

investment-linked insurance



**orion II
investment
insurance plan**

product brochure



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The Principal Brochure of Orion II Investment Insurance Plan (“**Orion II**”) consists of this Product Brochure, the Investment Options Leaflet and the Product Key Facts Statement. This Product Brochure is issued and should be read in conjunction with the Investment Options Leaflet and the Product Key Facts Statement.

IMPORTANT INFORMATION

- Orion II is an investment-linked insurance policy issued by AXA China Region Insurance Company (Bermuda) Limited (the “Company” or “we”). Your investments are subject to the credit risks of the Company.
- Your return on investments is calculated by the Company with reference to the performance of the reference funds which correspond to the investment options selected by you. Such return will be subject to the fees and charges of Orion II and may be lower than the return of the reference funds.
- The investment options available under Orion II can have very different features and risk profiles. Some may be of high risk.
- All premiums you pay towards your Orion II policy will be invested by the Company in the respective reference funds which correspond to the investment options you selected or any other investments as the Company may consider appropriate. Such premiums and investments 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.
- Insurance charge levied under Orion II 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 Orion II 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.
- If the Account Value of your Orion II 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 policy will terminate early and 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 Orion II policy. The Company will notify you in writing if the Account Value of your Orion II policy becomes insufficient to cover all the relevant Policy Charges due.
- Partial withdrawal/surrender or termination of the policy in early years/suspension of or reduction in premium may result in a significant loss of the principal and the bonuses. Poor performance of the reference funds may further magnify your investment losses, while all charges are still deductible.
- You should not purchase this product unless you understand it and it has been explained to you how it is suitable for you. The final decision is yours.
- Investment involves risks. You should not invest based on this document only and should read the Investment Options Leaflet and the Product Key Facts Statement of Orion II and the offering documents of the reference funds, which are made available by the Company.

Please refer to the section **Glossary** as set out on page 21 for definitions of various defined terms.

Orion II is an investment-linked assurance scheme under Class C linked long-term business in accordance with the Insurance Companies Ordinance. The plan is an insurance policy issued by the Company as an authorised insurance company in the Hong Kong Special Administrative Region (“Hong Kong”) in accordance with the Insurance Companies Ordinance.

Choices of premium cope with your financial obligation



Premium Types

Orion II is available in Hong Kong dollar ("HKD"), US dollar ("USD") and Euro ("EUR"). Once the policy currency is determined upon policy issuance, it cannot be changed afterwards.

Basic Premium

You can choose your basic premium level according to your personal financial needs. The amount of basic premium varies depending on factors such as the insured's sex, attained age at application, smoking habit, risk class and basic sum insured.

While you need to meet the minimum basic premium requirement, which is currently HKD1,920/USD240/EUR240 per annum, the amount of your basic sum insured must also reach the current minimum level of HKD200,000/USD25,000/EUR25,000.

The details of the minimum basic premium for different payment frequencies are set out below:

Payment Frequency	Minimum Basic Premium		
	HKD	USD	EUR
Monthly	160	20	20
Semi-annual	960	120	120
Annual	1,920	240	240

An upfront premium charge up to 100% of the basic premium will be deducted from the basic premium paid for the first 6 policy years. The balance will be used by the Company to allocate notional units of investment options to the policy in accordance with your investment option allocation instruction. **Because of this premium charge, the remaining amount of the basic premium paid available for investment will be 0% of the basic premium paid for the first policy year.** Please refer to the section **Schedule of fees and charges** as set out on page 12 for details.

Ability to Change Basic Premium and Basic Sum Insured

Subject to the Company's approval, you may increase or reduce the basic premium with corresponding increase or reduction in the basic sum insured. If you increase the basic premium and basic sum insured, which is only allowed in the first policy year, **you will need to pay back the amount of increase in basic premium and the corresponding premium charge of 100% of the amount of increase in basic premium dating back from the Policy Date.** If you wish to increase the basic premium and basic sum insured after the first policy year, you will have to take out a new **Orion II** policy.

