

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 Product Key Facts Statement.

For those italic words, please refer to the “Glossary” section for explanation.

Quick facts

Name of insurance company:

- AXA China Region Insurance Company (Bermuda) Limited

Single or regular premium:

- Regular

Regular premium frequency:

- Monthly / Semi-annual / Annual

Minimum premium payment term:

- 10 – 25 years, at the policy owner’s discretion at policy issuance (“target contribution period”)

Period with surrender (early encashment) charge:

- During the *Early Encashment Charge Period* ranged from the first 10 to 12 years

Policy currency:

- HKD / USD / EUR / GBP / AUD / SGD

Minimum premium:

- HKD19,200 / USD2,400 / EUR2,400 / GBP1,560 / AUD2,880 / SGD3,840 per annum

Maximum premium:

- Subject to underwriting requirements

Governing law of policy:

- HKSAR

Death benefit:

The higher of:

- 105% of the *Account Value*; and
- the aggregate amount of regular premium paid under the policy less the aggregate amount of all partial withdrawals made.

In addition to the death benefit, an accidental death benefit (ranging from HKD300,000 to HKD1,000,000 depending on the annual regular premium at policy issuance) may be payable if the insured dies solely and directly as a result of an accident during the *Minimum Contribution Period*, subject to exclusions, terms and conditions.

Important

- This investment-linked assurance scheme (“ILAS policy”) is a long-term investment-cum-life insurance product. It is only suitable for investors who:
 - understand that the principal will be at risk
 - have both investment and estate planning objectives as it is a packaged product that includes both investment and insurance element with death benefits payable to third party beneficiaries.
- This ILAS policy is **not** suitable for investors with short- or medium-term liquidity needs.

Important (Con't)

- **Fees and charges**

Up to 12.6% of your premiums (after taking into account all applicable non-discretionary bonuses) will be paid to AXA China Region Insurance Company (Bermuda) Limited (the "Company") to cover all the fees and charges at the ILAS policy level, of which 0.4% is the cost of life protection, and this will reduce the amount available for investment.

Please note that the above figure(s) are calculated based on the following assumptions: (a) the insured is a non-smoking 40-year-old male; (b) the payment of regular premium of HKD100,000 per annum for a target contribution period of 20 years; (c) you hold your ILAS policy for 20 years; (d) an assumed rate of return of 3% per annum throughout 20 years; and (e) there is no early withdrawal / termination of your ILAS policy.

You must understand that these ILAS policy level charges are on top of, and in addition to, the reference funds level charges. The above figures do not take into account any early surrender charges.

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

- **Long-term features**

Early surrender charges:

- There will be an early surrender charge, i.e. early encashment charge, of up to 65% of the *Initial Units Account Value* in case of policy surrender or termination (other than as a result of the death of the insured) during the *Early Encashment Charge Period*. If your policy (i) is surrendered during the *Minimum Contribution Period*; or (ii) terminates due to the regular premium for the *Minimum Contribution Period* remaining outstanding after the expiry of 31-day grace period, your policy will be subject to the clawback of start-up bonus which will be deducted from the *Initial Units Account Value* in calculation of the early encashment charge and the *Surrender Value*. You may also lose your entitlement to the loyalty bonus. For details of the start-up bonus clawback and loyalty bonus, please refer to the sections **Start-up Bonus Clawback** on page 8 and **Loyalty Bonus** on page 10 of the Product Brochure for details.

Loyalty bonuses:

- You will be entitled to a loyalty bonus every policy year starting from the respective policy anniversary according to your chosen target contribution period (ranging from the 3rd to 6th policy anniversary) while your policy is in effect and fulfill the requirements as set out in the section **Loyalty Bonus** on page 10 of the Product Brochure. The loyalty bonus will be equal to 0.95% of the average calendar month-end *Accumulation Units Account Value* for the 12 months prior to the relevant policy anniversary on which the loyalty bonus is payable and will be allocated to the *Initial Units Account*.

