

FTLife Insurance Company Limited

*This Statement provides you with key information about this product.
This Statement is a part of the offering document.
You should not invest in this product based on this Statement alone.
There is a “Glossary” section at the end of this Statement
to explain the meaning of the underlined text in italic.*

IMPORTANT

This section applies to the basic premium only.

Under this policy, you pay a pre-set amount of premium regularly. You should note that fees and charges are deducted from your premium and only the balance is used for investment.

Among the different fees and charges, there is a very substantial upfront charge which will be deducted from the premium you pay.

In the first policy year, the upfront charge is up to 85% of your premium. This does not mean that 15% of the premium you pay is available for investment because there are other fees and charges to be deducted.

Before you make a decision whether to invest in this product, you are strongly advised to review the section headed “What are the fees and charges?” of this Product Key Facts Statement to understand what are the fees and charges that you will pay.

Quick facts

Name of insurance company	FTLife Insurance Company Limited (“FTLife”)	Death Benefit		
Single or regular premium	<ul style="list-style-type: none"> Regular basic premium Regular top-up premium (optional) Lump sum investment premium (optional) 	Death Benefit Type	Death Benefit Amount	
Regular premium frequency	Monthly / semi-annually / annually		Before the policy anniversary that is (i) on the insured’s 80 th birthday (in case the policy anniversary falls on the same date as the insured’s 80 th birthday) or (ii) immediately following the insured’s 80 th birthday	On or after the policy anniversary that is (i) on the insured’s 80 th birthday (in case the policy anniversary falls on the same date as the insured’s 80 th birthday) or (ii) immediately following the insured’s 80 th birthday
Minimum premium payment term	5 years			
Period with surrender charge	Not applicable			
Governing law of policy	Laws of Hong Kong Special Administrative Region			
Policy currency	HK dollar / US dollar			

Quick facts (Con't)

<p>Minimum investment amount</p> <ul style="list-style-type: none"> The regular basic premium varies by the sum insured selected, issue age, sex, smoking habit and the underwriting class of the insured. If the sum insured you selected is less than US\$20,000 / HK\$160,000, your basic premium will be subject to the following requirements: <ul style="list-style-type: none"> <u>Minimum Basic Premium</u> US\$50 / HK\$400 per month; or US\$300 / HK\$2,400 per half year; or US\$600 / HK\$4,800 per year <u>Minimum Top-Up Premium</u> US\$25 / HK\$200 per month; or US\$150 / HK\$1,200 per half year; or US\$300 / HK\$2,400 per year <u>Minimum Lump Sum Investment Premium</u> US\$1,000 / HK\$8,000 	<p>Death Benefit (Con't)</p> <table border="1"> <thead> <tr> <th colspan="2">Death Benefit Amount (Con't)</th> </tr> </thead> <tbody> <tr> <td data-bbox="766 257 901 705"> <p>Non-level death benefit</p> </td> <td data-bbox="909 257 1468 705"> <p>The higher of: (1) the amount of: (a) the sum insured PLUS (b) <u>Total Account Value</u> LESS (c) Any outstanding fees and charges due under the policy</p> <p>OR (2) 105% of the <u>Total Account Value</u>.*</p> </td> </tr> <tr> <td data-bbox="766 716 901 1097"> <p>Level death benefit</p> </td> <td data-bbox="909 716 1468 1097"> <p>The higher of: (1) the amount of: (a) <u>Sum at Risk</u> PLUS (b) <u>Total Account Value</u> LESS (c) Any outstanding fees and charges due under the policy</p> <p>OR 105% of the <u>Total Account Value</u>.*</p> </td> </tr> </tbody> </table>	Death Benefit Amount (Con't)		<p>Non-level death benefit</p>	<p>The higher of: (1) the amount of: (a) the sum insured PLUS (b) <u>Total Account Value</u> LESS (c) Any outstanding fees and charges due under the policy</p> <p>OR (2) 105% of the <u>Total Account Value</u>.*</p>	<p>Level death benefit</p>	<p>The higher of: (1) the amount of: (a) <u>Sum at Risk</u> PLUS (b) <u>Total Account Value</u> LESS (c) Any outstanding fees and charges due under the policy</p> <p>OR 105% of the <u>Total Account Value</u>.*</p>
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<p>Maximum investment amount</p> <p>Not applicable</p>	<p>* For the avoidance of doubt, any outstanding fees and charges due under the policy shall first be deducted from the <u>Total Account Value</u> before the <u>Total Account Value</u> is multiplied by 105%.</p>						

Important

- Cheers Plus (“Cheers Plus”) is an investment-linked assurance scheme (“ILAS policy” / “policy”), and is a long-term investment-cum-life insurance product. It is only suitable for investors who:
 - understand that the principal will be at risk;
 - are committed to pay premium for the whole of the chosen premium payment period;
 - are committed to hold the investment for long term; and
 - 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.
- Cheers Plus is **not** suitable for investors with short- or medium- term liquidity needs.
- Fees and charges**

The percentage of the basic premium (after taking into account all applicable non-discretionary bonuses) paid to FTLife 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.

Plan Option	Death Benefit Type	Insurance Charge Type	Percentage of total basic premiums for covering the total fees and charges at the ILAS policy level
Plan A	Non-level death benefit	Increasing insurance charge	Up to 31.7%, of which 16.7% is the cost of life protection
Plan B	Non-level death benefit	Level insurance charge	Up to 45.5%, of which 34.1% is the cost of life protection
Plan C	Level death benefit	Increasing insurance charge	Up to 31.4%, of which 16.6% is the cost of life protection

Important (Con't)

• Fees and charges (Con't)

Please note that the above figures are calculated based on the following assumptions: (a) the life insured is a non-smoking 40 year-old male with a sum insured of HK\$4,366,812 for Plan A, HK\$5,252,101 for Plan B and HK\$5,561,735 for Plan C respectively; (b) the chosen premium payment period is 20 years; (c) the payment of basic premium of HK\$100,000 per annum; (d) you hold your ILAS policy for 20 years; (e) an assumed rate of return of 3% per annum throughout 20 years; (f) any optional riders are not included; (g) there is no early withdrawal / termination of your ILAS policy; and (h) there is no top-up premium / lump sum investment premium.

You must understand that these ILAS policy level charges are on top of, and in addition to, the underlying funds level charges. There are no early surrender / withdrawal charges.

The above percentages of your basic premiums for covering the total fees and charges are calculated based on the assumptions above for illustration purposes. The actual percentages may change depending on individual circumstances of each case, and will be significantly higher if the premium amount and the sum insured are lower.

• Long-term features

Upfront charges:

- (a) Up to 85% of the basic premiums you pay for the first ten policy years will be deducted upfront as charges and will not be available for investment. **This means that the remaining amount of basic premiums available for investment may be 15% of your basic premiums paid in this period.** As an illustration, for each HK\$1,000 of the basic premiums you pay each year, the basic premiums available for investment (after deduction of all upfront charges only) for a premium payment period of 20 years are as follows:

Policy Year	Basic premiums you pay	Basic premiums available for investment (after deduction of all upfront charges only)
1	HK\$1,000	HK\$150 (15%)
2	HK\$1,000	HK\$780 (78%)
3-5	HK\$1,000	HK\$950 (95%)
6-10	HK\$1,000	HK\$950 (95%)

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

Persistency bonus:

- (b) You will be entitled to a persistency bonus every five policy years up to the end of the premium payment period while the policy is in effect at the time of bonus is credited to the **Basic Account**. The bonus rate ranges from 5% to 10% of the 5-year average of the difference between the total basic premium paid (which are due during the relevant five policy years) and the total amount withdrawn from the **Basic Account** during the relevant five policy years. The persistency bonus will be credited to the **Basic Account** in the form of additional notional units of investment choices within one month after the relevant policy anniversary. Your persistency bonus can be significantly affected by a number of factors such as reduction in the sum insured, suspension of premium payment, withdrawal from the **Basic Account** and termination of the policy. Please refer to the section of "Persistency Bonus" in the Product Guide for details.

Loyalty bonus:

- (c) You will be entitled to a loyalty bonus after the end of the twentieth policy year, provided that your policy is in effect at the time the loyalty bonus is credited to the **Basic Account**, and all basic premiums have been paid. According to your chosen premium payment period, the amount of loyalty bonus will be up to 5 times of the total premium charge levied on the basic premium for the first policy year. The loyalty bonus will be credited to the **Basic Account** in the form of additional notional units of investment choices within one month after the end of the twentieth policy year or when all Basic Premiums have been paid, whichever is later. Your loyalty bonus can be significantly affected by a number of factors such as suspension of the basic premium, reduction in the sum insured and termination of the policy. Please refer to the section of "Loyalty Bonus" in the Product Guide for details.

Important (Con't)

• 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.

What is this product and how does it work?