You can reduce the basic premium and basic sum insured at any time. However, the amount after reduction must not be less than the respective minimum requirements. **Reduction in the basic premium and basic sum insured may lead to a**

significant reduction in the Account Value and the proceeds from death claim. Reduction in the Account Value will further lead to a reduction in the loyalty bonus. If the Account Value is insufficient to cover the relevant Policy Charges due and the Policy Charges remain outstanding after the expiry of the 31-day grace period, your policy will terminate. Please refer to the sections **Death Benefit** as set out on page 7, **Loyalty Bonus** on page 6 and **Termination** on page 4 for details.

You may increase the amount of basic premium and basic sum insured after the first policy year according to the special increase endorsement. Please refer to the section **Special Increase Endorsement** on page 7 for details.

Illustrative example for the calculation of back payment for increased basic premium in the case of increase in basic premium in the first policy year:

This example is hypothetical and for illustrative purpose only.

Assuming there is no supplementary benefit attached to the policy since policy issuance.

Policy Date	1 January 2015
Basic premium per month at Policy Date	HKD2,000

Starting from 1 June 2015

Basic premium per month	HKD4,000
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Back payment (January to May 2015)

Increase in basic premium (January to May 2015)	
For each month	= HKD4,000 – HKD2,000 = HKD2,000
For 5 months	= HKD2,000 x 5 = HKD10,000
Total basic premium paid in June 2015	= basic premium for June 2015 + back payment for 5 months from January to May 2015 = HKD4,000 + HKD10,000 = <u>HKD14,000</u>

Note: A premium charge, which is 100% of basic premium (including any increase in basic premium), will be deducted from the total basic premium paid during the first policy year.

The premium payment term is up to the date before the policy maturity date. Please refer to the section **Policy Maturity** on page 18 for details of the policy maturity date.

Top-up Premium or Lump Sum Premium

You can pay additional premium regularly together with your basic premium (i.e. top-up premium). You may also increase and reduce the amount of or stop paying the top-up premium subsequently. If you want to reduce the top-up premium, the amount after reduction must not be less than the minimum requirement.

The details of the minimum top-up premium for different payment frequencies are set out below:

Payment Frequency	Minimum Top-up Premium		
	HKD	USD	EUR
Monthly	200	25	25
Semi-annual	1,200	150	150
Annual	2,400	300	300

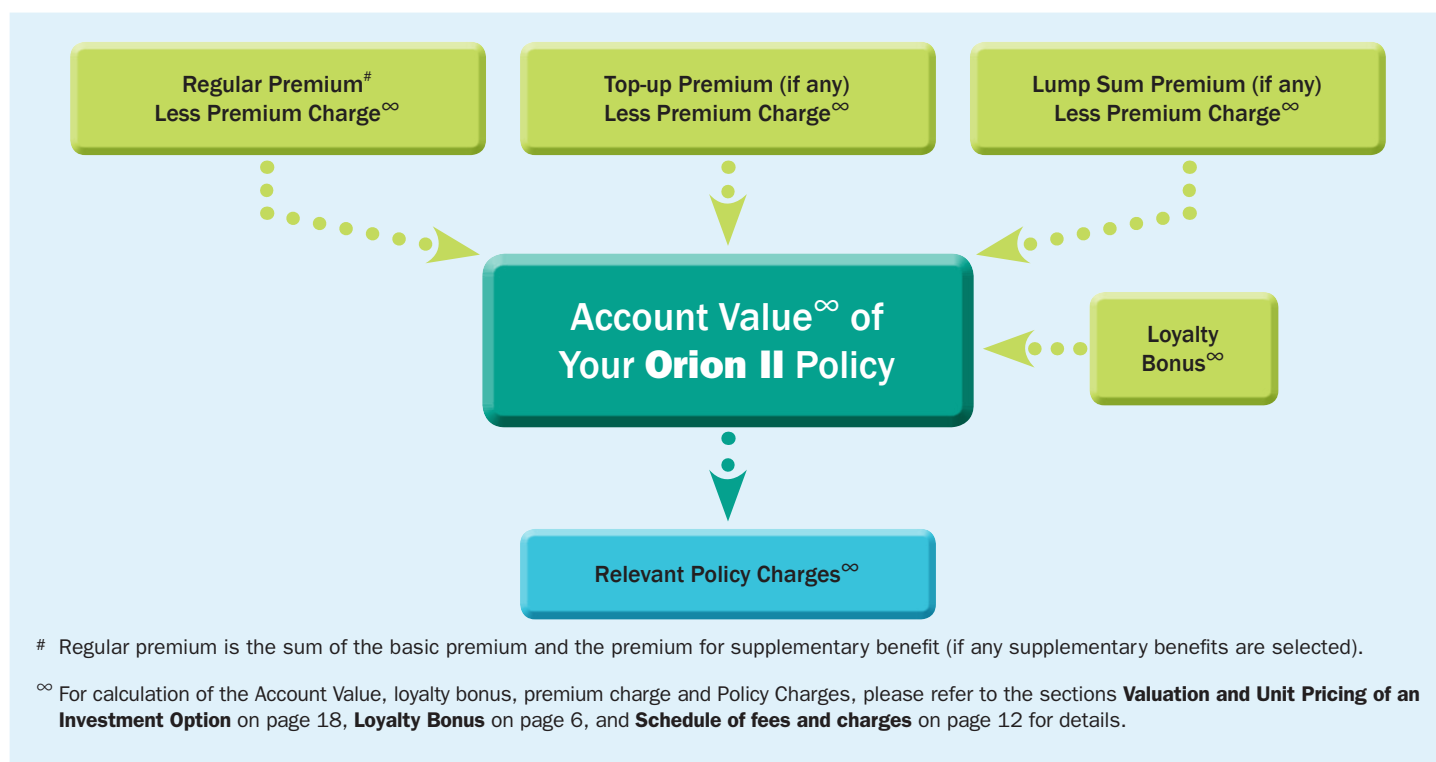
You can pay additional premium as a lump sum investment (i.e. lump sum premium) at any time. The minimum lump sum premium is currently HKD2,400/USD300/EUR300.

