

# PRUcash XPO

Enjoy extra flexibility to add protection  
at different stages of life with 5% yearly cashback

Life & Savings Insurance



**PRUDENTIAL**  
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Listening. Understanding. Delivering.



# PRUcash XPO

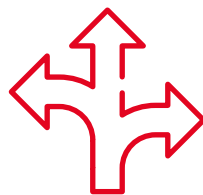
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**PRU**cash XPO is a different kind of endowment insurance. Unlike other ordinary insurance plans, you can get the cash out of your policy sooner. You will receive a Yearly CashBack equivalent to 5% of the sum assured annually (starting from the end of the 2<sup>nd</sup> policy year), and in the meantime, you can enjoy life and disability protections. What's more, in case you have stepped into a new stage in life following special events such as marriage or childbirth, you will have a privileged option to increase your protection and provide for the additional responsibility while enjoying a guaranteed insurability. Now with **PRU**cash XPO, you'll know that effective saving can be hassle-free!

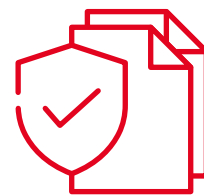
## PRUcash XPO at a glance



Enjoy 5% Yearly CashBack –  
in whichever way you like



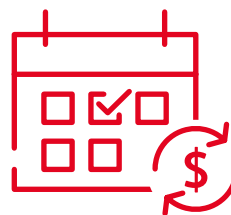
Yearly CashBack  
Options



Welcome your new stage  
in life with Xtra Coverage



Enjoy extra bonuses  
on maturity



Earn interest on the  
Yearly CashBack



Enjoy double protection  
while achieving  
your savings goals



Widen your safety net  
with optional benefits

# The benefits

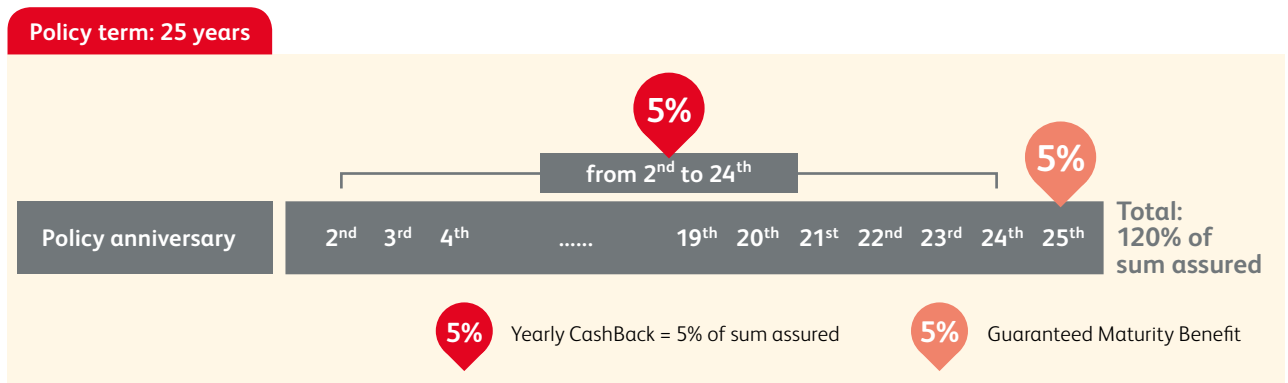
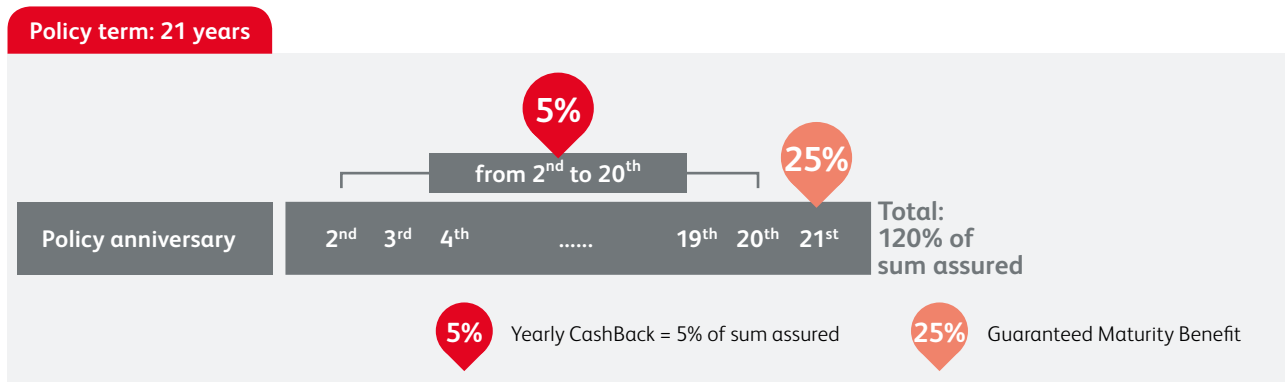


