to the offering documents of the reference funds which are available from Prudential upon request.

Prudential reserves the right to adjust the minimum switching amount, the minimum allocation percentage, as well as the right to terminate or temporarily close any investment choice in future with no less than one month's prior written notice or such shorter period of notice in compliance with the relevant regulatory requirement(s) to policyholders with regards to such changes.

Partial Withdrawals

Partial withdrawals are subject to a minimum amount and a minimum account balance requirement as determined by us from time to time in accordance with our latest administrative rules. Currently, the minimum withdrawal amount is US\$100 per partial withdrawal and the minimum balance of US\$5,000 must remain in the policy account immediately after the partial withdrawal. Otherwise we reserve the right to decline the withdrawal request.

Prudential reserves the right to adjust the minimum withdrawal amount and the minimum account balance with no less than one month's prior written notice or such shorter period of notice in compliance with the relevant regulatory requirement(s) to policyholders with regards to such changes.

A Redemption Charge (up to 8% of the partial withdrawal amount) will be applied if the partial withdrawal is made within the first 5 policy years. Please refer to the section of "Summary of charges" for details.

You can withdraw cash from the policy account by submitting the appropriate application form to us. This form is available upon request. You have to specify in the form the number of notional units to be withdrawn and the investment choice(s) to which such notional units belong. The notional units will be redeemed according to your instructions.

Notional units of the investment choice(s) to be withdrawn will be redeemed at the unit redemption price on the valuation date in respect of your selected investment choice(s) immediately following our approval of your partial withdrawal request. Applicable Redemption Charge will be deducted from the partial withdrawal amount.

Prudential will pay out the balance of the partial withdrawal after deduction of any Redemption Charge within one month normally after we have received the duly signed and completed appropriate application form. The whole payment of the partial withdrawal may be deferred or suspended (i) when the dealings and / or the valuation of any investment choice as specified in the partial withdrawal request form have been deferred or suspended in circumstances of the deferment, closure, restriction or suspension of trading of underlying investments of such investment choice has invested; and / or (ii) in any exceptional circumstances which are beyond the control of Prudential that such suspension or deferment is necessary. The partial withdrawal payment will be made as soon as practicable after cessation of such events / circumstances. No interest will be provided in respect of the period between the date of notification of the partial withdrawal application and the date of the payment of partial withdrawal amount. For details of the deferment and / or suspension conditions of the reference funds, please refer to the relevant offering documents of the reference funds.

PRULink single premium investment plan should be regarded as a long term investment plan.

You are reminded that making any partial withdrawal(s) may significantly reduce the value of the policy account due to all fees and charges are still deductible from the account, and the amount of Loyalty Bonus awarded to your policy will be less or making partial withdrawal may even affect your entitlement to the Loyalty Bonus. It is also important to note that your policy will be automatically terminated in case the value of the policy account becomes insufficient for the deduction of relevant charges.

Surrender

You can surrender the policy at any time by submitting an application to us using our designated form which is available upon request. Once your application is accepted, all notional units of your investment choice(s) in your policy account will be redeemed at the unit redemption price on the valuation date in respect of the investment choice(s) following our approval of your surrender request.

A Redemption Charge will be applied if you surrender your policy within the first 5 policy years. In addition to the Redemption Charge, any applicable charges which have already been incurred but are outstanding in the policy account at the time of surrender will be deducted from the surrender proceeds payable. Please refer to the "Summary of Charges" section for details of these applicable charges.

Prudential will normally pay out the surrender proceeds within one month after we have received the duly signed and completed appropriate application form. The whole payment of the surrender value may be deferred or suspended (i) when the dealings and / or the valuation of any investment choice under your policy account have been deferred or suspended in circumstances of the deferment, closure, restriction or suspension of trading of underlying investments of such investment choice has invested; and / or (ii) in any exceptional circumstances which are beyond the control of Prudential that such suspension or deferment is necessary. Your policy will cease once we approve your application of surrender. The surrender proceeds payment will be made as soon as practicable after cessation of such events / circumstances. No interest will be provided in respect of the period between the date of notification of the surrender application and the date of surrender value payment. For details of the deferment and / or suspension conditions of the reference funds, please refer to the relevant offering documents of the reference funds.