- Cheers Plus is an investment-linked assurance scheme. It is a life insurance policy issued by FTLife. This is not a fund authorized by the Securities and Futures Commission 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 policy, will be invested by FTLife in the underlying funds you selected and will accordingly go towards accretion of the value of your policy. Your policy value will be calculated by FTLife 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 policy value.
- Please note that the premium charge deducted upfront from all premiums you paid to Cheers Plus in the relevant policy years range from 5% to 85% of your premium paid. Because of this premium charge, the remaining amount of premium paid available for investment will be as low as 15% of your premium paid, especially in the early years of your policy. Due to deduction of other ongoing fees and charges from your policy value in the form of unit cancellation of your investment choices, your policy value may be further reduced. Please refer to the section of "What are the fees and charges?" on page 6 and page 7 for details.
- Note, however, that all premiums you pay towards your policy, and any investments made by FTLife in the underlying funds you selected, will become and remain the assets of FTLife. You do not have any rights or ownership over any of those assets. Your recourse is against FTLife only.
- Due to the various fees and charges levied by FTLife on your policy, the return on your policy as a whole may be lower than the return of the underlying funds you selected. Please see page 6 and page 7 for details of the fees and charges payable by you.
- Underlying funds available for selection are the funds listed in the Investment Guide. These funds are authorized by the Securities and Futures Commission pursuant to the UT Code.
- Although Cheers Plus 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 insurance charges:
 - Part of the fees and charges you pay that will be deducted from the value of your 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 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 policy becomes insufficient to cover all the ongoing fees and charges, including the insurance charges, your policy may be terminated early and you could lose all your premiums paid and benefits.
 - You should consult your consultant for details, such as how the charges may increase and could impact the value of your 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** - Cheers Plus is an insurance policy issued by FTLife. Your investments are subject to the credit risks of FTLife.
- The investment choices available under Cheers Plus 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** - Cheers Plus 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 may further magnify your investment losses, while all charges are still deductible.
- **Contribution interruption** - With no premium contribution during the contribution interruption period, the value of this policy may be significantly reduced due to fees and charges, which are still deductible during the contribution interruption period, and your entitlement to bonuses may also be affected.
- **Market risks** - Return of Cheers Plus is contingent upon the performance of the underlying funds and therefore there is a risk of capital loss.
- **Foreign exchange risks** - The investment returns of your policy may be subject to foreign exchange risks in the process of currency conversion in case that (1) some of the underlying funds are denominated in a currency which is different from that of your policy and / or (2) the premiums you pay or the amount we pay to you is in a currency different from your policy currency.

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.

Other features

Welcome Bonus

Cheers Plus offers you a welcome bonus which ranges from 4% to 5% of the basic premium paid for the first policy year. The welcome bonus will be credited to the **Basic Account** in the form of additional notional units of investment choices within one month after receipt of each basic premium for the first policy year. Welcome bonus will not be paid if the policy is cancelled within the cooling-off period or will be deducted from the **Total Account Value** if the insured commits suicide within the first policy year. Please refer to the section of "Welcome Bonus" in the Product Guide for details.

What are the fees and charges?

FTLife reserves the right to vary the policy charges or impose new charges with not less than one month's prior written notice or other period of notice in compliance with the relevant regulatory requirements.

Scheme level

	Applicable rate	Deduct from																																		
Premium Charge	<p>For basic premium</p> <ul style="list-style-type: none"> A premium charge as percentage of the basic premium paid for different policy year is as follows: <table border="1"> <thead> <tr> <th rowspan="2">Policy Year</th> <th colspan="4">Premium Payment Period</th> </tr> <tr> <th>5</th> <th>10</th> <th>15</th> <th>20</th> </tr> </thead> <tbody> <tr> <td>1</td> <td>20%</td> <td>50%</td> <td>70%</td> <td>85%</td> </tr> <tr> <td>2</td> <td>8%</td> <td>15%</td> <td>18%</td> <td>22%</td> </tr> <tr> <td>3-5</td> <td>5%</td> <td>5%</td> <td>5%</td> <td>5%</td> </tr> <tr> <td>6-10</td> <td>Nil</td> <td>5%</td> <td>5%</td> <td>5%</td> </tr> <tr> <td>11 and thereafter</td> <td colspan="4">Nil</td> </tr> </tbody> </table> <ul style="list-style-type: none"> No premium charge is deductible in the contribution interruption period. If you pay the unpaid basic premiums for the contribution interruption period, premium charge will be imposed on the payment. <p>For top-up premium and lump sum investment premium</p> <ul style="list-style-type: none"> 5% of the top-up premium and the lump sum investment premium. 	Policy Year	Premium Payment Period				5	10	15	20	1	20%	50%	70%	85%	2	8%	15%	18%	22%	3-5	5%	5%	5%	5%	6-10	Nil	5%	5%	5%	11 and thereafter	Nil				Each premium paid before unit allocation of investment choices.
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Insurance Charge*	<ul style="list-style-type: none"> Different types of insurance charge will be levied as follows: <table border="1"> <thead> <tr> <th>Plan Option</th> <th>Death Benefit Type / Insurance Charge Type</th> <th>Insurance Charge</th> </tr> </thead> <tbody> <tr> <td>Plan A</td> <td>Non-level death benefit / Increasing insurance charge</td> <td>Cost of insurance rate x Sum Insured</td> </tr> <tr> <td>Plan B</td> <td>Non-level death benefit / Level insurance charge</td> <td>Cost of insurance rate x Sum Insured</td> </tr> <tr> <td>Plan C</td> <td>Level death benefit / Increasing insurance charge</td> <td>Cost of insurance rate x Sum at Risk</td> </tr> </tbody> </table> <ul style="list-style-type: none"> The cost of insurance rate is determined by sex, smoking habit, underwriting class and issue age of the insured (for level insurance charge) or the attained age of the insured (for increasing insurance charge). Please ask your consultant for details. The insurance charge is waived in the first policy year and becomes payable from the second policy year until the policy anniversary that is (i) on the insured's 80th birthday (in case the policy anniversary falls on the same date as the insured's 80th birthday) or (ii) immediately following the insured's 80th birthday while the policy is in effect. The prevailing cost of insurance rates applicable to your policy can be found in the appendix of your Illustration Document. 	Plan Option	Death Benefit Type / Insurance Charge Type	Insurance Charge	Plan A	Non-level death benefit / Increasing insurance charge	Cost of insurance rate x Sum Insured	Plan B	Non-level death benefit / Level insurance charge	Cost of insurance rate x Sum Insured	Plan C	Level death benefit / Increasing insurance charge	Cost of insurance rate x Sum at Risk	The Basic Account monthly in advance by unit cancellation of investment choices in proportion to the value of the investment choices in the Basic Account .																						
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What are the fees and charges? (Con't)

Scheme level (Con't)

	Applicable rate	Deduct from
Administration Fee*	<ul style="list-style-type: none"> US\$6 / HK\$48 per month (US\$72 / HK\$576 per annum) The administration fee is waived in the first policy year and becomes payable from the second policy year while the policy is in effect. 	The <u>Basic Account</u> monthly in advance by unit cancellation of investment choices in proportion to the value of the investment choices in the <u>Basic Account</u> .
Investment Management Fee for Investment Choices	0.125% per month (1.5% per annum) of the <u>Account Value</u> of the <u>Basic Account</u> and the <u>Top-up Account</u> while the policy is in effect.	The <u>Basic Account</u> and the <u>Top-up Account</u> monthly in arrears by unit cancellation of investment choices in proportion to the value of the investment choices in the <u>Basic Account</u> and the <u>Top-up Account</u> respectively.
Bid-offer Spread	Nil	Not applicable
Switching Fee	Up to 2% of the amount being switched but is currently waived	Switching amount

* If the value of the **Basic Account** is insufficient for unit deduction of fees and charges payable, all the value of the **Basic Account** will be deducted until it drops to zero and the remaining balance of the fees and charges will then be deducted from the value of the **Top-up Account**. During the premium payment period, if the **Total Account Value** is insufficient for unit deduction for fees and charges, any unpaid fees and charges will become outstanding and will be deducted from the **Basic Account** immediately after unit allocation of investment choices resulted from any subsequent receipt of premium payment or bonus credited. Such fees and charges will be deducted by unit cancellation of investment choices in proportion to the value of the investment choices in the **Basic Account**. The outstanding fees and charges are not entitled to any interest. After the premium payment period, if the **Total Account Value** is insufficient for unit deduction for fees and charges, the policy will terminate.

Please refer to the section of “Summary of Fees and Charges” on page 11 and page 12 of the Product Guide for details of the charges.

Underlying funds level

You should note that the underlying funds of the investment choices 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 choices to pay these fees. For details, please refer to the offering document of the underlying funds and / or the Principal Brochure of Cheers Plus, which are available from FTLife upon request.

Additional Information

This Investment-linked Assurance Scheme (ILAS) Policy is excluded from the application of the Contracts (Rights of Third Parties) Ordinance (“the Ordinance”). Accordingly, other than the policy owner and FTLife, any person or entity which is not a party to this ILAS Policy (e.g. a third party beneficiary) shall have no rights under the Ordinance to enforce any of the terms of this ILAS Policy.

