



Choice
the facts

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HOW CHOICE WORKS

Type of contract: Choice is an investment linked whole of life assurance policy, issued by Scottish Provident International Life Assurance Limited ("SPILA") which is based in the Isle of Man.

The investments comprising Choice are legally the property of the SPILA. The investor becomes the owner of a life assurance policy whose benefits are directly linked to the value of the Choice investment fund. The value of the investment fund is based on the value of the underlying investments chosen by the investor or his appointed investment adviser and may go down as well as up. Where a fund invests in overseas securities the unit prices may also rise and fall purely on account of exchange rate fluctuations.

Availability: Choice is only available to Hong Kong residents aged 18 or over, provided they are not subject to any legislation which prohibits this type of investment. However, SPILA reserves the right to offer Choice to residents of other jurisdictions acceptable to SPILA from time to time. Choice is not available to citizens of the United States[†]. In addition, if you purchase a policy and later become resident in the United States[†] there will be restrictions placed on your policy while you are resident there. These include the inability to make additional premium payments and the inability to switch the funds placed with SPILA among the investment options as otherwise permitted under the policy. Potential investors should discuss their own particular situation with their professional financial adviser to ensure that they are eligible to invest in Choice.

Contract Basis: Choice is available on either a single life or joint life basis. Under a joint life policy, benefits are paid out on the last death. In certain circumstances, it is possible for the owners of the policy to differ from the lives assured on whose death the policy benefits become payable. The benefits payable on death will be 101% of the encashment value at the time SPILA is notified in writing of death. A charge will be taken for providing the death benefit where the youngest life assured is 80 years if age and the total initial investments exceed GBP250,000, or currency equivalent.

Currency: Choice will be denominated in Sterling, US Dollars, Japanese Yen, Euro or HK Dollars. The chosen currency will be used to specify the value of your investment, any additional life assurance cover selected and to determine charges and policy limits. Valuation reports will be provided in the currency selected.

Multiple Policy Facility: Choice can be issued as 100 identical policies which is the maximum number allowed. However, the investor may choose fewer policies if desired.

Minimum Investment: The minimum initial investment into Choice basis A or B is currently GBP50,000/ USD75,000/ JPY8,500,000/ EUR75,000/ HKD600,000. The minimum initial investment for Choice basis C is GBP250,000/ USD375,000/ JPY42,500,000/ EUR375,000/ HKD3,000,000. The investment may be paid in any freely convertible currency. 100% of the investment is applied to Choice.

Additional Investments: Additional investments can be made at any time, and will be divided equally amongst the policies making up Choice. The minimum additional investment is currently GBP5,000/ USD7,500/ JPY850,000/ EUR7,500/ HKD60,000. 100% of the additional investment is applied to Choice. Additional investments are treated as new contracts for the purposes of initial or establishment fees and any early encashment charges.

Regular Statements: Valuation Reports, including a full statement of Choice will normally be carried out four times a year from the date that the contract starts and will be issued as soon after the Valuation date as possible. You can choose four different dates if you wish either on the application form, or by giving notice at a later date. They will normally be forwarded via your financial or investment adviser.

[†] United States means the United States of America, its territories and possessions, any state of the United States and the District of Columbia.



INVESTMENT FUND MANAGEMENT

There are two options:

- i) The investor can make his or her own investment decisions.
- ii) A professional investment adviser may be appointed by the investor to advise on the investment strategy of Choice. The Appointment of Investment Adviser contained in the application form sets out the conditions of the appointment and the agreed ongoing remuneration.

Administration: SPILA will be responsible for the placement of deals including settlement and the policy administration and paperwork relating to the investments in Choice. This includes the settlement of unit purchases and currency exchanges.

Any discounts received on the purchase of investments will be applied to the chosen Investment Fund.