## Enjoy 5% Yearly CashBack – in whichever way you like

**PRU**cash XPO is an endowment insurance plan available to those aged 18 to 35 (age next birthday [ANB]). With **PRU**cash XPO, you can cultivate your wealth for a better future without delay while enjoying life. Each year, you will receive a Yearly CashBack equivalent to 5% of the sum assured starting from the end of the 2<sup>nd</sup> policy year. In total, you will receive 120% of the sum assured (total Yearly CashBack plus Guaranteed Maturity Benefit) plus all potential bonuses over the policy term.

You will have full control over the usage of your Yearly CashBack. Whether it is to go travelling with your loved ones, buying yourself a gift, accumulating your Yearly CashBack to earn interest or even using it to pay for your future premium, **PRU**cash XPO allows you total freedom to decide how you spend your money.

### Schedule of Yearly CashBack and Guaranteed Maturity Benefit as a % of sum assured



### Yearly CashBack Options

- Withdraw the money and realise your plans; or
- Accumulate the Yearly CashBack to enjoy interest<sup>1</sup>; or
- Use your Yearly CashBack to pay for future premium by depositing into the Premium Deposit Account.





### Welcome your new stage in life with Xtra Coverage

We understand your insurance needs will not be the same once you have stepped into a new stage in life, so **PRU**cash XPO brings you **Xtra Purchase Option**, guaranteeing you the right to purchase additional sum assured without the need to present any health evidence. Regardless of the state of your health, **Xtra Purchase Option** allows you to obtain additional insurance up to twice the aggregate sum assured of your existing **PRU**cash XPO<sup>2</sup>. You can exercise the option once upon the occurrence of a special event of your life<sup>3</sup>, of your choosing, which includes:

- getting married;
- having a baby;
- buying a new home; and
- starting up a business.



### Enjoy extra bonuses on maturity

Apart from the accumulated Yearly CashBack, you will also have an opportunity to share in the profits of our With-Profits Fund through **reversionary bonus** and **special bonus**, which will be declared annually starting from the 3<sup>rd</sup> policy anniversary onwards. By participating in our With-Profits Fund through the plan, you can receive your share of distributable profits, if any, from our With-Profits Fund in the form of non-guaranteed bonuses. No less than 90% of the distributable profit from our With-Profits Fund will be allocated to With-Profits policyholders. The calculation of the distributable profit of With-Profits Fund is performed separately and is not the same as that of the total profits of Prudential Hong Kong Limited. The projected (non-guaranteed) maturity value as a percentage of total basic premiums paid can possibly reach 163%<sup>4</sup>. Please refer to the “More about the plan” section for the details of bonuses.



### Earn interest on the Yearly CashBack

The Yearly CashBack left with us will earn interest. The current rate is 4%<sup>5</sup> per annum.



### Enjoy double protection while achieving your savings goals

**PRU**cash XPO is an endowment plan combining savings with life protection. No matter how many times you have received Yearly CashBack, in case of death happening to the person covered by the policy (the “life assured”) while the policy is in force, we will pay a death benefit, equal to 100% of the sum assured plus bonuses (if any).

You can choose how you would like the plan’s death benefit to be paid while the life assured is still alive. You can opt to pay the death benefit to your beneficiary in a lump sum or in monthly instalments or a mix of both. These options enable you to plan ahead for your loved ones’ financial future.

In addition, **PRU**cash XPO further extends your protection by providing an **Accelerated Disability Benefit**<sup>6</sup>. In case of total and permanent disability continuously for more than 180 days as a result of injury or illness before the policy anniversary immediately after the life assured reaches age 70 (ANB), 100% of the death benefit will be advanced to you.