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 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 from time to time for reference.
- You have to tell FTLife by giving a written notice. Such notice must be signed by you and received directly by FTLife at 27/F, Wing On Centre, 111 Connaught Road Central, Hong Kong.
- You may get back the amount you paid, or less if the value of the investment choices chosen has gone down.

Please note that you will not be entitled to any Welcome Bonus if you cancel the policy within the cooling-off period.

Insurance company's information

FTLife Insurance Company Limited
Address : 27/F, Wing On Centre,
111 Connaught Road Central,
Hong Kong

Phone : 2866 8898
Fax : 2264 3222
Email : ftlhc.mkt@ftlife.com.hk
Website : www.ftlife.com.hk

Important

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

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

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

Glossary

<u>Account Value</u>	Refers to the value of the specified account, which is equal to the sum of the value of all investment choices in that account. The value of each investment choice can be calculated by multiplying the bid price of an investment choice by the number of notional units in that investment choice.
<u>Basic Account</u>	Refers to the account of all notional units of investment choices originally allocated from (1) the basic premium and (2) all bonuses of Cheers Plus.
<u>Sum at Risk</u>	Refers to (1) the excess (if any) of sum insured over the aggregate of the <u>Account Value</u> of the <u>Basic Account</u> and the accumulated amount withdrawn from the <u>Basic Account</u> , or (2) US\$5,000 / HK\$40,000, whichever is greater.
<u>Top-up Account</u>	Refers to the account of all notional units of investment choices originally allocated from (1) top-up premium and (2) lump sum investment premium.
<u>Total Account Value</u>	Refers to the aggregate of the <u>Account Value</u> of the <u>Basic Account</u> and the <u>Top-up Account</u> .

Cheers Plus



INSURER

FTLife Insurance Company Limited

A company incorporated in Bermuda with limited liabilities

Registered Address:

Canon's Court, 22 Victoria Street, Hamilton HM12, Bermuda.

Head Office and Business Address:

27/F, Wing On Centre,
111 Connaught Road Central, Hong Kong.

Website: www.ftlife.com.hk

Please contact us by following means or contact your Consultant for details of **Cheers Plus**, enquiries and complaints:

Customer Service Hotline: 2866 8898

Fax: 2264 3222

Email: ftlhc.mkt@ftlife.com.hk

Post: 27/F, Wing On Centre, 111 Connaught Road Central, Hong Kong.

The Principal Brochure consists of this Product Guide and the Investment Guide. The offering documents of **Cheers Plus** comprise the Principal Brochure and the Product Key Facts Statement (collectively "Offering Documents"), and should be issued and read in conjunction with each other. The constitutive documents of **Cheers Plus** comprise the policy provision and policy specifications. The Principal Brochure does not constitute a contract. Payment of any proceeds under the **Cheers Plus** policy and the policy's features are subject to the provisions contained in the constitutive documents. Please refer to the constitutive documents for its terms and conditions. You may contact your Consultant for a specimen copy of the constitutive documents free of charge.

Investment involves risks, and the value of investments may go up as well as down. Investment returns are not guaranteed. Past performance is not indicative of future performance.

This Investment-linked Assurance Scheme (ILAS) Policy is excluded from the application of the Contracts (Rights of Third Parties) Ordinance ("the Ordinance"). Accordingly, other than the policy owner and FTLife, any person or entity which is not a party to this ILAS Policy (e.g. a third party beneficiary) shall have no rights under the Ordinance to enforce any of the terms of this ILAS Policy.

Publication Date: January 2017

Issuer: FTLife Insurance Company Limited

Important Notes:

1. **Cheers Plus is an insurance policy issued by FTLife Insurance Company Limited ("FTLife") with benefits linked to the performance of investment choices selected by you. Your investments are subject to the credit risk of FTLife.**
2. **All premiums you pay towards Cheers Plus, and any investments made by FTLife in the underlying funds you selected, will become and remain part of the assets of FTLife. You do not have any rights or ownership over any of those assets. Your recourse is against FTLife only.**
3. **Your return on investments is calculated by FTLife with reference to the performance of the underlying funds as referred to in the Principal Brochure which corresponds to the investment choices selected by you. The return of investments under Cheers Plus shall be subject to the charges of Cheers Plus and may be lower than the return of the corresponding SFC-authorized fund.**
4. **The investment choices available under Cheers Plus can have very different features and risk profiles. Some may be of high risk. Please read the Principal Brochure and the offering documents of the underlying funds involved, which will be made available upon request or downloaded at our website: www.ftlife.com.hk.**
5. **Cheers Plus is designed to be held for a long term period. Early surrender or withdrawal of the policy, suspension of or reduction in premium (if applicable) may result in a significant loss of principal and / or bonuses awarded. Poor performance of underlying funds may further magnify your investment losses, while all charges are still deductible.**
6. **With no premium contribution during the period of contribution interruption, the value of Cheers Plus may be significantly reduced due to fees and charges, which are still deductible during the period of contribution interruption, and your entitlement to bonuses may also be affected.**
7. **Investment involves risk. You should not purchase Cheers Plus unless you understand it and it has been explained to you how it is suitable for you. The final decision is yours.**
8. **We reserve the right to terminate the policy if the Total Account Value falls below the minimum holding value ("Minimum Holding Value"). Minimum Holding Value is zero at present. FTLife may change the Minimum Holding Value from time to time by giving a one month's prior written notice.**
9. **The investment returns of your policy may be subject to foreign exchange risks in the process of currency conversion in case that (1) some of the underlying funds are denominated in a currency which is different from that of your policy and / or (2) the premiums you pay or the amount we pay to you is in a currency different from your policy currency.**

Cheers Plus

Cheers Plus is an investment-linked assurance scheme and is classified as “Class C – linked long term business” plan under the Insurance Companies Ordinance (“ICO”). It is offered by FTLife, an insurance company authorized under the ICO in Hong Kong.

Please read this Product Guide in conjunction with the Investment Guide, the Product Key Facts Statement and offering documents of the underlying funds before you apply for Cheers Plus.

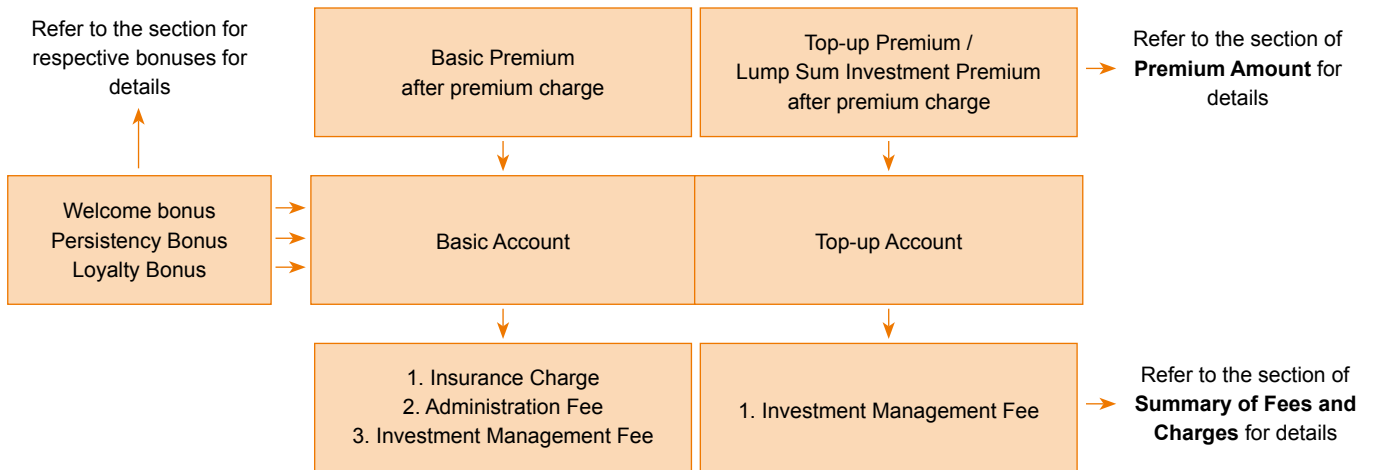
Please visit our website at www.ftlife.com.hk, to obtain the Principal Brochure and Product Key Facts Statement of Cheers Plus, notices, announcements, financial reports and offering document of the underlying funds.

Should you require further information or assistance, please do not hesitate to contact your Consultant or our Customer Service Hotline at 2866 8898.

One Stop Investment-linked Insurance Plan

Cheers Plus is an investment-linked insurance plan that may cater for your investment and insurance needs. On the investment side, you can choose from a range of investment choices which are linked to the underlying funds that are managed by experienced investment specialists. On the insurance side, the insured will be covered with death benefit of your preferred option. You may also include a range of supplementary benefits to cater for protection needs with additional premium. The underwriting procedures are easy to follow and your Consultant will advise you on the amount of extra premium to pay for the supplementary benefits.

Plan Structure of Cheers Plus



Important Note:

If the value of the Basic Account is insufficient for unit deduction of the fees and charges payable, all the value of the Basic Account will be deducted until it drops to zero and the remaining balance of the fees and charges will then be deducted from the value of the Top-up Account.