ALLOWABLE ASSETS

Choice aims to provide access to the widest possible range of assets in order to optimise investment opportunities. Assets will be held in the name of SPILA or its custodian and for this reason we vet all investment instructions to ensure that the assets are acceptable to SPILA (please see 'Availability below'). For details of specific funds please refer to the respective fund Prospectus which will be made available by your Financial Adviser.

Asset Classes: The following classes of asset are acceptable as investments within Choice[#]

- (a) An internal fund offered by Scottish Provident International*
- (b) A UK authorised unit trust within the meaning of section 468 ICTA 1988
- (c) A UK investment trust within the meaning of section 842 ICTA 1988
- (d) An open ended investment company (OEIC) within the meaning of section 236 of the UK Financial Services and Markets Act 2000.
- (e) An interest in a collective investment scheme which is constituted by -
 - (i) a company, not being an open ended investment company, which is resident outside the UK,
 - (ii) a unit trust scheme where the trustees are resident outside the UK, or
 - (iii) any overseas arrangements which do not fall within (i) or, (ii) but which are recognised under the law of the jurisdiction in which they are domiciled or registered as creating rights in the nature of co-ownership.
- (f) cash deposits
- (g) Shares
- (h) Bonds

* Any annual management charge levied by SPILA on internal funds held by Choice will be credited as a cash sum to the policies.

Funds not authorised or registered in Hong Kong are not available to Hong Kong residents.

Warrants, options or any other future right to purchase shares or units in an investment link listed above are not permitted under any circumstances.

Below are some jurisdictions from which we will consider funds. Listing/regulation in one of these jurisdictions will not immediately render the fund allowable, unless all other criteria have also been satisfied.

Bahamas	Channel Islands	Singapore
Bermuda	European Economic Area (Any State)	South Korea
Brazil	Hong Kong	Switzerland
British Virgin Islands	Isle of Man	Taiwan
Canada	Japan	USA
Cayman Islands	Mexico	

[#] Securities will only be allowed as assets of Choice where they satisfy all of SPILA's criteria for allowable assets.

Further details on allowable assets can be found in 'Choice - Investment Acceptance Guidelines'.

Asset Vetting: All investment instructions will be subject to individual vetting to ensure that the assets are acceptable to SPILA. The reason for this vetting is to ensure that we comply with the obligations of our licence, regulations and any anti-money laundering regulations etc to which we are subject. In undertaking this process SPILA will take no account of investment potential

or risk to the investor which remain the sole responsibility of the investor or appointed investment advisor. SPILA reserves the right at its absolute discretion, to decline an asset without having to give a reason. In addition SPILA does not accept liability for loss of performance or investment opportunity as a result of any decision to decline an asset.

Availability: Any asset is only available to Choice if made available by SPILA. We reserve the right to decline to hold or deal certain assets at our discretion.

Insurance bonds issued by other life assurance companies are not acceptable, neither are unquoted stocks, commodities and derivatives.

Registration: SPILA must be able to hold the asset in our custodian's nominee name or account.

Subscription Frequency: It must be possible to subscribe to an investment daily, weekly, monthly or quarterly at the least.

Redemption Frequency: Units or shares in the investment must be redeemable daily, weekly, monthly or quarterly at the least.

Liquidity: There will be no clauses restricting dealing e.g. we would not accept a fund where redemption proceeds would be payable in tranches. Additionally, a fund will not be accepted if redemptions are restricted until a buyer is located and the sale matched out.

Units: A fund will not be acceptable if the units are only issued in bearer form. The preferred procedure is for registered non-certificated stock.

Pricing: Prices for the asset must be readily available and publicly quoted regularly.

Cash Deposits: If a Cash Deposit is selected as an asset, a minimum of GBP50,000/ USD75,000/ JPY8,500,000/ EUR75,000/ HKD600,000 must be held in that deposit instrument.