- **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?

- Pavo Investment Insurance Plan (“**Pavo**”) is an investment-linked assurance scheme. It is a life insurance policy issued by the Company. This is not a fund authorised by the Securities and Futures Commission (the “SFC”) pursuant to the Code on Unit Trusts and Mutual Funds.
- Your policy value will be calculated by the Company based on (i) the performance of the reference funds which correspond to the investment options you selected from time to time and (ii) the ongoing fees and charges which will continue to be deducted from your **Pavo** policy value.
- Note, however, that all premiums you pay towards your **Pavo** policy, and any investments made by the Company in the reference funds which correspond to the investment options you selected will become and remain the assets of the Company. You do not have any rights or ownership over any of those assets. Your recourse is against the Company only.
- Due to the various fees and charges levied by the Company on your **Pavo** policy, the return on your **Pavo** policy as a whole may be lower than the return of the reference funds which correspond to the investment options you selected. Please refer to the section **What are the fees and charges?** on page 5 for details of the fees and charges payable by you.
- Reference funds, which are linked to the investment options available for selection, are the funds listed in the Investment Options Leaflet.
- Although your **Pavo** policy is a life insurance policy, because your death benefit is linked to the performance of the reference funds which correspond to the investment options you selected from time to time, your death benefit is subject to investment risks and market fluctuations. The death benefit payable may not be sufficient for your individual needs.
- More importantly, you should be aware of the following regarding your death benefit and the cost of insurance (“insurance charge”):
 - Part of the fees and charges you pay that will be deducted from the *Account Value* of your **Pavo** policy will be used to cover the insurance charge for the life coverage.
 - Insurance charge will reduce the amount that will be applied towards investment by the Company in the reference funds which correspond to the investment options you selected.
 - Insurance charge may increase significantly during the term of your **Pavo** policy due to factors such as the insured’s attained age, investment losses, etc. This may result in a significant or even total loss of your premiums paid.
 - After the *Minimum Contribution Period*, if the *Accumulation Units Account Value* of your **Pavo** policy becomes insufficient to cover all the relevant *Policy Charges* due (including the insurance charge) after the expiry of the 31-day grace period, your **Pavo** policy will terminate early and be subject to an early encashment charge (up to 41% of the *Initial Units Account Value*) during the *Early Encashment Charge Period*. You could lose all your premiums paid and benefits.
 - You should consult your financial consultant for details, such as how the *Policy Charges* may increase and could impact the *Account Value* of your **Pavo** 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** — **Pavo** is an insurance policy issued by the Company. Your investments are subject to the credit risks of the Company.
- The investment options available under **Pavo** can have very different features and risk profiles. Some may be of high risk. Please read the Principal Brochure of **Pavo** and the offering documents of the reference funds involved for details.
- **Early surrender penalty** — **Pavo** policy is designed to be held for a long term period. Early surrender of the policy / suspension of or reduction in premium may result in a significant loss of principal and any bonuses. Poor performance of reference funds may further magnify your investment losses, while all charges are still deductible.
- **Premium holiday (available after the *Minimum Contribution Period of the policy*)** — With no premium contribution during premium holiday, the *Account Value* of your **Pavo** policy will be significantly reduced due to fees and charges, which are still deductible during premium holiday, and your entitlement to loyalty bonuses may also be affected.
- **Market risks** — Return of **Pavo** policy is contingent upon the performance of the reference funds and therefore there is a risk of capital loss.
- **Foreign exchange (Currency) risks** — The investment returns of your **Pavo** policy may be subject to foreign exchange risks as (i) the reference fund(s) may be denominated in a currency which is different from that of your policy; and (ii) the reference fund(s) may be invested in assets denominated in currency(ies) which is different from that of the reference fund(s). Movement in the exchange rates between these currencies may affect the performance of the investment option(s).
- **Partial withdrawal (available after the *Minimum Contribution Period of the policy*)** — Partial withdrawal may lead to a significant reduction in the *Account Value*, and accordingly the death benefit and any loyalty bonus will be reduced.