During the premium payment period (“**Premium Payment Period**”), if the total account value of the Basic Account and the Top-up Account (“**Total Account Value**”) is insufficient for unit deduction for fees and charges, any unpaid fees and charges will become outstanding and will be deducted from the Basic Account immediately after unit allocation of investment choices resulted from any subsequent receipt of premium payment or bonus credited. Such fees and charges will be deducted by unit cancellation of investment choices in proportion to the value of the investment choices in the Basic Account.

After the Premium Payment Period, if the Total Account Value is insufficient for unit deduction for fees and charges, the policy will terminate.

Premium Payment Period

You may choose a Premium Payment Period for the payment of basic premium (“**Basic Premium**”) that suits your financial planning goals subject to the issue age^{Note} of the insured. Four Premium Payment Periods are available for your selection:

Premium Payment Period (Years)	Minimum and Maximum Issue Age ^{Note}
5	15 days old - 65 years old
10	15 days old - 65 years old
15	15 days old - 65 years old
20	15 days old - 60 years old

Note: The age on the last birthday of the insured at policy issuance.

Once the Premium Payment Period is chosen at policy inception, it cannot be changed afterwards.

Due to market fluctuations, the end of Premium Payment Period may not be the most favourable moment to withdraw your account value. Therefore, you can choose to maintain the policy with us until a time you think is appropriate to terminate your policy before the insured reaches the age of 100. Relevant fees and charges will continuously be deducted accordingly. Please refer to the section of **Summary of Fees and Charges** for details. Of course, you will also be free to withdraw the account value after Premium Payment Period if you wish.

The value of your investments may go up as well as down. Investment returns are not guaranteed. Each investment choice is subject to market and interest rate fluctuations and to the risks inherent in all investments. The amount of Death Benefit will be affected by such fluctuations.

Premium Amount

You can start your Cheers Plus policy with a sum insured (“**Sum Insured**”) of not less than US\$10,000 / HK\$80,000^{Note}. The Basic Premium will be determined by FTLife according to the Sum Insured you applied. If the Sum Insured you selected is less than US\$20,000 / HK\$160,000, your Basic Premium will be subject to the following requirements:

Premium Payment Frequency	Minimum Basic Premium ^{Note}
Monthly	US\$50 / HK\$400
Semi-annually	US\$300 / HK\$2,400
Annually	US\$600 / HK\$4,800

Note: FTLife may change the minimum Sum Insured and minimum Basic Premium from time to time by giving a one month’s prior written notice.

Basic Premium is equal to the Sum Insured multiplied by the premium rate. The Basic Premium applicable to your policy can be found in your Illustration Document. The Basic Premium will remain the same unless the Sum Insured is reduced. The premium rate is determined by FTLife at policy inception on a discretionary basis based on plan option, issue age, sex, smoker class and the expected mortality of the insured.

Your Basic Premium will be used to allocate notional units of investment choices to a basic account (“**Basic Account**”) after deduction of premium charge (if any) according to your latest allocation instruction in our records.

You may supplement your premiums with additional lump sum investment premium (“**Lump Sum Investment Premium**”) or regular top-up premium (“**Top-up Premium**”) which will both be used to allocate notional units of investment choices to the top-up account (“**Top-up Account**”) after deduction of the premium charge (if any) according to your latest allocation instruction in our records. Your Basic Premium and Top-up Premium will have same premium payment frequency and share the same set of allocation instruction while you can have another set of allocation instruction for Lump Sum Investment Premium. The Premium Payment Period for Top-up Premium will end at the end of Premium Payment Period of the Basic Premium, but you may stop your Top-up Premium investment at any time by notifying us in our prescribed form without fees. The minimum Lump Sum Investment Premium^{Note} is US\$1,000 / HK\$8,000 and the minimum Top-up Premium^{Note} is stated as follows:

Premium Payment Frequency	Minimum Top-up Premium ^{Note}
Monthly	US\$25 / HK\$200
Semi-annually	US\$150 / HK\$1,200
Annually	US\$300 / HK\$2,400

Note: FTLife may change the minimum Lump Sum Investment Premium and the minimum Top-up Premium from time to time by giving a one month’s prior written notice.

Allocation of each investment choice should be at least equal to 10% of the premium paid.

You may reduce the Sum Insured and accordingly the Basic Premium after the first policy year subject to the minimum requirements on the Sum Insured and the Basic Premiums stated above. However, reducing the Sum Insured will affect the persistency bonus (“**Persistency Bonus**”) and loyalty bonus (“**Loyalty Bonus**”) you receive. Please refer to the sections of **Persistency Bonus** and **Loyalty Bonus** for details. **The Sum Insured cannot be increased after policy issuance or after reduction in the Sum Insured.** You may apply for another Cheers Plus policy for extra protection.

FTLife reserves the right to terminate the policy if the Total Account Value falls below the Minimum Holding Value. Minimum Holding Value is zero at present. FTLife may change the Minimum Holding Value from time to time by giving a one month’s prior written notice.

Life Insurance Protection

You can tailor your particular life insurance protection need by choosing one of the following plan options:

Plan Option	Death Benefit Type	Insurance Charge Type
Plan A	Non-level death benefit	Increasing insurance charge
Plan B	Non-level death benefit	Level insurance charge
Plan C	Level death benefit	Increasing insurance charge

Please refer to the sections of **Death Benefit** and **Insurance Charge** for details.

Once the plan option is chosen at policy inception, it cannot be changed afterwards.

Death Benefit

There are two types of death benefit available under Cheers Plus:

Plan Option	Death Benefit Type	Death Benefit Amount ^{Note}	
		Before the policy anniversary that is (i) on the insured's 80 th birthday (in case the policy anniversary falls on the same date as the insured's 80 th birthday) or (ii) immediately following the insured's 80 th birthday	On or after the policy anniversary that is (i) on the insured's 80 th birthday (in case the policy anniversary falls on the same date as the insured's 80 th birthday) or (ii) immediately following the insured's 80 th birthday
Plan A Plan B	Non-level death benefit	The higher of: (1) the amount of: (a) the Sum Insured PLUS (b) Total Account Value LESS (c) Any outstanding fees and charges due under the policy OR (2) 105% of the Total Account Value. For the avoidance of doubt, any outstanding fees and charges due under the policy shall first be deducted from the Total Account Value before the Total Account Value is multiplied by 105%.	105% of Total Account Value. For the avoidance of doubt, any outstanding fees and charges due under the policy shall first be deducted from the Total Account Value before the Total Account Value is multiplied by 105%.
Plan C	Level death benefit	The higher of: (1) the amount of: (a) Sum at risk (" Sum at Risk ") which is the higher of: i) the excess (if any) of the Sum Insured over the aggregate of the account value of the Basic Account and the accumulated amount withdrawn from the Basic Account; OR ii) US\$5,000 (for US dollar policy) or HK\$40,000 (for HK dollar policy) PLUS (b) Total Account Value LESS (c) Any outstanding fees and charges due under the policy OR (2) 105% of Total Account Value. For the avoidance of doubt, any outstanding fees and charges due under the policy shall first be deducted from the Total Account Value before the Total Account Value is multiplied by 105%.	105% of Total Account Value. For the avoidance of doubt, any outstanding fees and charges due under the policy shall first be deducted from the Total Account Value before the Total Account Value is multiplied by 105%.

Note: The death benefit will be valued as soon as practicable on a valuation date after we have received satisfactory proof of death of the insured and will be paid within one month (without interest) after our approval of the death claim. All our liabilities due under the policy will be discharged on payment of the death proceeds.

Please note that if the Insured commits suicide, the death benefit will not be payable. For the death proceeds under suicide, please refer to suicide section for more information.

Although Cheers Plus 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.

Illustrative example for calculation of the non-level death benefit for Plan A and Plan B:

Assume death of the insured occurs at the age of 79 (that is, before the policy anniversary that is (i) on the insured's 80th birthday (in case the policy anniversary falls on the same date as the insured's 80th birthday) or (ii) immediately following the insured's 80th birthday).

Total Account Value	= US\$18,000
Sum Insured	= US\$50,000
Outstanding fees and charges	= US\$0
Account value of the Basic Account	= US\$15,000
Death benefit	<p>= the higher of (1) the Sum Insured + Total Account Value – any outstanding fees and charges due under the policy or (2) 105% of (Total Account Value – any outstanding fees and charges due under the policy)</p> <p>= the higher of (1) US\$50,000 + US\$18,000 - US\$0 or (2) 105% x (US\$18,000 - US\$0)</p> <p>= the higher of (1) US\$68,000 or (2) US\$18,900</p> <p>= <u>US\$68,000</u></p>

The example is hypothetical and for illustrative purposes only.

Illustrative example for calculation of the level death benefit for Plan C:

Assume death of the insured occurs at the age of 79 (that is, before the policy anniversary that is (i) on the insured's 80th birthday (in case the policy anniversary falls on the same date as the insured's 80th birthday) or (ii) immediately following the insured's 80th birthday).