### Widen your safety net with optional benefits

You may also add supplementary benefits to your **PRU**cash XPO in meeting your personal needs. **PRU**cash XPO offers a variety of benefit choices ranging from medical, accidental and waiver of premium, which can suit your requirements along the different stages of your life.

## Illustrative example

Mr. Chan, 25 years old (ANB), non-smoker, USD 20,000 sum assured					
Policy term (years)	Annual premium	Total Yearly CashBack payout before maturity (1)	Projected amount receivable at maturity		Projected (non-guaranteed) total amount received over the policy term = (1) + (2) + (3)
			Guaranteed (2)	Non-guaranteed (3)	
CashBack Option: Payout					
21	USD 2,006	USD 19,000	USD 5,000	USD 31,059	USD 55,059
25	USD 1,834	USD 23,000	USD 1,000	USD 35,651	USD 59,651
CashBack Option: Accumulate					
21	USD 2,006	N/A	USD 24,000	USD 40,837	USD 64,837
25	USD 1,834	N/A	USD 24,000	USD 50,734	USD 74,734

Projected (non-guaranteed) maturity value as a percentage of total basic premiums paid  
**163%**

Projected (non-guaranteed) rate of return at maturity (p.a.)  
**3.58%**

The current illustrated interest rate of 4% p.a. for accumulated Yearly CashBack is not guaranteed and is subject to change without notice. As the bonus rates are not guaranteed, the actual benefits payable will vary at our discretion.

Please also refer to our brochure on With-Profits Plans available at <https://pruhk.co/withprofits-en> for information (such as investment philosophy and bonus philosophy) on your With-Profits Plan and the operation of a With-Profits Fund.

# More about the plan

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## Plan type

Basic plan

(When this plan is a basic plan, it means you can choose to take out this plan as a standalone plan without enrolling with other type(s) of insurance product at the same time.)

## Premium term/Benefit term/Issue age/Currency

Premium term/ Benefit term	Issue age (ANB)	Currency
21 years	18 – 35	USD
25 years		

## Bonuses

- The plan consists of 2 types of non-guaranteed bonuses: a reversionary bonus and a special bonus. These may be considered as an annual bonus and a one-off bonus respectively.
- We normally declare the bonuses at least annually and according to our declared bonus rates. We may change the bonus rates from time to time. The bonus is not guaranteed.
- We will declare the bonuses for your plan from its 3<sup>rd</sup> policy anniversary for regular-premium plans.
- The declared bonuses have a face value which will be paid out in the event of death of the life assured or maturity.
- The reversionary bonus can accumulate within the policy, allowing your savings to grow with time. Once declared, the face value of the reversionary bonus is guaranteed.
- The special bonus is an additional one-off bonus; the declared bonus may rise and fall and does not accumulate within the policy. It does not form a permanent addition to the policy value.
- After each declaration of special bonus, the value may be adjusted and could be reduced comparing to previous declarations. As a result, the maturity benefit, death benefit and surrender value may be lower than in previous years as well.

- The bonuses also have a non-guaranteed cash value which we determine by a cash value discount factor. In the event of policy surrender or termination (other than due to death of the life assured or maturity), the non-guaranteed cash value – not the face value – of the bonuses shall be paid out.
- You may encash the cash value of the accumulated reversionary bonus and its corresponding special bonus from the policy on request, although this will reduce the long-term value of the policy.
- We have the right to determine bonus rates, cash values and frequency of declaration at our sole discretion.

## Surrender value

Upon policy surrender, we will pay a surrender benefit equal to:

- the guaranteed cash value;
- **plus** the non-guaranteed cash value of the reversionary bonus (if any) and the non-guaranteed cash value of the special bonus (if any);
- **plus** the accumulated Yearly CashBack (if any);
- **less** any outstanding loans and interest.

## Maturity benefit

Upon policy maturity, we will pay a maturity benefit equal to:

- the Guaranteed Maturity Benefit;
- **plus** the face value of the reversionary bonus (if any) and the face value of the special bonus (if any);
- **plus** the accumulated Yearly CashBack (if any);
- **less** any outstanding loans and interest.

## Death benefit and its settlement option

In the event of death of the life assured, we will pay a death benefit equal to:

- the sum assured;
- **plus** the face value of the reversionary bonus (if any) and the face value of the special bonus (if any);
- **plus** the accumulated Yearly CashBack (if any);
- **less** any outstanding loans and interest.