PRULink single premium investment plan should be regarded as a long term investment. It is important to note that surrender made within the first 5 policy years may bring you a loss of principal and bonuses.

Termination

The policy will automatically be terminated on the occurrence of the earliest of the following:

- (1) upon death of the life assured; or
- (2) when the value of the policy account becomes zero or negative; or
- (3) upon full surrender of the policy.

For policy termination due to the above condition (1), all notional units of investment choice(s) will be redeemed at the latest available redemption price in respect of the investment choice(s) as at the date Prudential receives the death claim of the life assured. For policy termination due to the above condition (2), any shortfall in deductions and charges will not be collected upon termination. For policy termination due to the above condition (3), all notional units of investment choice(s) will be redeemed at the unit redemption price on the valuation date in respect of the investment choice(s) following our approval of your surrender request. Any applicable charges which have already been incurred but are outstanding at the time of termination will be first deducted from the policy account before we determine the value of the policy account. In case the policy is terminated due to full surrender of your policy within the first 5 policy years, Redemption Charge will also be applied. Please refer to the "Summary of charges" section for details.

Once your policy is terminated, you cannot reinstate the policy.

PRULink single premium investment plan is a plan for long-term investment. You are reminded that termination of your policy within the first 5 policy years may result in a significant loss of your premium paid due to the deduction of Redemption Charge. That means the amount you will receive will be lower than the value of the policy account at the time you submit the request. Poor performance of the reference funds may further magnify your investment losses, while all charges are still deductible.

Summary of charges



Current Charges for the Plan																															
	Rate	Deduct from																													
Administration Charge	<ul style="list-style-type: none"> 0.125% per month (i.e. 1.5% per annum) of the value of the policy account in our record on the Charge Deduction Day. 	The value of policy account on the Charge Deduction Day by redeeming notional units of investment choices in proportion to the respective values of notional units of the relevant investment choices allocated. The charges will be deducted on a monthly basis while the policy is in force.																													
Assurance Charge (Cost of Insurance)	<p>The Assurance Charge is an amount payable for the Basic Death Benefit provided by your Plan. Amount of Assurance Charge is calculated according to the net amount at risk and determined by reference to the sex and age next birthday as of the beginning of the policy year of the life assured.</p> <ul style="list-style-type: none"> Monthly Assurance Charge for the PRUlink single premium investment plan = Annual Assurance Charge rate per US\$1,000 net amount at risk ÷ 12 x Net amount at risk ÷ 1,000 where, <ul style="list-style-type: none"> Net amount at risk = Basic Death Benefit of the PRUlink single premium investment plan – the value of policy account in our record on the Charge Deduction Day. The Assurance Charge rate for PRUlink single premium investment plan is determined by reference to the sex and age next birthday as of the beginning of the policy year of the life assured. The table below sets out some indicative annual Assurance Charge rates per US\$1,000 net amount at risk for the PRUlink single premium investment plan. These are for illustration purposes only and may vary according to the age next birthday of the life assured. You can refer to the illustration document for the details of your personalised Assurance Charge rates applicable to the policy. <table> <tr> <th rowspan="2">Age next birthday of the life assured at the beginning of the policy year</th><th colspan="2">Current annual Assurance Charge rate per US\$1,000 net amount at risk</th></tr> <tr> <th>Male</th><th>Female</th></tr> <tr> <td>30</td><td>0.66</td><td>0.70</td></tr> <tr> <td>40</td><td>1.41</td><td>0.97</td></tr> <tr> <td>50</td><td>3.49</td><td>2.24</td></tr> <tr> <td>60</td><td>9.83</td><td>5.96</td></tr> <tr> <td>70+</td><td>26.02</td><td>13.72</td></tr> <tr> <td>80+</td><td>66.40</td><td>38.75</td></tr> <tr> <td>90+</td><td>163.77</td><td>108.61</td></tr> <tr> <td>100+</td><td>367.01</td><td>280.25</td></tr> </table>	Age next birthday of the life assured at the beginning of the policy year	Current annual Assurance Charge rate per US\$1,000 net amount at risk		Male	Female	30	0.66	0.70	40	1.41	0.97	50	3.49	2.24	60	9.83	5.96	70+	26.02	13.72	80+	66.40	38.75	90+	163.77	108.61	100+	367.01	280.25	The value of policy account on the Charge Deduction Day by redeeming notional units of investment choices in proportion to the respective values of notional units of the relevant investment choices allocated. The charges will be deducted on a monthly basis while the policy is in force.
Age next birthday of the life assured at the beginning of the policy year	Current annual Assurance Charge rate per US\$1,000 net amount at risk																														
	Male	Female																													
30	0.66	0.70																													
40	1.41	0.97																													
50	3.49	2.24																													
60	9.83	5.96																													
70+	26.02	13.72																													
80+	66.40	38.75																													
90+	163.77	108.61																													
100+	367.01	280.25																													