An upfront premium charge of 5% of top-up premium paid and lump sum premium paid will be deducted from the premiums paid upon receipt of premiums in cleared funds by the Company. The balance will be used by the Company to allocate notional units of investment options to the policy in accordance with your investment option allocation instruction. Please refer to the section **Schedule of fees and charges** as set out on page 12 for details.

You can pay the basic premium annually, semi-annually, or monthly. Once selected, it will apply to all basic premiums and top-up premiums made subsequently under the **Orion II** policy. Subject to the Company's approval, you may change the premium payment frequency. Please contact the Company for such arrangement.

Your application for **Orion II** (including the maximum levels of each premium type and basic sum insured for your policy) is subject to underwriting requirements. The Company reserves the right to change the minimum levels of each type of premium and the basic sum insured in future by giving you a prior written notice of not less than one month. Any application for paying top-up premium or lump sum premium after policy issuance is also subject to underwriting requirements.

Plan Structure of Orion II



Premium Holiday

At any time while the Account Value of the policy is sufficient to cover the relevant Policy Charges due, you can apply for a premium holiday to temporarily suspend your regular premium payments. During the premium holiday, your policy and supplementary benefit (if any) will remain in effect while the premium charge, insurance charge, administration charge and account service fee for the policy as well as the premium charge

and insurance charge for any supplementary benefit will remain payable. In addition, although the payment of regular premium is suspended, the regular premium will continue to increase due to special increase endorsement and a premium charge will be imposed on such increase. Please refer to the section **Special Increase Endorsement** on page 7 for details.

For the payment of top-up premium, it will stop automatically and the special increase endorsement will cease to be applicable, and hence no premium charge will be imposed on top-up premium during the premium holiday.

The premium holiday can be continued as long as the Account Value is sufficient to cover the relevant Policy Charges due. If the Account Value is insufficient to cover the relevant Policy Charges due, the premium holiday will cease and we will notify you in writing to resume payment of the regular premium. No matter whether payment of regular premium is resumed or not, the relevant Policy Charges remain payable while the policy is in effect. We allow a grace period of 31 days immediately following the due date for the payment of the Policy Charges. **After the expiry of the 31-day grace period, if any Policy Charges remain outstanding, the policy will terminate.** Please refer to the sections **Grace Period** on page 17, **Termination** on page 4 and **Schedule of fees and charges** on page 12 for details.