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

- **Start-up bonus** — While your policy is in effect, a start-up bonus will be credited to your policy by allocating notional units of investment options to the *Initial Units Account* upon receipt of each payment of regular premium for the first policy year in cleared funds, subject to the clawback of start-up bonus in specified circumstances. If you cancel the policy within the cooling-off period, your policy will not be entitled to the start-up bonus. Please refer to the sections **Start-up Bonus** on page 8 and **Start-up Bonus Clawback** on page 8 of the Product Brochure for details.
- **Accidental death benefit** — In addition to the death benefit, we will provide an accidental death benefit if the insured dies before attaining the age of 65 (based on age last birthday) solely and directly as a result of an accident during the *Minimum Contribution Period*, independently of any other causes and within 90 days of the accident. The accidental death benefit is subject to exclusions, terms and conditions. Please refer to the section **Accidental Death Benefit** on page 15 of the Product Brochure for details.

What are the fees and charges?

The Company reserves the right to vary the *Policy Charges* or impose new charges with not less than one month's prior written notice or such shorter period of notice in compliance with the relevant regulatory requirements.

Scheme level

	Rate	Deduct from	Deduct on
Account maintenance fee	<ul style="list-style-type: none"> The monthly account maintenance fee is equal to: <ul style="list-style-type: none"> – an annual rate of 5.5% divided by 12, multiplied by – the <i>Initial Units Account Value</i> as at the due date for the payment of the account maintenance fee. Payable monthly in advance during the <i>Early Encashment Charge Period</i> while the policy is in effect. 	The <i>Initial Units Account</i>	The date of policy issuance and the same day as the <i>Policy Date</i> in each subsequent month by cancelling notional units of the investment options at the bid price in proportion to the value of the notional units of the respective investment options held by the policy owner in the relevant account.
Administration charge	<ul style="list-style-type: none"> HKD50 / USD6.5 / EUR6.5 / GBP4 / AUD7.5 / SGD10 per month, which is equal to HKD600 / USD78 / EUR78 / GBP48 / AUD90 / SGD120 per annum. Payable monthly in advance while the policy is in effect. 	<ul style="list-style-type: none"> The <i>Initial Units Account</i> during the <i>Minimum Contribution Period</i> The <i>Accumulation Units Account</i> after the <i>Minimum Contribution Period</i> 	(Please note that during the <i>Minimum Contribution Period</i> , the charges will be paid only when we receive regular premium in cleared funds. After the <i>Minimum Contribution Period</i> , the charges will be deducted on their respective due dates regardless of whether the regular premium due is paid or not.)
Account service fee	<ul style="list-style-type: none"> The monthly account service fee is equal to: <ul style="list-style-type: none"> – an annual rate of 1% divided by 12, multiplied by – the <i>Account Value</i> as at the due date for the payment of the account service fee. Payable monthly in advance while the policy is in effect. 	The <i>Initial Units Account</i> and the <i>Accumulation Units Account</i>	

What are the fees and charges? (Con't)