* Please note that the Assurance Charge may become significant as the age of the life assured increases. This may result in significant or even total loss of your premiums paid. The applicable Assurance Charge rates will be made available to you upon your request.

	<ul style="list-style-type: none">• Please note that if the value of the policy account becomes insufficient to cover the applicable Assurance Charge, your Plan will be terminated early and you could lose all your premiums paid and benefits.															
Redemption Charge	<div><ul style="list-style-type: none">• The Redemption Charge is applicable upon partial withdrawal or surrender.• Upon partial withdrawal, Redemption Charge as calculated below will be deducted from the partial withdrawal amount before the partial withdrawal amount is paid to you:<div><div>Redemption Charge</div><div>=</div><div>Partial withdrawal amount</div><div>x</div><div>Applicable rate as shown in the schedule below</div></div><ul style="list-style-type: none">• Upon surrender, Redemption Charge as calculated below will be deducted from the value of the policy account before the surrender value is paid to you:<div><div>Redemption Charge</div><div>=</div><div>The value of the policy account</div><div>x</div><div>Applicable rate as shown in the schedule below</div></div><ul style="list-style-type: none">• The Redemption Charge rate will be determined by reference to the policy year during which the policy is surrendered or the partial withdrawal takes place:<table><thead><tr><th>Policy Year (before next policy anniversary)</th><th>Redemption Charge rate</th></tr></thead><tbody><tr><td>1</td><td>8%</td></tr><tr><td>2</td><td>6%</td></tr><tr><td>3</td><td>4%</td></tr><tr><td>4</td><td>2%</td></tr><tr><td>5</td><td>1%</td></tr><tr><td>6 and thereafter</td><td>0%</td></tr></tbody></table></div>	Policy Year (before next policy anniversary)	Redemption Charge rate	1	8%	2	6%	3	4%	4	2%	5	1%	6 and thereafter	0%	<div>The amount of partial withdrawal upon partial withdrawal; or in case of surrender, from the value of policy account before the surrender value is paid to you.</div>
Policy Year (before next policy anniversary)	Redemption Charge rate															
1	8%															
2	6%															
3	4%															
4	2%															
5	1%															
6 and thereafter	0%															
Switching Charge	Currently nil															

Current Charges for Reference Funds

You should note that the reference funds of the investment choices you selected may have separate charges on management fee, performance fee, bid-offer spread, switching fee and / or other recurring fees.

The management fee levied by the investment managers of the reference funds ranges from 0.25% to 2.05% per annum of the net asset value of the reference fund. You do not pay these fees directly: the fees will be deducted and such reduction will be reflected in the unit price of the reference fund.

For details, please refer to the *Summary Information for Investment Choices* and the offering documents of the reference funds, which are available from Prudential upon request.

You can refer to the "Deduction of Charges" sub-section under the "General information" section for details as to how the above charges are to be deducted. Charges are subject to change from time to time by Prudential. Prudential reserves the right to vary the policy charges or to impose new charges with no less than one month's prior written notice or such shorter period of notice in compliance with the relevant regulatory requirements.

General information



Deduction of Charges

Relevant notional units of your investment choices will be deducted from your policy account to pay for the applicable fees and charges as specified in the "Summary of charges" section on a monthly basis. The notional units of your investment choices will be cancelled at the unit issue price and such cancellation will be in proportion to the account value of each of the investment choice on the Charge Deduction Day within the policy account. We reserve the right to change the above process for deduction of charges by giving you prior written notice of one month or such shorter period of notice in compliance with the relevant regulatory requirements.