As no premium payment will be made during the premium holiday but Policy Charges will continue to be deducted from the Account Value, the Account Value will be significantly reduced while the proceeds from death claim may also be reduced. Reduction in the Account Value will further lead to a reduction in the loyalty bonus. Premium holiday will lead to termination of your policy if the Account Value is insufficient to cover the relevant Policy Charges due and the Policy Charges remain outstanding after the expiry of the 31-day grace period.

Though you may apply for a premium holiday at any time while the Account Value is sufficient to cover the relevant Policy Charges due, it is important for you to evaluate the Account Value prior to your application to avoid policy termination due to low or zero Account Value.

Please note that any premium holiday taken may adversely affect your ability to meet your investment targets. As a result, premium holiday is more suitable for a short period to help you with temporary financial difficulties or needs.

Partial Withdrawal

At any time while your policy is in effect, you may make partial withdrawal to accommodate your financial needs, subject to the following conditions:

- the minimum partial withdrawal amount is currently HKD800/USD100/EUR100 per withdrawal; and
- the remaining Account Value immediately after the partial withdrawal should not be less than the Minimum Account Balance which currently is HKD4,000/USD500/EUR500.

The minimum partial withdrawal amount and the amount of the Minimum Account Balance are determined by the Company at its sole discretion. The Company reserves the right to change the minimum partial withdrawal amount and the amount of the Minimum Account Balance in future by giving you one month's prior written notice.

Prior to your application for a partial withdrawal, it is important for you to evaluate the Account Value to avoid policy termination due to low or zero Account Value.

Your application for partial withdrawal will be rejected if the remaining Account Value immediately after the partial withdrawal will fall below the Minimum Account Balance. If the Account Value subsequently drops below the Minimum Account Balance after the withdrawal due to market fluctuations but is still sufficient to cover the Policy Charges due, your policy will continue to be in effect.

Please note that making a partial withdrawal will lead to a reduction in the Account Value and the proceeds from death claim. Reduction in the Account Value will further lead to a reduction in the loyalty bonus. Partial withdrawal will lead to termination of your policy if the Account Value is insufficient to cover the relevant Policy Charges due and the Policy Charges remain outstanding after the expiry of the 31-day grace period. Please refer to the sections **Death Benefit** on page 7, **Loyalty Bonus** on page 6 and **Termination** on page 4 for details.

Surrender

You may surrender your policy to us in exchange for the Surrender Value of the policy, subject to our receipt of:

- your valid written application in the form specified by us which is available from the Company; and
- the original of your policy contract.

The Surrender Value of the policy is the Account Value less any outstanding Policy Charges.

The Surrender Value will normally be payable within 30 days after our receipt of your valid written application and the original of your policy contract at the Company's office. No interest is payable for the period between the date the notional units of investment options are cancelled from your policy and the date of payment of the Surrender Value.

Orion II is intended for clients who have a long-term investment horizon. Because an upfront premium charge of up to 100% of the basic premium will be deducted from the basic premium paid for the first 6 policy years, the remaining amount of the basic premium paid available for investment will be 0% of the basic premium paid for the first policy year and will remain low in early policy years. Surrender of the policy in early years may result in a significant or even total loss of your principal and the bonuses.

Termination

The policy will automatically terminate:

1. when the policy is surrendered; or
2. on the death of the insured; or
3. when the policy matures in accordance with the section **Policy Maturity**; or
4. when the Account Value is insufficient to cover the relevant Policy Charges due after the expiry of the 31-day grace period; or
5. when the basic sum insured is reduced to zero as a result of payment of a benefit under any one of the specified supplementary benefits attached to the policy.

Upon termination of the policy, any supplementary benefit attached to the policy will also terminate.

On termination under (3), the Account Value less any outstanding Policy Charges will be paid to you. On termination under (1), (4) or (5), the Surrender Value of the policy will be paid to you. On termination under (2), the death benefit or the amount of death proceeds (where applicable) will be paid to your beneficiary(ies).