Cash Account: It is important to ensure that a cash balance is maintained within Choice to cover charges and withdrawals. If there is insufficient cash in Choice to meet charges or cash withdrawals when they fall due, an overdraft facility will be provided. The limit of such overdraft will be £5,000 (or currency equivalent) inclusive of short term borrowings to cover redemptions or other special situations. Borrowing within these limits will be at the discretion of the Company. Any overdraft will incur debit interest. Uninvested cash balances will attract interest at the prevailing market rate. Please refer to the Choice Policy Conditions for further information regarding the Cash Account.

US Assets: If any US registered assets are included as an investment of your Choice, you will need to complete a US form W-8BEN for US withholding tax purposes. Our custodian is required to forward this form, which will contain personal details, to the US organisation that is paying dividends or interest to account for the withholding tax. Such information is subject to audit by the US Internal Revenue Service. This process will need to be repeated every three years or if your circumstances change.

SHARE EXCHANGE SCHEME

This service enables you to sell a portfolio of stocks and shares or pooled fund assets to invest in Choice or to transfer acceptable assets as described above.

A Power of Attorney is granted by you to SPILA, enabling SPILA to proceed with the sale or transfer on your behalf. As soon as SPILA is in possession of all the necessary documentation, the assets will be sold through a recognised Stock Exchange or back to the fund managers, or transferred into Choice.

SPILA charges an administration fee (currently GBP15/USD25/JPY2,550/EUR25/HKD180) for each stock sold or transferred, plus delivery, settlement and custody charges.

The amount realised by the sale, less any charges incurred, plus any initial cash investment will be the investment into Choice as stated in the policy. If assets are being transferred into Choice then a nominal amount equal to the market value, less charges incurred, will be the investment into Choice.

Investors may have a liability to tax on the gains made at the date of any sale. Full advice regarding the tax implications of disposing of securities should be sought from your professional financial adviser before proceeding with any transaction.

ADDITIONAL LIFE ASSURANCE COVER

This optional benefit is available on a whole of life basis to lives assured under the age of 75 at outset and can be included at outset or added later, subject to any medical evidence required by SPILA. In some countries an element of additional life assurance cover may be necessary to ensure that Choice is treated as a life assurance policy and appropriate advice must be taken. The client may choose any level of cover up to the maximum offered for that age and investment level. Cover may be provided on a single life or joint life last death basis. For joint life policies the age of the younger life assured will be used. The following table of limits apply:

Age next birthday of Life Assured (or youngest life assured for joint life policies)	Maximum Cover (as percentage of initial investment)
18 - 35 years	1000%
36 - 45 years	650%
46 - 55 years	350%
56 - 65 years	200%
66 - 75 years	150%

The sum payable on the death of the last surviving life assured will be the greater of:

- the level of cover selected, or
- 101% of the encashment value of Choice.

The cost of providing cover is met by quarterly deductions from the investment fund, based on the excess, if any, of the chosen level of cover over the encashment value at the time. The cost will reflect current rates of mortality together with any special terms which SPILA applied after initial underwriting and will be based on the age(s) of the life/lives assured. The charges may be varied by SPILA at any time.

The maximum cover should be sustainable throughout life, based on the current assumptions and charges. However, the period over which cover can be maintained in practice will depend on actual experience. If experience is worse than that assumed then additional investments may be required to maintain cover, otherwise the investment fund value could reduce to nil and Choice will lapse without value. The level of cover may be altered to suit the changing needs of the client, provided at least one month's notice is given. Increases will be subject to satisfactory medical and other evidence determined by SPILA.

CHARGES

Choice offers the choice of three charging structures: A, B and C, which is determined at policy outset. The charges of each are explained below and presented in the Summary of Charges.

Establishment Fee: This covers the costs associated with setting up Choice. Additional investments into Choice are treated as new contracts for the purposes of determining the establishment fee.

Administration Fees: These cover the costs of administering Choice on a day to day basis and are taken as a percentage charge and/or a fixed charge.