Important Documents

Our consultant will provide and explain to you the following documents before your enrolment in **PRULink single premium investment plan**. It is important for you to understand the Plan before making any application. The documents are:

- (1) the Offering Document which consists of this Product Brochure, the *Summary Information for Investment Choices* and the Product Key Facts Statement; and
- (2) an illustration document which is based on your specific case showing the projected total surrender values and the projected total Basic Death Benefits of the Plan; and
- (3) the policy provisions for **PRULink single premium investment plan** which consists of a general provision, a benefit provision and an investment choices provision. Specimens of the above documents are available free of charge upon request.

Application

To apply for **PRULink single premium investment plan**, you should complete the appropriate application form and return it to us together with the required premium. The approval of your application is subject to our latest internal underwriting guidelines.

You should not purchase investment-linked insurance policy unless you understand it and it has been explained to you how it is suitable for you. The final decision is yours.

Cooling-off Period

Cooling-off period is a period during which life insurance policyholders may cancel their policies and get back their original single premium (subject to market value adjustment and less any partial withdrawals made) within the earlier of 21 days after the delivery of the policy or issue of a notice to you or to your representative. Such notice should inform you of the availability of the policy and expiry date of the cooling-off period. Please refer to the cooling-off initiative issued by the Hong Kong Federation of Insurers ("HKFI") from time to time for reference.

You have to tell Prudential by giving written notice. Such notice must be signed by you and received directly by Prudential at 8/F, Prudential Tower, The Gateway, Harbour City, 21 Canton Road, Tsim Sha Tsui, Kowloon, Hong Kong.

You may get back the amount you paid, or less if the value of the investment choices chosen has gone down. The amount you may get back shall not include any Extra Allocation previously credited to your policy.

Third Party Right

PRULink single premium investment plan is excluded from the application of The Contracts (Rights of Third Parties) Ordinance, which means that a person who is not a party to the policy of the Plan (including but not limited to the Life Assured or the Beneficiary) has no right to enforce any of the terms of the policy of the Plan.

Borrowing Power

PRULink single premium investment plan has no borrowing powers. For details of the borrowing powers of the reference funds, please refer to the offering documents of the respective reference funds which are available from Prudential upon request.

Report for Investment Performance

You will receive periodic statements that summarize the value of the policy account, the surrender value and the transactions during a specific period and holdings of each investment choice under your policy. Through our online platform (www.prudential.com.hk), you can also obtain daily performance information of investment choices and review your investments. You are always welcome to call our Customer Service Hotline at 2281 1333 to make enquiries about your investments.

Responsibility

Prudential Hong Kong Limited accepts full responsibility for the accuracy of the information contained in the Offering Document as of the date of publication and confirms, having made all reasonable enquiries, that to the best of its knowledge and belief, there are no other facts the omission of which would make any statement misleading.

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 sign or agree to comply with the requirements of an agreement with the IRS ("FFI Agreement") in respect of FATCA and / or who is not otherwise exempt from doing so (referred to as a "nonparticipating FFI") will face a 30% withholding tax ("FATCA Withholding Tax") on all "withholdable payments" (as defined under FATCA) derived from U.S. sources (initially including dividends, interest and certain derivative payments).

The U.S. and Hong Kong has 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. policyowners and (iii) report relevant tax information of those policyowners to the IRS.

FATCA applies to Prudential and your policy. Prudential is a participating FFI. Prudential is committed to complying with FATCA. To do so, Prudential requires you to:

- (i) provide to Prudential 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 Prudential 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"), Prudential is required to report "aggregate information" of account balances, payment amounts and number of non-consenting US accounts to IRS.

Prudential could, in certain circumstances, be required to impose FATCA Withholding Tax on payments made to, or which it makes from, your policy. Currently the only circumstances in which Prudential 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 Prudential may be required to deduct and withhold FATCA Withholding Tax on withholdable payments made to your policy and remit this to the IRS; and
- (ii) if you are (or any other account holder is) a nonparticipating FFI, in which case Prudential may be required to deduct and withhold FATCA Withholding Tax on withholdable payments made to your policy and remit this to the IRS.

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

Automatic Exchange of Financial Account Information

Over 100 countries and jurisdictions around the world have committed to adopt new rules for automatic exchange of financial account information ("AEOI"). Under the new rules, financial institutions are required to identify account holders who are foreign tax residents and report certain information regarding their investment income and account balance to the local tax authority where the financial institution operates. When countries or jurisdictions start exchanging information on an automatic basis, the relevant local tax authority where the financial account is maintained will then provide this information to the tax authority of the account holder's country of tax residence. This information exchange will be conducted on a regular, annual basis.