Any outstanding applicable Policy Charges will be deducted from the Account Value in calculation of the Surrender Value or the death benefit, where applicable. Please refer to the section **Schedule of fees and charges** on page 12 for details of the Policy Charges.

Orion II is intended for clients who have a long-term investment horizon. Partial withdrawal/surrender or termination of the policy in early years/suspension of or reduction in premium may result in a significant or even total loss of your principal and the bonuses. Poor performance of the reference funds may further magnify your investment losses, while all applicable charges are still deductible.

Create your own investment mix



Investment Options

Orion II gives you a choice of different investment options across various financial instruments and sectors in global markets. It allows you to diversify your investment while balancing the risk of your investment portfolio.

You can tailor your investment portfolio by giving an investment option allocation instruction for all premium types to the Company at the time of your application. After policy issuance, your **Orion II** policy allows you to give an investment option allocation instruction for each lump sum premium (if any), which may be different from that for the basic premium.

Currently, the investment option allocation in each investment option that you choose should not be less than 10% of each premium payment after deduction of the relevant Policy Charges. The Company reserves the right to change such minimum allocation requirement in future by giving you one month's prior written notice.

As your investment plan may change over time, **Orion II** gives you the flexibility to change your investment portfolio by changing your investment option allocation instruction for your future basic premium and top-up premium (if any) and/or switching between investment options after policy issuance, subject to a maximum of 99 investment options allowed per policy. The Company reserves the right to change the maximum number of investment options held under your **Orion II** policy in future by giving you one month's prior written notice.

Your premiums will be invested by the Company in the respective reference funds which correspond to the investment options you selected or any other investments as the Company may consider appropriate. All applicable upfront premium charges will be deducted before the balance of the premium is invested. **Such premiums and investments 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.**

The unit price and the investment performance of an investment option under **Orion II** are calculated by the Company with reference to the price and the investment performance of the relevant reference fund(s). Units of the investment options allocated are notional in nature and solely for the purpose of determining your Account Value under your policy.

Your return on investments under Orion II is calculated by the Company with reference to the performance of the reference funds which correspond to the investment options selected by you. Such return will be subject to Policy Charges and may be lower than the return of the reference funds. The investment options available under Orion II can have very different features and risk profiles. Some may be of high risk. You should read carefully the investment objectives and policies, fees and charges, risk factors and investment and borrowing restrictions as set out in the offering document(s) of the reference fund(s), which are made available by the Company upon request.

Please refer to the Investment Options Leaflet for details of the currently available investment options.

Addition/Closure/Termination/Merger of Investment Options

The Company may offer additional investment options from time to time.

An investment option may also be temporarily closed, terminated or merged. Reasons for closure, termination or merger may include but are not limited to the termination, merger or closure for subscription of the reference fund by the investment manager of the reference fund or the unit prices of the reference fund becoming unavailable from the reference fund. In such cases, we will give you written notice according to the regulatory requirements so that you may switch your investment options free of switching fee and/or direct new premiums to other available investment options.

If we do not receive your switching instruction or new allocation instruction before the date specified in our written notice, we will at our absolute discretion select one or more designated investment option(s) as outlined in the notice on your behalf and switch your notional units in the affected investment option(s) free of switching fee and/or redirect your future investment option allocation to the investment option(s) selected by us. In the case of closure or termination, we will select the investment option(s) from the category of **Short-term Bond and Money Market**, as set out in the Investment Options Leaflet, for its relatively low volatility among the asset classes and relatively low exposure to market and other risks. In the case of merger, we will select the investment option into which the affected investment option is merged.

Switch between Investment Options

Orion II gives you the flexibility to switch your investment between investment options, subject to the following conditions:

- the minimum switching amount is currently HKD800/USD100/EUR100 per switch. The Company reserves the right to change this amount in future by giving you one month's prior written notice; and
- each investment option you choose to switch in is subject to a minimum allocation of 10% of the switched amount. The Company reserves the right to change such minimum allocation requirement in future by giving you one month's prior written notice.

Switching fee is nil.

Enjoy extra benefits



Loyalty Bonus

As a token of appreciation for your long-term commitment, while your policy is in effect, a loyalty bonus will be awarded to you from the 10th Policy Anniversary and every Policy Anniversary thereafter.