Dealing Administration Fees: These cover the costs incurred for each purchase or sale of assets within Choice.

Fund Manager Charges: When SPILA invests in externally managed funds, charges and expenses will be levied by the fund manager. Details of charges are available from the fund manager or your Financial Adviser. Investments into external funds may be on discounted terms.

Custodian Charges: Charges will also be made to cover the costs imposed by the Custodian associated with the receipt, delivery and settlement of securities. For US assets this is US\$500 per asset held.

Stockbroker Charge: Where it is necessary to purchase or sell assets through a stockbroker, the fee charged will be debited from Choice.

POLICY CHARGES	BASIS A	BASIS B	BASIS C
Establishment Fee* (applied to each amount invested)	Year 1 3% p.a. of investment fund value or initial amount invested whichever is the higher, deducted quarterly in arrears Year 2 - 4 1% p.a. of investment fund value or initial amount invested whichever is the higher, deducted quarterly in arrears	Year 1 3% p.a. of initial amount invested deducted quarterly in arrears. Year 2 - 4 2% p.a. of initial amount invested deducted quarterly in arrears	Advisers costs up to 5% + 1% of amount invested deducted on Commencement.
Administration Fees* Percentage Administration Fee Flat Administration Fee	0.125% per quarter of investment fund value GBP35/ USD55/ JPY5,950/ EUR55/ HKD420 per quarter	Nil GBP35/ USD55/ JPY5,950/ EUR55/ HKD420 per quarter	Nil GBP250/ USD375/ JPY42,500/ EUR375/ HKD3,000 per quarter.
Encashment* (applied to each amount invested) This is equal to all outstanding Establishment Fees on encashment date	6% of the investment fund value or initial amount invested, whichever is the higher, during the first 3 months reducing by 0.75% per quarter over the first year and 0.25% per quarter thereafter	9% of initial amount invested during the first 3 months reducing by 0.75% per quarter over the first year and 0.5% per quarter thereafter	Nil
Dealing Administration Fee External Fund/Investment SPILA Internal Funds	GBP15/USD25/JPY2550/ EUR25/HKD180 per purchase, sale or alteration Nil	GBP15/USD25/JPY2550/ EUR25/HKD180 per purchase, sale or alteration Nil	GBP15/USD25/JPY2,250 EUR25/HKD180 per purchase, sale or alteration. Nil
FUND CHARGES			
Custodian Charge	Varies by asset. In particular, if the asset is requested in the USA an annual custodian charge of \$500 will be made. Please refer to SPILA for further details.		
Fund Manager Charges	Varies by fund and fund manager. Please refer to the respective fund Prospectus which will be made available by your Financial Adviser.		
Stockbroker Charge	Varies by asset and value. Please refer to SPILA for current details.		

* Additional investments are treated as new contracts for the purposes of initial or establishment fees and any early encashment charges.

Policy charges are deducted from the cash account. Please refer to the Cash Account paragraph on page 4.

Variation of charges: SPILA retains the right to vary any of the policy charges described above, by giving 3 months' notice, or shorter notice as approved by the SFC, to the policyholder although it aims to keep them as low as possible. These charges are current as at September 2006.

ENCASHMENT

One or more individual policies making up Choice may be fully encashed at any time, with the proceeds being paid in any freely convertible currency.

The value will be the encashment value of the investment fund (after dealing and/or custodian charges), less where applicable an early encashment charge to cover outstanding establishment costs which depends on the charging basis chosen.

Any encashment fees are based on the original amount invested for basis B, or the investment fund value if higher for basis A, and also apply to each additional investment from the date of that investment. There are no encashment fees for basis C.

Any additional life assurance cover attached to an individual policy will cease on encashment.

To encash Choice you should return your policy documents and completed surrender form to SPILA.