Hong Kong has adopted the new rules into its legislation (please see the Inland Revenue (Amendment) (No. 3) Ordinance 2016 ("the Amendment Ordinance") which came into effect on 30 June 2016). Therefore, the above requirements will be applicable to financial institutions in Hong Kong including Prudential. Under these rules, certain policyholders of Prudential are considered as "account holders." Financial institutions in Hong Kong including Prudential are required to implement due diligence procedures to identify account holders (i.e. policyholders in case where the financial institution is an insurance company) and in the case where the account holder is an entity, its "controlling persons," who are foreign tax residents, and report this information to the Inland Revenue Department ("IRD") if required. The IRD may transfer this information to the country of tax residence of such account holders.

In order to comply with the law, Prudential may require you, the account holder, to:

- (1) complete and provide us with a self-certification form with information regarding your tax residence status, your tax identification number in your country or countries of tax residence, your date of birth, and in the case where the policyholder is an entity (for example, a trust or a company), the classification of the entity that holds the policy and information regarding "controlling persons" of such entities;
- (2) provide us all required information and documentation for complying with Prudential's due diligence procedures; and
- (3) advise us of any change in circumstances which affect your tax residence status and provide us with a suitably updated self-certification form within 30 days of such change in circumstances.

According to the due diligence procedures set out in the Amendment Ordinance, self-certifications are required from account holders for all new accounts. As for pre-existing accounts, if a reporting financial institution has doubts about the tax residence of an account holder, it may require a self-certification from the account holder to verify its tax residence.

Prudential cannot provide you with any tax or legal advice. If you have doubts about your tax residence you should seek professional advice. You should seek independent professional advice on the impact that AEOL may have on you or your policy.

An account holder who knowingly or recklessly provides a statement that is misleading, false or incorrect in a material particular in making a self-certification to a reporting financial institution is liable on conviction to a fine at level 3 (HK\$10,000).

For further information on the implementation of the Common Reporting Standard and AEOL in Hong Kong, please refer to the IRD website: http://www.ird.gov.hk/eng/tax/dta_aeol.htm.

Taxation

Please seek independent professional advice on tax matters with respect to your own situation.

Governing Law

The policy terms of **PRULink single premium investment plan** are governed by and will be construed in accordance with the laws of the Hong Kong Special Administrative Region ("Hong Kong"). Any matters of dispute will be subject to the determination by and the rulings of the courts of Hong Kong.

Authorisation

PRULink single premium investment plan has been authorised by the Securities and Futures Commission ("SFC"). However, such authorisation does not imply an official recommendation. The SFC authorisation is not a recommendation or endorsement of a scheme nor does it guarantee the commercial merits of a scheme or its performance. It does not mean the scheme 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 Document, makes no representation as to its accuracy or completeness and 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 Document.

Enquiries and Complaints

Should you have any enquiries and complaints regarding **PRULink single premium investment plan**, please contact us by calling our Customer Service Hotline 2281 1333 or by email at service@prudential.com.hk.

Glossary

- **Charge Deduction Day** – means the 3rd day of each calendar month or, if (i) that day falls on a public holiday or Sunday; (ii) there is any inevitable interruption of normal business on that day; or (iii) there is any circumstances, situations or events beyond our reasonable control that make it impracticable to carry out a charge deduction on that day, then it will fall on the next practicable business day.
- **Offering Document** – the combination of the Product Key Facts Statement, the Product Brochure and the *Summary Information for Investment Choices*.

Investment involves risks. As a consequence of the general nature of varied investments, the investment yield may go down as well as up.

Note:

Regarding details and the terms and conditions of this plan, please refer to the policy provisions. Prudential will be happy to provide a specimen of the policy provisions free of charge through your consultant or made available at the Customer Service Centre of Prudential at 8/F, Prudential Tower, The Gateway, Harbour City, 21 Canton Road, Tsim Sha Tsui, Kowloon, Hong Kong.

All cheques for premium payments should be crossed and made payable to "Prudential Hong Kong Limited."

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