The loyalty bonus is determined by applying a loyalty bonus rate of 1% on the average calendar month-end Account Value for the 12 months prior to the relevant Policy Anniversary on which the loyalty bonus is payable.

Please note that the loyalty bonus rate does not represent the rate of return or performance of your investment. Partial withdrawal, premium holiday and premium reduction may lead to a significant reduction in the loyalty bonus.

The loyalty bonus will be allocated to your policy in the form of additional notional units of investment options at the Offer Price⁺ according to your latest investment option allocation instruction for basic premium within one month after the relevant Policy Anniversary on which the bonus is payable. The bonus will form a part of the Account Value and is therefore subject to the relevant Policy Charges as set out in the section **Schedule of fees and charges** on page 12.

If the policy terminates before the additional notional units of investment options are allocated to your policy as described above, the loyalty bonus will be paid by cheque or such other means as the Company considers appropriate within one month after termination.

⁺ The Offer Price of a notional unit of an investment option shall be equal to the Bid Price.

Illustrative example for the calculation of the loyalty bonus:

This example is hypothetical and for illustrative purpose only.

Assuming there is no supplementary benefit attached to the policy since policy issuance.

Loyalty bonus payable	$\begin{aligned} &\text{the average calendar} \\ &\text{month-end Account} \\ &= \text{Value for the 12 months} \times \text{loyalty bonus} \\ &\text{prior to the relevant} \quad \text{rate} \\ &\text{Policy Anniversary} \end{aligned}$
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On the 10th Policy Anniversary

The average calendar month-end Account Value for the 12 months prior to the 10 th Policy Anniversary	HKD30,000
Loyalty bonus rate	1%
Loyalty bonus payable	$\begin{aligned} &= \text{HKD30,000} \times 1\% \\ &= \underline{\underline{\text{HKD300}}} \end{aligned}$

Loyalty bonus will continue to be payable every policy year after the 10th Policy Anniversary while the policy remains in effect.

Special Increase Endorsement

Without any underwriting requirements, the special increase endorsement, which is available before the insured reaching the age of 60, allows you to pay additional premiums each policy year for increasing your basic sum insured, amount for investments and any supplementary benefit to which the special increase endorsement is applicable. The amounts of additional premiums that you can pay will be calculated at each Policy Anniversary as a percentage of the regular premium and any top-up premium payable respectively (including all increases in regular premium and top-up premium due to special increase endorsement) each policy year. Such percentage will be determined by the Company at its absolute discretion subject to a minimum of 5%, after taking reference to any rises in such consumer price indices as the Company may consider relevant, as released by the Census and Statistics Department of Hong Kong or such similar organisation as may be determined by the Company from time to time.

In addition, such increase in premium will be subject to the relevant Policy Charges (including an upfront premium charge ranging from 5% to 100% of the premium). **Because of the premium charge, the remaining amount of the additional basic premium paid due to special increase endorsement available for investment will be 0% of such increase in basic premium paid for the first year of each increase.** Please refer to the section **Schedule of fees and charges** as set out on page 12 for details.

This special increase endorsement is automatically attached to your **Orion II** policy, though you have the right to cancel it. The first special increase will take effect from the first Policy Anniversary. Prior written notice setting out details of the special increase will be sent to you before every Policy Anniversary and if we do not receive your cancellation request within 30 calendar days after a Policy Anniversary, the special increase will be effective for that individual policy year. If you cancel the special increase for two consecutive policy years, this endorsement will terminate. Subject to the Company's approval, you may resume the special increase endorsement in future. Please contact your financial consultant for further details.

Protection for your loved ones

Death Benefit

Orion II provides a death benefit if the death of the insured occurs while the policy is in effect. There are two options of death benefit for you to choose from. You can select the option that suits your needs, subject to our underwriting decision. Once the death benefit option is determined upon policy issuance, it cannot be changed afterwards.