Total Account Value	= US\$18,000
Sum Insured	= US\$50,000
Outstanding fees and charges	= US\$0
Account value of the Basic Account	= US\$15,000
Accumulated amount withdrawn from the Basic Account	= US\$1,000
Sum at Risk	<p>= the higher of (1) the Sum Insured – (account value of the Basic Account + accumulated amount withdrawn from the Basic Account) or (2) US\$5,000</p> <p>= the higher of (1) US\$50,000 – (US\$15,000 + US\$1,000) or (2) US\$5,000</p> <p>= the higher of (1) US\$34,000 or (2) US\$5,000</p> <p>= <u>US\$34,000</u></p>
Death benefit	<p>= the higher of (1) Sum at Risk + Total Account Value – any outstanding fees and charges due under the policy or (2) 105% of (Total Account Value – any outstanding fees and charges under the policy)</p> <p>= the higher of (1) US\$34,000 + US\$18,000 - US\$0 or (2) 105% x (US\$18,000 - US\$0)</p> <p>= the higher of (1) US\$52,000 or (2) US\$18,900</p> <p>= <u>US\$52,000</u></p>

The example is hypothetical and for illustrative purposes only.

Insurance Charge

There are two types of insurance charge with different determinants to decide the cost of insurance rate. They are summarized as follows:

Plan Option	Death Benefit Type / Insurance Charge Type	Insurance Charge	Determinants for the cost of insurance rate
Plan A	Non-level death benefit / Increasing insurance charge	Cost of insurance rate x Sum Insured	Sex, smoker class, expected mortality and age of the insured as at the most recent policy anniversary ("Attained Age"). The cost of insurance rate will increase with the age of the insured.
Plan B	Non-level death benefit / Level insurance charge	Cost of insurance rate x Sum Insured	Sex, smoker class, expected mortality and issue age of the insured. The cost of insurance rate is determined at policy inception and will not change with the age of the insured.
Plan C	Level death benefit / Increasing insurance charge	Cost of insurance rate x Sum at Risk	Sex, smoker class, expected mortality and the Attained Age of the insured. The cost of insurance rate will increase with the age of the insured.

FTLife reserves the right to vary the cost of insurance rates with not less than one month's prior written notice. Please contact our Customer Service Hotline at 2866 8898 or contact your Consultant for the cost of insurance rates applicable to your policy. The prevailing cost of insurance rates applicable to you can be found in the appendix to the Illustration Document.

Important Notes:

Please be aware of the following regarding your death benefit and the insurance charges:

- Part of the fees and charges you pay that will be deducted from the value of your 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 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 policy becomes insufficient to cover all the ongoing fees and charges, including the insurance charges, your policy may be terminated early and you could lose all your premiums paid and benefits.
- You should consult your Consultant for details, such as how the charges may increase and could impact the value of your policy.

Some of the indicative cost of insurance rates per annum are shown for illustrative purposes as follows:

Increasing insurance charge

Attained Age of the Insured		10	20	30	40	50	60	70	79	≥ 80
Current Cost of Insurance Rates per annum	Female	Non-smoking class	0.080%	0.080%	0.090%	0.228%	0.573%	1.620%	4.132%	Not applicable
		Smoking class		0.095%	0.168%	0.418%	1.065%	2.680%	6.280%	Not applicable
	Male	Non-smoking class		0.090%	0.128%	0.318%	0.980%	2.490%	6.055%	Not applicable
		Smoking class		0.124%	0.256%	0.643%	2.080%	5.080%	9.396%	Not applicable

Note: The cost of insurance rates may turn significant before the policy anniversary that is (i) on the insured's 80th birthday (in case the policy anniversary falls on the same date as the insured's 80th birthday) or (ii) immediately following the insured's 80th birthday as the insured becomes more senior.

Level insurance charge

Issue Age of the Insured		10	20	30	40	50	60	65	
Current Cost of Insurance Rates per annum	Female	Non-smoking class	0.158%	0.188%	0.276%	0.423%	0.672%	1.137%	1.618%
		Smoking class		0.314%	0.477%	0.744%	1.178%	1.977%	2.884%
	Male	Non-smoking class	0.244%	0.297%	0.438%	0.684%	1.114%	1.900%	2.752%
		Smoking class		0.489%	0.746%	1.188%	1.938%	3.345%	4.922%

Note: The cost of insurance rates are determined by the issue age of the insured and remains level before the policy anniversary that is (i) on the insured's 80th birthday (in case the policy anniversary falls on the same date as the insured's 80th birthday) or (ii) immediately following the insured's 80th birthday. Thereafter, there is no insurance charge. FTLife reserves the right to vary the cost of insurance rates with not less than one month's prior written notice.

Suicide

Regardless of which death benefit type is selected, if the insured commits suicide within the first policy year, we will (i) refund all policy charges and the premiums for all riders (if any) paid and (ii) pay the Total Account Value after deduction of the original amount of welcome bonus ("Welcome Bonus") previously credited to the policy without adjustment in respect of the investment gain or loss arising from the notional units of investment choices allocated and the corresponding fees and charges that have been imposed on these notional units.

Illustrative example for calculation of the death proceeds if the insured commits suicide within the first policy year:

Assume no rider is attached to the policy.

Total policy charges paid	= US\$3,000
Total Account Value	= US\$15,750
Original Welcome Bonus credited	= US\$600
Death proceeds	= US\$3,000 + US\$15,750 - US\$600 = <u>US\$18,150</u>
The example is hypothetical and for illustrative purposes only.	

The death proceeds of suicide will be paid within one month (without interest) after we have received satisfactory proof of death of the insured and our approval of the death claim. All our liabilities due under the policy will be discharged on payment of the death proceeds.

Switching

Cheers Plus offers you the flexibility to formulate your investment portfolio. Currently, switching between investment choices is free of charge. Unless the entire holding in the investment choice is switched, the minimum switching amount per instruction is US\$600 / HK\$4,800 and the remaining balance in each investment choice should be at least equal to US\$600 / HK\$4,800 right after a switch, otherwise, switching cannot be processed.

FTLife may change the minimum switching amount and minimum remaining balance of the investment choice right after a switch from time to time by giving a one month's prior written notice.

No Bid-Offer Spread on All Investment Choices

All of the investment choices have no bid-offer spread. As there is no bid-offer spread, the bid price of an investment choice is equal to the offer price of the same investment choice. However, there are other applicable fees and charges at the underlying fund level charged by the relevant investment manager and at the policy level charged by FTLife, please refer to the section of **Summary of Fees and Charges** for details.

Welcome Bonus

To welcome you becoming an owner of Cheers Plus, we offer you a Welcome Bonus based on the Premium Payment Period you selected and we will not claw back the Welcome Bonus that has already been paid except in the case that the insured commits suicide within the first policy year. The Welcome Bonus will be calculated according to the following formula:

Welcome Bonus = The Basic Premium paid for the first policy year x Welcome Bonus rate

The Welcome Bonus will be credited to the Basic Account in the form of additional notional units of investment choices according to your latest allocation instruction in our records at the time of bonus payment. It is payable within one month after receipt of each Basic Premium for the first policy year and **is subject to the usual fees and charges of the Basic Account**. Please refer to the section of **Summary of Fees and Charges** for details.

Welcome Bonus rates are shown as follows:

Premium Payment Period (Years)	5	10	15	20
Welcome Bonus Rate ^{Note}	4%	5%		

Note: The rate is expressed as a percentage of the Basic Premium paid for the first policy year.

The Welcome Bonus rates as described above do not represent the rate of return or performance of your investment.

Illustrative example for calculation of the Welcome Bonus:

Premium Payment Period	= 10 years
Welcome Bonus rate	= 5%
Basic Premium paid for the first policy year	= US\$3,000
Welcome Bonus payable	= US\$3,000 x 5% = <u>US\$150</u>
The example is hypothetical and for illustrative purposes only.	

Note: (1) You will not be entitled to any Welcome Bonus if you cancel the policy within the cooling-off period. Please refer to the section of Cooling-off Period for details.

(2) If the insured commits suicide within the first policy year, the original amount of Welcome Bonus previously credited to the policy will be deducted from the Total Account Value. Please refer to the section of Suicide for details.

Persistency Bonus

To reward you for the continuous contribution to Cheers Plus, you will be entitled to a Persistency Bonus every five policy years up to the end of Premium Payment Period and provided that your policy is in effect at the time of bonus is credited to the Basic Account. The Persistency Bonus will be calculated according to the following formula:

$$\text{Persistency Bonus} = \text{Persistency Bonus rate} \times [(\text{the total Basic Premiums paid which are due during the relevant five policy years} - \text{the total amount withdrawn from the Basic Account during the relevant five policy years}) \div 5]$$

Persistency Bonus rates are shown as follows:

Premium Payment Period (Years)	5	10	15	20
Persistency Bonus rate	5%		10%	

The Persistency Bonus rates as described above do not represent the rate of return or performance of your investment.