Scheme level

	Rate	Deduct from	Deduct on
Insurance charge	<ul style="list-style-type: none"> Payable monthly in advance while the policy is in effect. The monthly insurance charge is <ul style="list-style-type: none"> (i) the insurance charge rate per annum divided by 12, then multiplied by (ii) the net amount at risk (which is the higher of (1) 5% of the <i>Account Value</i>; and (2) total regular premium paid less the sum of (a) total partial withdrawals made; and (b) 100% of the <i>Account Value</i>, as at the due date for the payment of the insurance charge). Insurance charge rate is based on the insured's attained age, sex and risk class. Please consult your financial consultant for your personalised insurance charge rate. Insurance charge may increase significantly during the term of your Pavo policy due to factors such as the insured's attained age, investment losses, etc. This may result in a significant or even total loss of your premiums paid. Please refer to the section Schedule of fees and charges on page 16 of the Product Brochure for the indicative insurance charge rates. 	<ul style="list-style-type: none"> The <i>Initial Units Account</i> during the <i>Minimum Contribution Period</i> The <i>Accumulation Units Account</i> after the <i>Minimum Contribution Period</i> 	<p>The date of policy issuance and the same day as the <i>Policy Date</i> in each subsequent month by cancelling notional units of the investment options at the bid price in proportion to the value of the notional units of the respective investment options held by the policy owner in the relevant account.</p> <p>(Please note that during the <i>Minimum Contribution Period</i>, the charges will be paid only when we receive regular premium in cleared funds. After the <i>Minimum Contribution Period</i>, the charges will be deducted on their respective due dates regardless of whether the regular premium due is paid or not.)</p>
Switching fee	Nil	Not applicable	Not applicable

What are the fees and charges? (Con't)

Scheme level

	Rate	Deduct from	Deduct on								
Early encashment charge	<ul style="list-style-type: none">Applicable upon (i) surrender; or (ii) termination (other than as a result of the death of the insured) during the <i>Early Encashment Charge Period</i>.<i>Early Encashment Charge Period</i> is determined based on your chosen target contribution period:	The <i>Initial Units Account</i>	Upon payment of the <i>Surrender Value</i>								
	<table><tr><th>Target contribution period (years)</th><th><i>Early Encashment Charge Period</i> (years)</th></tr><tr><td>10 – 21</td><td>10</td></tr><tr><td>22 – 23</td><td>11</td></tr><tr><td>24 – 25</td><td>12</td></tr></table>			Target contribution period (years)	<i>Early Encashment Charge Period</i> (years)	10 – 21	10	22 – 23	11	24 – 25	12
	Target contribution period (years)			<i>Early Encashment Charge Period</i> (years)							
	10 – 21			10							
	22 – 23			11							
24 – 25	12										
<ul style="list-style-type: none">The charge is formulated as follows:											
<table><tr><td>The <i>Initial Units Account Value</i>[#]</td><td>x</td><td>the applicable early encashment charge rate</td></tr></table>	The <i>Initial Units Account Value</i> [#]	x	the applicable early encashment charge rate								
The <i>Initial Units Account Value</i> [#]	x	the applicable early encashment charge rate									
<p>[#] If your policy (i) is surrendered during the <i>Minimum Contribution Period</i>; or (ii) terminates due to the regular premium for the <i>Minimum Contribution Period</i> remaining outstanding after the expiry of 31-day grace period, the start-up bonus clawback amount will be deducted from the <i>Initial Units Account Value</i> in calculation of the early encashment charge. Please refer to the section Start-up Bonus Clawback on page 8 of the Product Brochure for details.</p> <ul style="list-style-type: none">Early encashment charge rate is up to 65% of the <i>Initial Units Account Value</i>. For details of the applicable early encashment charge rate, please refer to the section Schedule of fees and charges on page 16 of the Product Brochure.											

Please refer to the section **Schedule of fees and charges** (page 16 to 20) of the Product Brochure of **Pavo** for details of the charges.

Reference funds level

You should note that the reference funds of the investment options may have separate charges on management fee, performance fee, bid-offer spread, switching fee, etc. 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 reference funds or (2) units will be redeemed from your investment options to pay these fees. For details, please refer to the offering documents of the reference funds, which are available from the Company upon request.

Additional Information

- The policy is excluded from the application of the Contracts (Rights of Third Parties) Ordinance (Cap 623 of the Laws of Hong Kong) ("TP Ordinance"). Any person or entity which is not a party to the policy (e.g. a third party beneficiary) shall have no rights under the TP Ordinance to enforce any terms of the policy, and, for the avoidance of doubt, parties to the policy refer to the Company and the policy owner.

