PRODUCT KEY FACTS

(Product name and type, e.g. ABC ILAS Plan)
(Date)

Issuer’s name and logo e.g. ABC Insurance Company

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

Quick facts

| Name of insurance company: | [●] | Policy currency: | [●] |
| Single or regular premium: | [●] | Min investment: | [●] |
| Regular premium frequency: | [●] | Max investment: | [●] |
| Minimum premium payment term: | [●] | Death benefit: | (e.g. 105% of policy value OR premium paid (less prior withdrawal), whichever is higher) |
| Period with surrender charge: | [●] | Governing Law of policy: | [●] |

Important

- This investment-linked assurance scheme (“ILAS policy”) is a long-term investment-cum-life insurance product. It is only suitable for investors who:
  - [state if the principal will be at risk]
  - [state how long investors should be prepared to hold the investment]
  - [state other key characteristics of the product to help investors determine whether it is suitable for them]
  - have both investment and estate planning objectives as it is a packaged product that includes both investment and insurance element with death benefits payable to third party beneficiaries.

- This ILAS policy is not suitable for investors with short- or medium-term liquidity needs.

- Fees and charges –

For ILAS policy with only one premium option: [Up to] [●]% of your premiums [(after taking into account all applicable [non-discretionary bonuses/rebates\textit{other similar features}]) will be paid to ABC Insurance to cover all the fees and charges at the ILAS policy level, of which [●]% is the cost of [life insurance (only if there is obligatory protection on top of life)] protection, and this will reduce the amount available for investment.

For ILAS policy with multiple premium options: The percentage of your premiums [(after taking into account all applicable [non-discretionary bonuses/rebates\textit{other similar features}]) paid to ABC Insurance to cover all the fees and charges at the ILAS policy level is shown in the table below. This will reduce the amount available for investment.

<table>
<thead>
<tr>
<th>Premium option</th>
<th>Percentage of total premiums for covering the total fees and charges at the ILAS policy level</th>
</tr>
</thead>
<tbody>
<tr>
<td>Single premium</td>
<td>[Up to] [●]% of which [●]% is the cost of [life insurance (only if there is obligatory protection on top of life)] protection</td>
</tr>
<tr>
<td>Regular premium</td>
<td>[Up to] [●]% of which [●]% is the cost of [life insurance (only if there is obligatory protection on top of life)] protection</td>
</tr>
</tbody>
</table>
Important (Cont.)

• Fees and charges (Cont.) –
  Please note that the above figure(s) are calculated based on the following assumptions: [(a) the life insured is non-smoking 40 year-old male [with a sum insured of [●]]; (b) the payment of [single premium of [HKD1,000,000 or the minimum required single premium of the ILAS policy, whichever is higher] / regular premium of [HKD100,000 or the minimum required regular annual premium of the ILAS policy, whichever is higher] per annum]; (c) you hold your ILAS policy for [Insert the number of years in accordance with the Relevant Period] years; (d) an assumed rate of return of 3% per annum throughout [●] years; (e) any optional supplementary benefits are not included]; and (f) there is no early withdrawal / termination of your ILAS policy.

[Where applicable] : [You must understand that these ILAS level charges are on top of, and in addition to, the underlying funds level charges]. The above figure(s) do(es) not take into account any early surrender / withdrawal charges.

The above percentage(s) of your premiums for covering the total fees and charges are calculated based on the assumptions above for illustration purposes. The actual percentage(s) may change depending on individual circumstances of each case, and will be significantly higher if [the premium amount is lower, the sum insured is higher and/or your selected underlying investments are making losses].

• [Long-term features –
  
  Upfront charges:
  (a) [Up to [●]% of the] / [All] premiums you pay for the first [●] policy years will be deducted upfront as charges and will not be available for investment. This means that the remaining amount of premiums available for investment may be [0]% of your premiums paid in this period.

  As an illustration, this means that for each [HKD1,000] of premiums you pay each year, the premiums available for investment (after deduction of all upfront charges only) are as follows:

<table>
<thead>
<tr>
<th>Policy Year</th>
<th>Premiums you pay</th>
<th>Premiums available for investment (after deduction of all upfront charges only)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>[HKD1,000]</td>
<td>HKD[●]((●)%</td>
</tr>
<tr>
<td>...</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

You should note that the above illustration merely shows the impact of upfront charges on the premiums available for investment and does not reflect the impact of any other applicable fees and charges.

Early surrender / withdrawal charges:
(b) There will be an early surrender or withdrawal charge of up to [●]% of the [policy value / value of [●] Account / withdrawal amount] in case of [policy termination / surrender / partial withdrawal / suspension of or reduction in premium payment] within first [●] years. [You may also lose your entitlement to loyalty and [●] bonuses.]

ABC ILAS Plan
Important (Cont.)