The Persistency Bonus will be paid within one month after the relevant policy anniversary. The Persistency Bonus will be credited to the Basic Account in the form of additional notional units of investment choices according to your latest allocation instruction in our records at the time of bonus payment. **The Persistency Bonus is subject to the usual fees and charges of the Basic Account.** Please refer to the section of **Summary of Fees and Charges** for details.

Your Persistency Bonus can be significantly affected by the following factors:

- 1. Reduction in the Sum Insured** – The Basic Premium will be reduced with a reduction in the Sum Insured. As the Basic Premium is reduced, so is the Persistency Bonus.
- 2. Suspension of the Basic Premium payment** – The amount of Basic Premium paid is a factor for calculation of the Persistency Bonus. The longer you suspend your Basic Premium payment, the lesser the Persistency Bonus will be paid.
- 3. Withdrawal from the Basic Account** – The total amount withdrawn from the Basic Account is another factor for calculation of the Persistency Bonus. The more you withdraw, the lesser the Persistency Bonus will be.
- 4. Termination of the policy before the end of Premium Payment Period** – The Persistency Bonus will not be paid if the policy is terminated before the date the bonus is credited to the Basic Account.



Illustrative examples for calculation of the Persistency Bonus:

Premium Payment Period	= 10 years
Persistency Bonus rate	= 10%
Example 1	
Total Basic Premiums paid which are due from the first to the fifth policy years	= US\$6,000
Total amount withdrawn from the Basic Account from the first to the fifth policy years	= US\$0
Persistency Bonus payable for the first to the fifth policy years	= $10\% \times [(US\$6,000 - US\$0) \div 5]$ = <u>US\$120</u>
Example 2	
Total Basic Premiums paid which are due from the sixth to the tenth policy years	= US\$4,800
Total amount withdrawn from the Basic Account from the sixth to the tenth policy years	= US\$600
Persistency Bonus payable for the sixth to the tenth policy years	= $10\% \times [(US\$4,800 - US\$600) \div 5]$ = <u>US\$84</u>
The examples are hypothetical and for illustrative purposes only.	

Loyalty Bonus

To express our appreciation for your commitment to Cheers Plus, you will be entitled to a Loyalty Bonus after the end of the twentieth policy year, provided that your policy is in effect at the time the Loyalty Bonus is credited to the Basic Account, and all Basic Premiums have been paid.

The Loyalty Bonus will be credited within one month after the end of the twentieth policy year or when all Basic Premiums have been paid, whichever is later.

The Loyalty Bonus will be credited to the Basic Account in the form of additional notional units of investment choices according to your latest allocation instruction in our records.

The Loyalty Bonus will not be paid if the policy is terminated before the date the bonus is credited to the Basic Account.

If you have suspended your Basic Premium payment for a period of time, being the contribution interruption period (please refer to the section of **Contribution Interruption** for its definition), the Loyalty Bonus will only be paid when you resume paying the Basic Premium within 12 months after the start of the contribution interruption period and have

paid all Basic Premiums due. Please refer to the section of **Contribution Interruption** for what are the criteria for contribution interruption.

If the Sum Insured has never been reduced, the amount of Loyalty Bonus is calculated by multiplying the total premium charge levied on the Basic Premium for the first policy year by the applicable Loyalty Bonus multiplier.

The applicable Loyalty Bonus multiplier for the calculation of Loyalty Bonus varies by the Premium Payment Period you select as set out below:

Premium Payment Period (Years)	5	10	15	20
Loyalty Bonus multiplier	5	3	2	1

If the Sum Insured has been reduced during the Premium Payment Period, the Loyalty Bonus as calculated above will be adjusted by multiplying it by the following Loyalty Bonus adjustment factor:

$$\text{Loyalty Bonus adjustment factor} = \frac{\text{the Sum Insured at the time of bonus payment}}{\text{the Sum Insured at policy inception}}$$

Illustrative example for calculation of the Loyalty Bonus, if the Sum Insured has never been reduced:

Premium Payment Period	15 years
Applicable Premium Charge percentage	70%
Applicable Loyalty Bonus multiplier	2
Basic Premium for the first policy year	HK\$10,000
The total premium charge levied on the Basic Premium for the first policy year	HK\$10,000 x 70% = HK\$7,000
Loyalty Bonus	= Loyalty Bonus multiplier x the total premium charge levied on the Basic Premium for the first policy year = 2 x HK\$7,000 = <u>HK\$14,000</u>

The example is hypothetical and for illustrative purposes only.

Illustrative example for calculation of the Loyalty Bonus, if the Sum Insured has been reduced during the Premium Payment Period:

Premium Payment Period	15 years
Applicable Premium Charge percentage	70%
Applicable Loyalty Bonus multiplier	2
The Sum Insured at the time of policy inception	HK\$400,000
The Sum Insured at the time of bonus payment	HK\$200,000
Basic Premium for the first policy year	HK\$10,000
The total premium charge levied on the Basic Premium for the first policy year	HK\$10,000 x 70% = HK\$7,000
Loyalty Bonus adjustment factor	= The Sum Insured at the time of bonus payment ÷ the Sum Insured at policy inception = HK\$200,000 ÷ HK\$400,000 = 0.5
Loyalty Bonus	= Loyalty Bonus multiplier x the total premium charge levied on the Basic Premium for the first policy year x Loyalty Bonus adjustment factor = 2 x HK\$7,000 x 0.5 = <u>HK\$7,000</u>
The example is hypothetical and for illustrative purposes only.	

Your Loyalty Bonus can be significantly affected if the Sum Insured has been reduced. The Loyalty bonus is subject to the usual fees and charges of the Basic Account. Please refer to the section of Summary of Fees and Charges for details.

Terminal Illness Benefit

Cheers Plus offers you a terminal illness benefit at no extra premium while the policy is in effect if all the following conditions are met:

1. The insured unfortunately suffers from a condition which is (i) diagnosed in Hong Kong and (ii) highly likely to lead to death within 12 months after the date of diagnosis in the opinion of two registered medical practitioners acceptable to FTLife and supported by the views of the FTLife’s medical officer; and
2. The insured is alive and is a permanent resident in Hong Kong when we approve the benefit payment; and
3. The insured is first diagnosed with terminal illness after the first three policy years; and
4. The insured is first diagnosed with terminal illness before the policy anniversary that is (i) on the insured’s 80th birthday (in case the policy anniversary falls on the same date as the insured’s 80th birthday) or (ii) immediately following the insured’s 80th birthday; and
5. The terminal illness is not caused by self-inflicted injury.

The benefit amount equals to 5% of the Sum Insured, subject to a maximum amount of US\$5,000 (for US dollar policy) / HK\$40,000 (for HK dollar policy). If there is more than one Cheers Plus policy on the life of the insured, the maximum benefit amount payable will be equal to 5% of the total Sum Insured of all the Cheers Plus policies, subject to a maximum amount of US\$5,000 (for US dollar policy) / HK\$40,000 (for HK dollar policy) per insured. The terminal illness benefit is only payable once for each policy and will cease upon payment of the benefit. The policy will remain in effect after the benefit payment. The terminal illness benefit will be paid without interest within one month after our approval. The terminal illness benefit amount is an additional benefit to be paid from the policy, the amount will not be deducted from the Sum Insured of your Cheers Plus and will not affect the amount payable upon death of the insured.

Contribution Interruption

In the event of emergency, you may need to re-arrange your finance. After payment of the Basic Premiums for the first policy year, you may suspend your Basic Premium payment for a period of time (“**Contribution Interruption Period**”) while maintaining your Cheers Plus policy in effect for conservation of the insurance protection.

At the time you apply for contribution interruption, your Cheers Plus policy needs to meet one of the two criteria:

1. The account value of the Basic Account is no less than the amount^{Note} equivalent to two times of the latest annual Basic Premium due; or
2. The Total Account Value is no less than the amount^{Note} equivalent to three times of the latest annual Basic Premium due.

If the above criteria are not met, the request for contribution interruption cannot be processed. The policy will then be terminated in case the Basic Premium is still not paid after the grace period of 31 days.

Note: FTLife may change this amount from time to time by giving a one month's prior written notice.

During the Contribution Interruption Period, your policy will remain in effect and you will enjoy the life insurance protection and terminal illness benefit as long as the Total Account Value is greater than zero.

Except the premium charge, all relevant fees and charges will still be applicable during this period. The policy will be automatically terminated if the Total Account Value drops to zero.

If you choose to exercise contribution interruption, the Persistency Bonus and the Loyalty Bonus will be affected. Please refer to the sections of **Persistency Bonus** and **Loyalty Bonus** for details.

Optional Rider

There are optional riders for Cheers Plus to cater for your special needs. Optional riders are subject to additional premium and applicable terms and conditions.

If you choose to exercise your right under the **Contribution Interruption** section, all riders for Cheers Plus will be terminated automatically unless we have approved your instructions given in our prescribed form to pay premiums for the riders by unit cancellation of investment choices during the Contribution Interruption Period. Please refer to the section of **Contribution Interruption** for details.