Death benefit settlement option:

- You can decide, while the life assured is still alive, whether we pay your beneficiary the death benefit in a lump sum or as a series of monthly instalments or a mix of the 2. If the death benefit amount you opt to settle by monthly instalments is less than a certain amount, as determined by us, we will only pay the death benefit in a lump sum.
- You can choose to settle the monthly instalment in a certain number of year options provided by us.
- If you choose the monthly instalment option, your beneficiary will receive the death benefit of a fixed amount on a monthly basis and earn an interest on the remaining death benefit amount. We will pay the accumulated interest in the last instalment. We will determine the interest rate from time to time. This means the rate is not guaranteed and it depends on several factors including investment performance and the yields available in the market. The interest rate applicable for the remaining death benefit is different from the interest rate for the accumulated Yearly CashBack.
- The beneficiary cannot make any changes to the way we pay the benefits at any time.
- The remaining balance of the death benefit, which we pay by monthly instalments, will not participate in the With-Profits Fund or benefit from its profits.

## Premium discount

Premium discount per USD 1,000 sum assured.

Sum assured	≥ USD 200,000	≥ USD 300,000	≥ USD 400,000	≥ USD 500,000
Premium discount	0.2	0.3	0.4	0.5

E.g. If the sum assured is USD 400,000 and the premium pay mode is annual, the premium discount for each premium payment would be USD 160 (USD 400,000/1,000 X 0.4).

## Termination of this plan

We will terminate this plan when the first of these happens:

- death of the life assured; or
- the plan reaches its end of benefit term; or
- your policy is surrendered; or
- you fail to pay your premium within 1 calendar month from the date it is due and the net cash value of the policy is insufficient to exercise the automatic premium loan; or
- if the total outstanding amount owing to us under your policy exceeds the cash value of your policy.

## Termination of Xtra Purchase Option

We will terminate the **Xtra Purchase Option** when the first of these happens:

- the **Xtra Purchase Option** reaches its end of benefit term; or
- the **Xtra Purchase Option** in any **PRU**cash policies issued to the life assured has been exercised; or
- the basic plan has matured or has been surrendered, terminated or converted to a reduced-paid up policy.

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## Remarks

- 1 Interest rate is determined at our discretion. In the event of non-payment of premium, the accumulated Yearly CashBack will be used to pay for premium due.
- 2 The sum assured of the new policy shall not exceed USD 250,000 or twice the aggregate sum assured of all in force **PRU**cash XPO policies (excluding any bonus additions), whichever is smaller.
- 3 **Xtra Purchase Option** is exercisable once only even if 2 or more **PRU**cash XPO policies are issued to the life assured; is exercisable if you have an insurable interest in the life of the life assured at the time of application for a new life insurance policy; and is only exercisable at or before age 45 (ANB) of the life assured and within 3 months after the occurrence of any life events of the life assured. Satisfactory evidence should be provided with the appropriate application form. The new policy must be a life insurance plan with cash value including investment-linked plans. We shall determine the premium for such new policy based on the applicable premium rate and the age of the life assured at the time of application for a new life insurance policy. If your original plan (under the original policy) is subject to special terms and conditions, such special terms and conditions shall apply to such new policy. The sum assured of the new policy shall not exceed USD 250,000 or 2 times the aggregate sum assured of all in-force **PRU**cash policies with **Xtra Purchase Option** issued to the life assured (excluding any bonus additions), whichever is smaller.
- 4 This figure is calculated based on the sum assured of USD 20,000 (**PRU**cash XPO 25) for a non-smoking male at issue age of 25 (ANB), accumulating the Yearly CashBack without withdrawal and is for reference only. It is calculated based on the current projections of bonus rates and current illustrated interest rate of 4% p.a. which are not guaranteed. Besides, it is assumed that there is no policy loan, change of sum assured or encashment of any cash value of bonuses while the policy is in force. The figure is rounded to the nearest whole number.
- 5 This rate is not guaranteed and can be adjusted by us without notice.
- 6 The **Accelerated Disability Benefit** is only offered to life assured who is aged 18-35 (ANB) at policy issuance, holds a Hong Kong Identity Card and is residing in Hong Kong. We reserve the right of the final decision to offer the benefit.