WITHDRAWALS

Cash withdrawals can be made at any time, without the need to fully encash policies. The minimum withdrawal is currently GBP500/USD750/JPY85,000/EUR750/HKD6,000 and can be paid in any freely convertible currency. You may be required to reduce the level of additional life assurance cover, depending on the amounts withdrawn. In such circumstances you will be notified by our Underwriting Department.

Withdrawals can be arranged on an automatic basis to give an income paid monthly, quarterly, half-yearly or yearly. The minimum regular payment is currently GBP200/USD300/JPY34,000/EUR300/HKD2,400. Regular withdrawals will normally be paid in the policy currency.

During the period when establishment charges are being made, withdrawals will not be permitted if the value of Choice is insufficient to meet the remaining Establishment Charges.

Following any withdrawal the remaining value of Choice must be in excess of the then permitted minimum (currently GBP10,000/USD15,000/JPY1,700,000/ EUR15,000/HKD120,000).

A sufficient cash balance should be maintained to cover anticipated withdrawals and charges in order to avoid an unnecessary overdraft. Should it be necessary to sell assets in order to realise cash to cover a withdrawal, dealing instructions will be required. Withdrawals will only be paid once SPILA has received settlement for the redemption(s). SPILA reserves the right to sell assets if the overdraft exceeds £5,000 (or currency equivalent), and to rebalance cash by currency.

TAXATION

Company Taxation: SPILA is not liable to tax on the income or gains arising within its life assurance funds. However, withholding tax may be deducted at source on income arising from investments held in some countries.

Personal Taxation: The tax treatment of any benefits you take from Choice will depend on your country of residence or domicile and personal circumstances at the time. For example UK resident policyholders will have a possible income tax liability on a chargeable event (such as a surrender or a withdrawal* exceeding 5% p.a. of amount invested) which is reportable through Self Assessment. You should be aware that, if you are a UK resident, when you create a chargeable event Scottish Provident International is required to provide details of the chargeable event to Her Majesty's Revenue and Customs (HMRC) if the value of the gain is in excess of half the basic rate threshold.

* the payment of any Investment Adviser Fee from Choice is treated as a withdrawal by HMRC.

If you become resident in the United Kingdom, the asset selection described in the section Allowable Assets will be restricted to classes a to f only. This is to ensure that Choice is not a personal portfolio bond as defined in the Personal Portfolio Bond (Tax) Regulations 1999.

If you become a US taxpayer, you should be aware that this policy does not qualify as a life assurance or an annuity contract for US tax purposes. As a result increases in the policy's cash value would be subject to current federal income taxation and death benefit proceeds would not be excludable from the recipient's income.

This taxation information is based on SPILA's understanding of current taxation legislation and practice as at September 2006. Whilst every care has been taken, SPILA cannot accept responsibility for its interpretation or any subsequent changes. The investor is strongly recommended to seek advice regarding their own situation from his professional financial advisor as SPILA cannot give individual tax advice.

INVESTOR PROTECTION

SPILA investors receive the protection of the Isle of Man Life Assurance (Compensation to Policyholders) Regulations 1991. SPILA reserves the right to adjust the returns from the investments to cater for any levy or charge made on SPILA under these regulations or similar legislation.

PERSONAL DATA (PRIVACY) ORDINANCE

Hong Kong Residents Only

The information requested on the application form is for the purpose of issuing your life assurance policy. Your application may not be approved if this information is not provided in full.

The information will be collected by our office in Hong Kong and may be transferred to our central records department in the Isle of Man for safe keeping. You have the right to access this information throughout the duration of your policy. Please address any questions relating to this matter to our General Manager in Hong Kong.

AUTHORISATION IN HONG KONG

The documentation of the scheme has been authorised by the Securities & Futures Commission in Hong Kong, pursuant to Section 105 of the Securities and Futures Ordinance. In giving this authorisation, the Commission has made no assessment of, nor does it take responsibility for, the financial soundness or merits of the scheme nor has it verified the accuracy or truthfulness of statements made, or opinions expressed, in the documentation.