Please contact your Consultant or call our Customer Service Hotline on 2866 8898 for more details about the optional riders including how the Contribution Interruption Period will affect your rider's coverage.

Withdrawal

To meet your changing financial needs, you may withdraw part of the account value from your Basic Account and / or the Top-up Account at any time without any charge provided that:

1. the amount withdrawn is not less than US\$600 (for US dollar policy) / HK\$4,800 (for HK dollar policy) per withdrawal, and
2. immediately after the withdrawal,
 - the remaining balance of the Basic Account will not be less than US\$600 (for US dollar policy) / HK\$4,800 (for HK dollar policy); or
 - the Total Account Value will not be less than US\$1,500 (for US dollar policy) / HK\$12,000 (for HK dollar policy).

If your desired withdrawal will cause the remaining balance of the Basic Account and the Total Account Value falls below the above minimum requirements, you have to withdraw the Total Account Value through surrender of the policy.

Early surrender or withdrawal of the policy may result in a significant loss of principal and / or bonuses awarded. Poor performance of underlying funds may further magnify your investment losses, while all charges are still deductible. Please note that withdrawal made reduces the account value and may lead to reduction in the death benefit and bonuses. It may also lead to termination of the policy if the account value drops to zero after the end of Premium Payment Period. FTLife may change these requirements from time to time by giving a one month's prior written notice.

If you withdraw from the Basic Account, the Persistency Bonus payable can be significantly affected. Please refer to the section of **Persistency Bonus** for details.

Surrender

You may surrender your policy in writing in our prescribed form. All the notional units in your investment choices will be cancelled as soon as practicable after the date we approve your surrender request. We will pay the Total Account Value less any outstanding fees and charges (if any) without interest to you within one month of receiving and approving your request.

Cheers Plus is designed to be held for a long term period. The premium charge deducted upfront from all premiums you paid to Cheers Plus for the first ten policy years range from 5% to 85% of your premium paid. This does not mean that the remaining amount of premium you pay after deduction of premium charge is available for investment because there are other fees and charges to be deducted. Early surrender of the policy may result in a significant loss of principal and / or bonuses awarded.

Maturity Benefit

If the insured is alive when the insured reaches age 100, we will cancel all notional units of the investment choices in the policy and, within one month after that date, pay you the Total Account Value less any outstanding fees and charges under Cheers Plus without interest.

Termination

Your policy will be automatically terminated in the earliest of the following circumstances:

- (i) The Basic Premium due in the first policy year is unpaid after the grace period of 31 days; or
- (ii) Our approval of your request to surrender the policy (please refer to the section of **Surrender** for details); or
- (iii) The death of the insured (please refer to the sections of **Death Benefit and Suicide** for details); or
- (iv) The insured reaches age 100 (please refer to the section of **Maturity Benefit** for details); or
- (v) If the Basic Premium is unpaid after the grace period of 31 days and the account value of the Basic Account and Total Account Value cannot meet the requirements to exercise

contribution interruption after the first policy year (please refer to the section of **Contribution Interruption** for details); or

(vi) The Total Account Value drops to zero during the Contribution Interruption Period (please refer to the section of **Contribution Interruption** for details); or

(vii) The Total Account Value drops to zero after the end of the Premium Payment Period.

If the policy is terminated under any circumstances stated above except for (iii), the Total Account Value less any outstanding fees and charges will be paid.

The policy will remain in effect even the Total Account Value drops to zero within the Premium Payment Period provided that the Basic Premiums due are paid. However, FTLife may change this arrangement from time to time by giving a one month's prior written notice.

Summary of Fees and Charges

Fees and Charges on the Policy																																			
Premium Charge	<p>For Basic Premium</p> <ul style="list-style-type: none"> A percentage of the Basic Premium paid will be deducted as a premium charge from each Basic Premium paid before unit allocation of investment choices to the Basic Account during the Premium Payment Period. No premium charge is deductible in the Contribution Interruption Period. If you pay the unpaid Basic Premiums for the Contribution Interruption Period, premium charge will be imposed on the Basic Premium paid. <p>Premium charge as percentage of the Basic Premium paid for different policy year is as follows:</p> <table border="1"> <thead> <tr> <th rowspan="2">Policy Year</th> <th colspan="4">Premium Payment Period</th> </tr> <tr> <th>5</th> <th>10</th> <th>15</th> <th>20</th> </tr> </thead> <tbody> <tr> <td>1</td> <td>20%</td> <td>50%</td> <td>70%</td> <td>85%</td> </tr> <tr> <td>2</td> <td>8%</td> <td>15%</td> <td>18%</td> <td>22%</td> </tr> <tr> <td>3-5</td> <td>5%</td> <td>5%</td> <td>5%</td> <td>5%</td> </tr> <tr> <td>6-10</td> <td>Nil</td> <td>5%</td> <td>5%</td> <td>5%</td> </tr> <tr> <td>11 and thereafter</td> <td colspan="4">Nil</td> </tr> </tbody> </table> <p>Illustrative example for calculation of the premium charge:</p> <p>Premium Payment Period : 10 years Basic Premium paid for the fourth policy year : US\$600 Premium charge in the fourth policy year : US\$600 x 5% = US\$30</p> <p>For Top-up Premium and Lump Sum Investment Premium</p> <ul style="list-style-type: none"> 5% of the Top-up Premium and the Lump Sum Investment Premium will be deducted as a premium charge from each of such premium paid before unit allocation of investment choices to the Top-up Account. 	Policy Year	Premium Payment Period				5	10	15	20	1	20%	50%	70%	85%	2	8%	15%	18%	22%	3-5	5%	5%	5%	5%	6-10	Nil	5%	5%	5%	11 and thereafter	Nil			
Policy Year	Premium Payment Period																																		
	5	10	15	20																															
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2	8%	15%	18%	22%																															
3-5	5%	5%	5%	5%																															
6-10	Nil	5%	5%	5%																															
11 and thereafter	Nil																																		
Insurance Charge	<ul style="list-style-type: none"> Insurance charge is waived in the first policy year and becomes payable from the second policy year until the policy anniversary that is (i) on the insured's 80th birthday (in case the policy anniversary falls on the same date as the insured's 80th birthday) or (ii) immediately following the insured's 80th birthday while the policy is in effect. The insurance charge is deducted from the Basic Account^{Note} monthly in advance by unit cancellation of investment choices in proportion to the value of the investment choices in the Basic Account. There are two types of insurance charge available under Cheers Plus. The insurance charge applicable to you will depend on the plan option you choose. Please refer to the section of Insurance Charge for details of insurance charge type. 																																		
Administration Fee	<ul style="list-style-type: none"> Administration fee is waived in the first policy year and becomes payable from the second policy year while the policy is in effect. US\$6 (for US dollar policy) / HK\$48 (for HK dollar policy) per month (US\$72 for US dollar policy / HK\$576 for HK dollar policy per annum) for each Cheers Plus policy. The administration fee is deducted from the Basic Account^{Note} monthly in advance by unit cancellation of investment choices in proportion to the value of the investment choices in the Basic Account. 																																		

Summary of Fees and Charges (con't)

Fees and Charges on the Policy (con't)	
Investment Management Fee for Investment Choices	• 0.125% per month (1.5% per annum) of the value of the Basic Account and the Top-up Account will be deducted from each account monthly in arrears by unit cancellation of investment choices in proportion to the value of the investment choices in the Basic Account and the Top-up Account respectively for all policy years while the policy is effect.
Bid-Offer Spread	• Nil
Switching Fee	• Switching fee is currently waived but subject to a maximum of 2% of the amount being switched.

Note: If the value of the Basic Account is insufficient for unit deduction of the fees and charges payable, all the value of the Basic Account will be deducted until it drops to zero and the remaining balance of the fees and charges will then be deducted from the value of the Top-up Account. During the Premium Payment Period, if the Total Account Value is insufficient for unit deduction for fees and charges, any unpaid fees and charges will become outstanding and will be deducted from the Basic Account immediately after unit allocation of investment choices resulted from any subsequent receipt of premium payment or bonus credited. Such fees and charges will be deducted by unit cancellation of investment choices in proportion to the value of the investment choices in the Basic Account. The outstanding fees and charges are not entitled to any interest.

After the Premium Payment Period, if the Total Account Value is insufficient for unit deduction for fees and charges, the policy will terminate.

Fees and Charges on the Underlying Funds	
Management Charge for Underlying Funds	• The Management Charge for underlying funds may include annual management fees, maintenance fees and distribution fees (if any) and these charges are reflected in the unit prices of the underlying funds. Please refer to the offering documents of the respective underlying funds for details.
Bid-Offer Spread	• Currently waived.
Other Charges	• The underlying funds may be subject to other charges imposed by the fund managers of the underlying funds. Please refer to the offering documents of the respective underlying funds for details.

FTLife reserves the right to vary the above fees and charges or impose new charges with not less than one month's prior written notice or other period of notice in compliance with the relevant regulatory requirements.