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 your insurer by giving a written notice. Such notice must be signed by you and received directly by AXA China Region Insurance Company (Bermuda) Limited at Suite 2001, 20/F, Tower Two, Times Square, 1 Matheson Street, Causeway Bay, Hong Kong.
- You may get back the amount you paid, or less if the value of the investment options chosen has gone down.
- If you cancel your **Pavo** policy within the cooling-off period, you will not be entitled to the start-up bonus. Please refer to the section **Start-up Bonus Clawback** on page 8 of the Product Brochure for details.

Insurance company's information

AXA China Region Insurance Company (Bermuda) Limited
(Incorporated in Bermuda with limited liability)

Address: 20/F, Vertical Sq, 28 Heung Yip Road, Wong Chuk Hang, Hong Kong

Tel : (852) 2802 2812

Fax : (852) 2598 7623

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Important

AXA China Region Insurance Company (Bermuda) Limited is subject to the prudential regulation of the Insurance Authority. However, the Insurance Authority does not give approval to individual insurance products, including **Pavo** referred to in this statement.

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

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

Glossary

- **Account Value:** The Account Value of the policy shall be equal to the sum of the Initial Units Account Value and the Accumulation Units Account Value.
- **Accumulation Units Account:** The Accumulation Units Account is the account created for notional units of investment options allocated with regard to the regular premiums paid for the period after the Minimum Contribution Period of the policy.
- **Accumulation Units Account Value:** The Accumulation Units Account Value on any day is the sum of the value of your notional units in each investment option standing to the credit of the Accumulation Units Account as at that day. The value of your notional units in an investment option in the Accumulation Units Account is determined by multiplying the number of outstanding notional units in the investment option standing to the credit of the Accumulation Units Account by the bid price of a notional unit in the investment option as at the relevant valuation date and shall be rounded down to two decimal places. The rounding difference shall be accrued to the Company.
- **Early Encashment Charge Period:** The Early Encashment Charge Period is the period during which the early encashment charge is levied on the policy upon surrender or termination (other than as a result of the death of the insured). It is determined based on the target contribution period of the policy and is ranging from the first 10 to 12 years.
- **Initial Units Account:** The Initial Units Account is the account created for notional units of investment options allocated with regard to the (i) regular premiums paid for the Minimum Contribution Period of the policy; (ii) start-up bonus; and (iii) loyalty bonus (if any).
- **Initial Units Account Value:** The Initial Units Account Value on any day is the sum of the value of your notional units in each investment option standing to the credit of the Initial Units Account as at that day. The value of your notional units in an investment option in the Initial Units Account is determined by multiplying the number of outstanding notional units in the investment option standing to the credit of the Initial Units Account by the bid price of a notional unit in the investment option as at the relevant valuation date and shall be rounded down to two decimal places. The rounding difference shall be accrued to the Company.
- **Minimum Contribution Period:** The Minimum Contribution Period is the minimum period during which the regular premium must be paid. It is determined based on the target contribution period of the policy and is ranging from the first 24 to 54 months commencing from the Policy Date.
- **Policy Charge(s):** The Policy Charges are fees and charges imposed by the Company in respect of your policy as determined in accordance with the section **What are the fees and charges?**, and are deducted from the policy by way of cancellation of notional units in investment option(s) on the relevant dealing day except that the early encashment charge is deducted from the Initial Units Account Value in calculation of the Surrender Value.
- **Policy Date:** The Policy Date is the date your policy takes effect and is shown in the policy contract as may be varied by an endorsement to the policy contract in respect of any reinstatement with a change in the Policy Date.
- **Surrender Value:** The Surrender Value is payable upon policy surrender or termination (other than as a result of the death of the insured) before policy maturity. The Surrender Value is the Account Value less any outstanding Policy Charges, including for the avoidance of doubt any applicable early encashment charge. In the case where the amount of outstanding Policy Charges is greater than the Account Value, the Surrender Value will be zero.

(Only for use in Hong Kong Special Administrative Region)

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