The scheme is governed by the shall be construed in accordance with the law of the Isle of Man but the parties involved have the right to bring legal action in a Hong Kong court.

COOLING-OFF RIGHT

Applicants resident in Hong Kong have the right to cancel a policy and obtain a refund of any contributions paid less any market value adjustment by giving written notice to us. If the applicant decides to cancel a policy, they must send a notice to us direct at our registered office in Hong Kong. The cooling-off period is the later of: 21 days from the date of signing the application; 14 days from the date of issue of the policy or 5 days after the delivery of the policy to the policyholder or his representative. The policyholder has the right to cancel the policy and obtain a full refund of the contribution (less a market value adjustment where applicable) if he changes his mind within that period.

HOW TO APPLY

Simply consult your financial adviser and complete the application form along with any relevant supporting documentation. Your adviser will send it, along with either your cheque or completed Bank Instruction to Scottish Provident International.

After all documents have been received and your application accepted, your policy documents will be sent to you.

If in addition, you wish to appoint a professional investment adviser to provide ongoing advice on the choice of investments, consult your financial adviser and complete the Investment Adviser Appointment Form.



Choice

IMPORTANT NOTES

Copies of the standard conditions and specimen policy documents are always available on request. If Choice is effected, a contract will be issued subject to SPILA's usual terms and conditions. A copy of the completed application form will be available on request.

- SPILA accepts responsibility for the accuracy of the information shown in this leaflet.
- Complaints about SPILA's policies or service will be dealt with in accordance with the Complaints Handling Policy, a copy of which is available on request. In the event a dispute cannot be resolved, customers have the right to refer the matter to the Isle of Man Financial Services Ombudsman Scheme.
- The value of units can go down as well as up. Past performance is not indicative of future performance. Where a fund invests in overseas securities, the unit prices may also rise and fall purely on account of exchange rate fluctuations.
- Choice is available exclusively through independent financial advisers and SPILA regrets that it is unable to give individual investment advice.
- SPILA reserves the right, in exceptional circumstances, to defer payment from Choice if the assets are not realisable for any reason. This right exists to protect the interests of other policyholders.
- Information supplied to SPILA in connection with your policy will be held in both electronic and paper records. This information may be disclosed to and processed by companies within the same group as SPILA, its re-insurers or any third parties which provide services relating to the policy. This may include sensitive personal data. If this happens, your details will stay confidential and will not be used for any other purposes. You have the right to see certain information held by SPILA on payment of a fee, and you should make your request in writing to SPILA's registered office address.
- You are obliged to notify us of a change of address, residence or citizenship. If you become resident or a citizen in some jurisdictions, some aspects of your policy may have to be curtailed or modified to maintain compliance with local regulations. For example, if you purchase Choice and later become resident in the United States[†], there will be restrictions placed on your policy while you are resident there. These include the inability to switch the funds placed with SPILA among the investment options, as otherwise permitted under the policy, and the inability to make additional investments.
- If due to exceptional circumstances it is necessary to close an investment option or to encash Choice, 3 months' notice, or shorter notice as approved by the SFC, will be given to the policyholder where possible.
- The information contained in this brochure is principally based on SPILA's understanding of Isle of Man legislation at September 2006. Whilst every care has been taken, SPILA cannot accept any responsibility for its interpretation or for any subsequent changes to that legislation.

The scheme is governed by and shall be construed in accordance with the law of the Isle of Man but the parties involved have the right to bring legal action in a Hong Kong Court.

[†] United States means the United States of America, its territories and possessions, any state of the United States, and the District of Columbia.

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Scottish Provident International Life Assurance Limited is a wholly owned subsidiary of Resolution plc and a provider of investment, life assurance and retirement planning products.

Scottish Provident International Life Assurance Limited is regulated by the Isle of Man Government Insurance and Pensions Authority.

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Telephone calls may be recorded.

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