General Information

Policy Currency

Cheers Plus is issued in US dollar or HK dollar. All references to US dollar amount in this Product Guide are applicable to US dollar policy and all references to HK dollar amount are applicable to HK dollar policy. Premiums can be paid in HK dollars or in policy currency only. You can specify the policy currency at the time of application. Policy currency cannot be altered once the policy has been issued. The premiums received by us in a currency different from your policy currency will be converted to the policy currency, or the amount we pay to you in a currency different from the policy currency upon your request will be converted, at the prevailing exchange rate determined by FTLife from time to time with reference to market rates. Therefore it may be subject to foreign exchange risks in the process of currency conversion.

Issue Age

Cheers Plus is available to insured aged between 15 days old and 65 years old (the age on last birthday). The maximum issue age of the insured varies with different Premium Payment Period. Please refer to the section of **Premium Payment Period** for details.

Application Procedure

If you wish to apply for Cheers Plus, please return the completed application form with your initial premium payment to FTLife's representatives.

You should not purchase Cheers Plus unless you understand it and it has been explained to you how it is suitable for you. The final decision is yours.

Payment of Premium

If the premium for Cheers Plus is paid by crossed cheque, please make the cheque payable to "FTLife Insurance Company Limited". Where applicable, premiums paid in HK dollar will be converted to the policy currency you have chosen at the prevailing exchange rate determined by FTLife from time to time.

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 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 from time to time for reference.
- You have to tell FTLife by giving a written notice. Such notice must be signed by you and received directly by FTLife at 27/F, Wing On Centre, 111 Connaught Road Central, Hong Kong.
- You may get back the amount you paid, or less if the value of the investment choices chosen has gone down.

Please note that you will not be entitled to any Welcome Bonus if you cancel the policy within the cooling-off period. We will only refund the total premium that you have paid, subject to a market value adjustment that reflects any losses FTLife might have incurred in realizing the value of the assets we acquired by investing the total premium you paid to us.

Account Value

The value of each investment choice can be calculated by multiplying bid price (i.e. the unit price at which a notional unit is cancelled) of an investment choice by the number of notional units in that investment choice. The account value of the policy equals to the sum of the value of each investment choice. Please visit our website at www.ftlife.com.hk to obtain the unit prices.

Changes to Investment Choices

An investment choice may be temporarily closed for allocation, or merged with other investment choices, or terminated due to reasons such as changes in the underlying funds stipulated by the investment managers. Under these circumstances, you will be given a one month's prior written notice or other period of notice in compliance with the relevant regulatory requirements to switch your notional units in the affected investment choices and / or direct new premiums to other investment choices offered under Cheers Plus. If we do not receive your instructions for switching and / or change of allocation before the deadline stated in the written notice, we will switch the affected investment choices and / or direct your new premiums to the default investment choice(s) stated in the written notice.

Rounding

Unit allocation and unit cancellation of investment choices are normally rounded down to four decimal places. Subject to the number of decimal places of the unit price of the underlying funds, unit prices of the investment choices are normally rounded to four decimal places. Any residual balance after such rounding will be absorbed by FTLife. We reserves the right to vary the rounding rule with not less than one month's prior written notice.

Borrowing Power

Cheers Plus and its investment choices have no borrowing power. For details of the borrowing power of underlying funds, please refer to the offering documents of the relevant underlying funds. Please visit our website at www.ftlife.com.hk to obtain the offering documents of the underlying funds for details.

Governing Law

Cheers Plus is governed by and interpreted in accordance with the laws of Hong Kong Special Administrative Region and all parties to this policy will submit to the non-exclusive jurisdiction of the courts of Hong Kong.

Taxation

Income and capital gains under Cheers Plus are exempted from taxation under the Hong Kong Inland Revenue Ordinance. However, you are advised to seek professional advice regarding your personal taxation liabilities.

U.S. 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 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 FTLife Insurance Company Limited (the "Company") and Cheers Plus. FTLife is a participating FFI. FTLife is committed to complying with FATCA. To do so, FTLife requires you to:

- provide to FTLife certain information including, as applicable, your U.S. identification details (e.g. name, address, the US federal taxpayer identifying numbers, etc); and
- consent to FTLife 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"), FTLife is required to report "aggregate information" of account balances, payment amounts and number of non-consenting US accounts to IRS.

FTLife 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 FTLife may be required to do so are:

- 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 FTLife may be required to deduct and withhold FATCA Withholding Tax on withholdable payments made to your Cheers Plus and remit this to the IRS; and

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

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

Automatic Exchange of Financial Account Information in Tax Matters and Common Reporting Standard

Automatic Exchange of Financial Account Information in Tax Matters (“AEOI”) is about improving transparency in the fight against tax evasion and in so doing protecting the integrity of the tax systems of the participating jurisdictions. Hong Kong has now legislation in place for AEOI. The Inland Revenue (Amendment) (No. 3) Ordinance 2016 has introduced the relevant provisions to the Inland Revenue Ordinance, incorporating the Common Reporting Standard developed by the Organisation for Economic Co-operation and Development.

The Company, as a reporting financial institution under the relevant ordinance, must comply with the following requirements of the Inland Revenue Ordinance to facilitate the Hong Kong Inland Revenue Department (“IRD”) automatically exchanging certain financial account information with participating tax jurisdictions with which Hong Kong has entered into a Competent Authority Agreement as provided for thereunder:

- (i) to identify certain accounts as non-excluded financial accounts (“NEFAs”);
- (ii) to identify the jurisdiction(s) in which NEFA-holding individuals and certain NEFA-holding entities reside for tax purposes;
- (iii) to determine the status of certain NEFA-holding entities as passive entities that are not financial institutions and identify the jurisdiction(s) in which their controlling persons reside for tax purposes;
- (iv) to collect certain information on NEFAs (“AEOI Required Information”); and
- (v) to furnish certain AEOI Required Information to the IRD. (Collectively, the “AEOI requirements”)

In order to comply with the AEOI Requirements, from 1 January 2017, the Company will request account holders (including individuals, entities and controlling persons and, in respect of your insurance policy, including without limitations, the policyholder and the beneficiary) for all new accounts to complete and provide us with a self-certification form regarding one’s tax residence. As for existing accounts, if the Company has doubts about the tax residence of an account holder, the Company may require such account holder to provide us with a self-certification form regarding his/her/its tax residence.

Any failure to provide any requested information may result in the Company being unable to proceed your application. You should notify us of any change in circumstance which a) affects your tax residency status; or b) causes the information provided under your previously submitted self-certification form to become incorrect, and provide us with a suitably

updated self-certification form within 30 calendar days of such change in circumstances in accordance with applicable laws and regulations. Further, you should agree to comply with requests made by the Company to comply with the AEOI requirements. The Company reserves the right to take any action as it deems necessary in order for the Company to comply with any applicable ordinance(s).

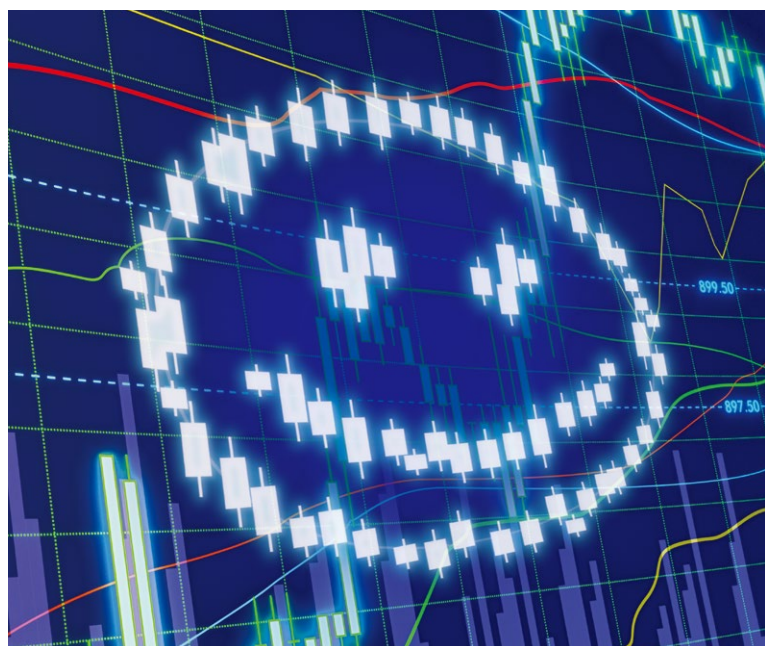
The Company does not provide any legal and tax advice, you should seek independent professional legal and tax advice on the implications of the applicable ordinances may have on you and your insurance policy.

Responsibility

FTLife Insurance Company Limited (A company incorporated in Bermuda with limited liabilities) accepts full responsibility for the accuracy of the information contained in the Offering Documents at the date of publication and confirms, 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.

Authorization

Cheers Plus and its relevant Offering Documents have been authorized by the Securities and Futures Commission (“SFC”), under sections 104(1) and 105(1) of the Securities and Futures Ordinance. SFC authorization is not a recommendation or endorsement of a plan nor does it guarantee the commercial merits of a 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, 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.



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