- **Long-term features (Cont.)**
  - **Loyalty bonuses:**
    (c) You will be entitled to a loyalty or special bonus of up to [●]% of the [policy value / value of [●] Account / first year premiums paid / total policy fees paid] if you keep your ILAS policy for [●] years.

- **Intermediaries’ remuneration**
  Although you may pay nothing directly to the intermediary who sells/distributes this ILAS policy to you, your intermediary will receive remuneration which, in effect, will be borne out of the charges you pay. Your intermediary should disclose to you in writing at the point-of-sale information about intermediary remuneration. The amount of remuneration actually receivable by your intermediary may vary from year to year and may be higher in the early policy years. You should ask your intermediary before taking up your ILAS policy to know more about the remuneration that your intermediary will receive in respect of your ILAS policy. If you ask, your intermediary should disclose the requested information to you.

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What is this product and how does it work?

- This product is an investment-linked assurance scheme. It is a life insurance policy issued by ABC Insurance. This is not a fund authorized by the SFC pursuant to the Code on Unit Trusts and Mutual Funds ("UT Code").

- [The premiums you pay, after deduction of any applicable fees and charges of your ILAS policy, will be invested by ABC Insurance in the “underlying funds” you selected (see below) and will accordingly go towards accretion of the value of your ILAS policy.] Your ILAS policy value will be calculated by ABC Insurance based on the performance of your selected underlying funds from time to time and the ongoing fees and charges which will continue to be deducted from your ILAS policy value.

- Note, however, that all premiums you pay towards your ILAS policy, and any investments made by ABC Insurance in the underlying funds you selected, will become and remain the assets of ABC Insurance. You do not have any rights or ownership over any of those assets. Your recourse is against ABC Insurance only.

- Due to the various fees and charges levied by ABC Insurance on your ILAS policy, the return on your ILAS policy as a whole may be lower than the return of the underlying funds you selected. Please see page [●] for details of the fees and charges payable by you.

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"Underlying fund(s)" can be used by an Authorized Insurer in the event that it has disclosed in the offering document that it will be investing the net premium received from the scheme participants into the funds corresponding to the investment options as selected by the scheme participants for such Authorized Insurer’s asset liability management. Otherwise, the Authorized Insurer should adopt the term “reference fund(s)".
What is this product and how does it work? (Cont.)

- “Underlying funds#” available for selection are the funds listed in the [investment option brochure]. These [may include] funds authorized by the SFC pursuant to the UT Code, [but may also include other portfolios internally managed by ABC Insurance on a discretionary basis not authorized by the SFC under the UT Code.]

- Although your ILAS policy is a life insurance policy, because [part of] your death benefit is linked to the performance of the underlying funds# you selected from time to time, your death benefit is subject to investment risks and market fluctuations. The death benefit payable [may be significantly less than your premiums paid] and may not be sufficient for your individual needs.

- [More importantly, you should be aware of the following regarding your death benefit and the cost of insurance (“insurance charges”):]
  - Part of the fees and charges you pay that will be deducted from the value of your ILAS policy will be used to cover the insurance charges for the life coverage and any additional coverage you may choose.
  - The insurance charges will reduce the amount that may be applied towards investment in the underlying funds# selected.
  - The insurance charges may increase significantly during the term of your 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.
  - If the value of your ILAS policy becomes insufficient to cover all the ongoing fees and charges, including the insurance charges, your ILAS policy may be terminated early and you could lose all your premiums paid and benefits.
  - You should consult your intermediary for details, such as how the charges may increase and could impact the value of your ILAS policy.]

What are the key risks?
Investment involves risks. Please refer to the principal brochure for details including the risk factors.

- **Credit and insolvency risks** – This product is an insurance policy issued by ABC Insurance. Your investments are subject to the credit risks of ABC Insurance.

- The investment options available under this product can have very different features and risk profiles. Some may be of high risk. Please read the principal brochure [and the offering document of the underlying funds# involved] for details.

- **Early surrender/withdrawal penalty** – This ILAS policy is designed to be held for a long term period. Early surrender or withdrawal of the policy/suspension of or reduction in premium may result in a significant loss of principal [and/or] bonuses awarded. Poor performance of underlying funds#/assets may further magnify your investment losses, while all charges are still deductible.
What are the key risks? (Cont.)

- **Premium holiday** – with no premium contribution during premium holiday, the value of this ILAS policy may be significantly reduced due to fees and charges, which are still deductible during premium holiday, and your entitlement to bonuses may also be affected.

- **Market risks** – Return of this ILAS policy is contingent upon the performance of the underlying funds/assets and therefore there is a risk of capital loss.

- [The life coverage of this ILAS policy [after the premium payment period/specify other circumstances] is only equal to [or may be less than] your ILAS policy value [due to surrender charge]. This means that the beneficiary(ies) will not receive any additional payment from ABC Insurance on top of the prevailing value of your ILAS policy upon the death of the life insured.]