## Bonus philosophy

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Policyholders of the With-Profits Plans shall enjoy a fair share of the relevant experience of the With-Profits Fund (the “Fund”) through the addition of non-guaranteed bonus. We aim to protect all policyholders’ respective rights and reasonable expectations by providing payments that are fair across different groups of policyholders. While the value of the plan is mostly affected by the overall performance of the Fund, smoothing may be applied to produce more stable returns over the long-term.

### Factors affecting the bonuses

- The plan consists of 2 types of non-guaranteed bonuses: a reversionary bonus and a special bonus. The bonuses we pay are not guaranteed and are subject to review and adjustment at our discretion. Factors that may affect them include (but not limited to):
  - i. Investment performance factors – Your plan’s performance will be affected by the return on its underlying investment portfolio. This could be driven by:
    - interest earnings from fixed-income securities and dividend from equity-type securities (if any);
    - capital gains and losses from investment assets;
    - counterparty default risk of fixed-income securities (such as bonds);
    - investment outlook; and
    - external market risk factors such as recessions and changes in monetary policies and foreign exchange rates.
  - ii. Claims factors – Our historical claims experience on death and/or other covered benefits, and projected future costs of providing death benefit and/or other covered benefits.
  - iii. Expense factors – These include direct expenses associated with issuing and maintaining your policy, such as commissions, overrides, underwriting and policy administration expenses. They may also include indirect expenses (such as general overheads) allocated to your policy.
  - iv. Persistency factors – Policy persistency (a measure of how long policyholders keep their policies) and any partial surrenders of a group of policies may impact the bonus we pay to the continuing policies.
- The actual future amounts of benefits and/or returns may be higher or lower than the values currently presented in the marketing materials. Our website at <https://pruhk.co/bonushistory-WPPAR-en> explains the bonus history.

# Investment philosophy

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## Investment strategy

We aim to protect the rights and manage the reasonable expectations of all With-Profits policyholders. Our investment objective is to maximise policyholders' returns with an acceptable level of risk. We do this through a broad mix of investments.

The With-Profits Fund invests in various types of assets, such as equity-type securities and fixed-income securities to diversify investment risks. The equity-type securities aim to provide policyholders with the potential for a higher long-term return.

We adopt an actively managed investment strategy, which we adjust in response to changing market conditions. Under normal circumstances, our experts allocate a smaller proportion of higher-risk assets, such as equities, to insurance plans with a higher guarantee and a larger proportion of higher-risk assets to insurance plans with lower guarantees. In doing so, we aim to match the level of risk to the risk profiles of our products. We may utilise derivatives to manage risks or improve returns. We may also make use of securities-lending to enhance returns.

The following paragraphs explain the current investment mix according to our investment strategy. Should there be any material changes in the investment strategy, we will inform you afterwards and explain the reasons behind and their implications.

## The investment mix of your plan

The current long-term target asset allocation is as follows:

Asset type	Allocation (%)
Fixed-income securities	54%
Equity-type securities	46%

Our guaranteed liabilities to the policyholders are mainly supported by fixed-income securities. The proportion of equity-type securities is also adjusted with reference to market environment. For example, the proportion of equities is generally lower when the interest rate level is low, and higher when interest rates rise (subject to the long-term target equity allocation).

We primarily invest in fixed-income securities rated at least investment-grade. A small portion of high-yield and emerging-market bonds may be included to improve yield and diversification.

For equity-type securities, most of the investments are in stocks listed on major international exchanges. A small portion of properties and other equity-like investments may be included to further improve long-term return and diversification.

Our currency strategy is to broadly match the fixed-income securities to the underlying policy denomination, while we allow more flexibility for equity-type securities for diversification. Subject to market availability and opportunity, we may invest fixed-income securities in a currency other than the underlying policy denomination and currency hedging will be used to reduce the currency risk.

We invest globally to achieve diversification benefits and we currently have a higher relative allocation in the US and Asia which will be reviewed regularly.

**We actively manage and adjust actual exposure in response to changing market conditions and opportunities. Given asset values may vary due to changes in the economic environment and investment performance, the actual allocation may vary from the target allocation above. On a regular basis, we review the investment mix to be in line with our investment objectives and risk appetite. For more information on the investment mix, please refer to <https://pruhk.co/investmentmix-en>.**

## Key risks

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### **How may our credit risk affect your policy?**

The guaranteed cash value (if applicable) and insurance benefit of your plan are subject to our credit risk. If we become insolvent, you may lose the value of your policy and its coverage.