- **Foreign exchange risks** – The investment returns of your ILAS policy may be subject to foreign exchange risks as some of the underlying funds may be denominated in a currency which is different from that of your ILAS policy.

- **Market value adjustment (MVA)** – For with-profits ILAS, your surrender value may be significantly reduced by an MVA imposed by ABC Insurance and the maximum amount deducted by MVA can be up to [100%] of the surrender value. You should ask your intermediary for the prevailing MVA rate.

- [INSERT ANY OTHER RISKS WHERE RELEVANT]

Is there any guarantee?

- [This product does not have any guarantee of the repayment of principal. You may not get back the full amount of premium you pay and may suffer investment losses.]

- [State the guarantee] / [State that if the guarantee condition is not satisfied, scheme participants will not be able to get the guarantee]

**Guarantee conditions**

**Whether this is a with-profits plan and whether there is MVA**

**Factors that will affect the guarantee**

(Non-exhaustive suggested list of items)

**[Other features]**

- [e.g. Bonuses]

What are the fees and charges?

ABC Insurance reserves the right to vary the policy charges or imposes new charges with not less than [1] month prior written notice or such shorter period of notice in compliance with the relevant regulatory requirements.
Additional Information

- [INSERT ANY OTHER ADDITIONAL IMPORTANT INFORMATION].

What if you change your mind?

- Cooling-off period
  
  - Cooling-off period is a period during which life insurance policyholders may cancel their policies and get back their original investments (subject to market value adjustment) within the earlier of 21 days after the delivery of the policy or issue of a notice to you or the 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 HKFI from time to time for reference.
  
  - You have to tell your insurer by giving a written notice. Such notice must be signed by you and received directly by ABC Insurance at [Address of the insurer’s Hong Kong Main Office]
  
  - You may get back the amount you paid, or less if the value of the investment options chosen has gone down.

What are the fees and charges? (Cont.)

**Scheme level**

<table>
<thead>
<tr>
<th></th>
<th>Annualised rate</th>
<th>Deduct from</th>
</tr>
</thead>
<tbody>
<tr>
<td>Policy fee</td>
<td>[●]</td>
<td>[Policy value on the last business day of each month by redeeming units of]</td>
</tr>
<tr>
<td>Administration charge</td>
<td>[●]</td>
<td>investment options in proportionate to the premium allocation instruction]</td>
</tr>
<tr>
<td>Account maintenance charge</td>
<td>[●]</td>
<td></td>
</tr>
<tr>
<td>Insurance charge / Cost of Insurance</td>
<td>[Depends on the age, sex and risks associated with the life insured.]</td>
<td>Please ask your intermediary [or refer to the illustration documents] for details.</td>
</tr>
<tr>
<td>Early surrender/withdrawal charge</td>
<td>[●]</td>
<td>[Policy value on the date the surrender request is made]</td>
</tr>
</tbody>
</table>

Please refer to section ● (page ● to ●) of the principal brochure of ABC ILAS Plan for details of the charges.

**Underlying funds# level**

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 – either (1) the fees will be deducted and such reduction will be reflected in the unit price of the underlying funds# or (2) units will be redeemed from your investment options to pay these fees. For details, please refer to the offering document of the underlying funds# and/or the principal brochure of ABC ILAS Plan, which are available from ABC Insurance upon request.
Important

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

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

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

Insurance company’s information

[Name of insurance company]  Phone: [●]
Address: [●]  Fax: [●]
Email: [●]  Website: [●]
Guidance for preparing this statement

1. If you want to include a responsibility statement in this statement, please make sure that such statement is consistent with the responsibility statement in other parts of the Principal Brochure.

2. Where a scheme is described as having been authorized by the SFC, please include a SFC non-endorsement statement in this statement pursuant to the requirements of the Code on Investment-Linked Assurance Schemes.

3. Disclosures shall be visually reader-friendly and written in plain language so that prospective scheme participants can easily read and understand them. Use of technical jargon or complex sentences shall be avoided.

4. Use of visual aids, graphs or charts is generally encouraged to illustrate the product structure and features.
   
   Note: For example, flowcharts may be used to assist scheme participants’ understanding of the product structure.

5. Depending on the actual circumstances of the case, the contents of each statement may differ. Nevertheless, the headings set out in the template above are generally expected to be observed unless there are good reasons to do otherwise. Words inside the square brackets in the template are drafting notes. They should be construed as examples rather than suggestions, and are not meant to be exclusive or prescriptive. Issuers are responsible for what is and what is not to be included in this statements.

6. In the case where the ILAS contains any guaranteed features provided by a third party guarantor, disclosure as regards the credit risks of such guarantor, amongst others, shall be disclosed in this statement.

7. Issuers should refer to the Guidance Note on Fees and Charges Disclosure when preparing this statement.