### **How may currency exchange rate risk affect your return?**

Foreign currency exchange rates may fluctuate. As a result, you may incur a substantial loss when you choose to convert your benefits to other currencies. Additionally, the conversion of your benefits to other currencies is subject to exchange restrictions applicable at the time when the benefits are paid. You have the sole responsibility to decide if you want to convert your benefits to other currencies.

### **What are the risks of surrendering your plan or withdrawing money from your plan?**

The liquidity of an insurance policy is limited. You are strongly advised to reserve adequate liquid assets for emergencies. For any surrender/withdrawal especially at the early stage upon policy inception, you may receive an amount considerably less than the premiums you paid.

### **How may inflation affect the value of your plan?**

We expect the cost of living to rise in the future because of inflation. That means the insurance you take out today will not have the same buying power in the future (i.e., the benefit payouts might not be able to cover your future needs), even if the plan offers increasing benefit intended to offset inflation.

### **What happens if you do not pay your premiums?**

You should only apply for this product if you intend to pay all of its premiums. If you miss any of your premium payments, we will automatically settle your outstanding premiums or premiums and levy(ies) by an automatic premium loan, with interest charged at a rate as determined by us. In the case the loan amount (plus accrued interest) exceeds the amount we allow for loan under the policy, we may terminate your policy and you may receive an amount considerably less than the premiums you paid, as well as losing the policy's coverage.

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## Important information

### Suicide clause

If the life assured commits suicide regardless of sane or insane within 1 year from the effective date of the policy or from the date of any reinstatement, whichever is later, the death benefit will be limited to a refund of the premiums paid without interest subject to the deduction of any amounts we have already paid and any indebtedness you owe us under the policy.

### Cancellation right

A customer who has bought the life insurance plans has a right to cancel the policy within the cooling-off period and obtain a refund of any premium(s) and levy(ies) paid less any withdrawals. Provided that no claim has been made, the customer may cancel the policy by giving written notice to us within 21 calendar days immediately following either the day of delivery of (1) the policy or (2) the notice (informing the availability of the policy and expiry date of the cooling-off period) to the customer or his/her nominated representative, whichever is earlier. Such notice must be signed by the customer and received directly by Prudential Hong Kong Limited at 8/F, Prudential Tower, The Gateway, Harbour City, 21 Canton Road, Tsim Sha Tsui, Kowloon, Hong Kong within the cooling-off period.

The premium and levy will be refunded in the currency of premium and levy payment at the time of application for this policy. If the currency of premium and levy payment is not the same as the plan currency, the refundable premium and levy amount in plan currency under this policy will be converted to the currency of premium and levy payment at the prevailing currency exchange rate as determined by us in our absolute discretion from time to time upon payment. After the cooling-off period expires, if a customer cancels the policy before the end of benefit term, the actual cash value (if applicable) may be substantially less than the total amount of premiums paid.

### Automatic Exchange of Financial Account Information

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

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

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

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

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

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

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

For further information on the implementation of the Common Reporting Standard and AEOI in Hong Kong, please refer to the IRD website: [www.ird.gov.hk/eng/tax/dta\\_aeoi.htm](http://www.ird.gov.hk/eng/tax/dta_aeoi.htm).



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## Need more details? Get in touch

Please contact your consultant or call our Customer Service Hotline at 2281 1333 for more details.

## Notes

**PRUcash XPO is underwritten by Prudential Hong Kong Limited (“Prudential”). You can always choose to take out this plan as a standalone plan without enrolling with other type(s) of insurance product at the same time, unless such plan is only available as a supplementary benefit which needs to be attached to a basic plan. This brochure does not contain the full terms and conditions of this plan and is for reference only. It does not represent a contract between Prudential and anyone else. You should read carefully the risk disclosures and key exclusions (if any) contained in this brochure. For further details and the full terms and conditions of this plan, please ask Prudential for a sample of the policy document.**

Prudential has the right to accept or decline any application based on the information provided by the policyholder and/or life assured in the application.

Please cross your cheque and make it payable to “Prudential Hong Kong Limited”.

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**Prudential Hong Kong Limited**

(Part of Prudential plc (United Kingdom))

8/F, Prudential Tower

The Gateway, Harbour City, 21 Canton Road

Tsim Sha Tsui, Kowloon, Hong Kong

Customer Service Hotline: 2281 1333

Corporate Website

[www.prudential.com.hk](http://www.prudential.com.hk)