1. Level death benefit option	Death benefit is the higher of: (i) 105% of the Account Value; and (ii) the basic sum insured (including all increases in the basic sum insured due to the increase in the basic premium as a result of special increase endorsement) less all withdrawals made in the 12 months preceding the date of death of the insured.
2. Increasing death benefit option	Death benefit is the higher of: (i) 105% of the Account Value; and (ii) the sum of the basic sum insured (including all increases in the basic sum insured due to the increase in the basic premium as a result of special increase endorsement) and the Account Value.

Any outstanding Policy Charges will be deducted from the death benefit payable to the beneficiary(ies).

Whichever death benefit option is selected, while the policy is in effect, if the insured of your **Orion II** policy commits suicide within one year commencing from the Policy Date, or the date of reinstatement, whichever is later, the death benefit described above will not be payable. In such a case, the amount of death proceeds payable to the beneficiary(ies) shall be equal to the Account Value plus the total Policy Charges paid by you in respect of the policy since the Policy Date, or the date of reinstatement, whichever is later.

Although your Orion II policy is a life insurance policy, because the proceeds from death claim (which is the death benefit or the amount of death proceeds as mentioned above, as the case may be) is linked to the performance of the reference funds which correspond to the investment options you selected from time to time, the proceeds from death claim is subject to investment risks and market fluctuations. The proceeds from death claim payable may be significantly less than your premiums paid and may not be sufficient for your individual needs.

Notional units of investment options under the policy are cancelled as soon as practicable following the date of our receipt and acceptance of the satisfactory proof of the validity of a death claim by the claimant, and the proceeds from death claim will normally be paid within 60 days from the date of our receipt and acceptance of the satisfactory proof of the validity of a death claim.

If the death benefit is not paid within 60 days from the date the notional units of investment options are cancelled from your policy, we will pay interest on the death benefit from the date the notional units of investment options are cancelled at a rate as the Company may decide at its discretion with reference to the prevailing market interest rate.

In the case of suicide of the insured within one year commencing from the Policy Date, or the date of reinstatement, whichever is later, the amount of death proceeds will be payable without interest.

An insurance charge will be levied monthly in advance in respect of the policy. Insurance charge equals the applicable insurance charge rate multiplied by the net amount at risk. The insurance charge rate is determined by the Company with reference to the insured's attained age, sex, smoking habit and risk class.

The net amount at risk varies with the option of death benefit you select:

- For level death benefit option, the net amount at risk is the higher of:
 - (i) 105% of the Account Value[^]; and
 - (ii) the basic sum insured[^] (including all increases in the basic sum insured due to the increase in the basic premium as a result of special increase endorsement), less the Account Value[^].
- For increasing death benefit option, the net amount at risk is the higher of:
 - (i) 105% of the Account Value[^]; and
 - (ii) the sum of the basic sum insured[^] (including all increases in the basic sum insured due to the increase in the basic premium as a result of special increase endorsement) and the Account Value[^], less the Account Value[^].

[^] As at the due date for the payment of the insurance charge.

Please refer to the section **Schedule of fees and charges** on page 12 for details of the insurance charge.

You should be aware of the following regarding the death benefit and the insurance charge:

- **Part of the fees and charges you pay that will be deducted from the Account Value of your Orion II policy will be used to cover the insurance charge for the life coverage and any additional coverage you may choose.**
- **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 Orion II 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.**
- **If the Account Value of your Orion II 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 Orion II policy will terminate early and you could lose all your premiums paid and benefits. The Company will notify you in writing if the Account Value of your Orion II policy becomes insufficient to cover all the relevant Policy Charges due.**
- **You should consult your financial consultant for details, such as how the Policy Charges may increase and could impact the Account Value of your Orion II policy.**

Illustrative examples for the calculation of the insurance charge:

These examples are hypothetical and for illustrative purpose only.

Assuming there is no supplementary benefit attached to the policy since policy issuance.

Insurance charge	= insurance charge rate x net amount at risk
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As at the due date for the payment of the insurance charge

Insurance charge rate for a male (non-smoker) insured at the attained age of 50	0.292% [♦] per annum
Basic sum insured (including all increases in basic sum insured due to increase in the basic premium as a result of special increase endorsement)	HKD480,000
Account Value	HKD60,000

Case 1: Level death benefit option

Net amount at risk	$\begin{aligned} &= \text{the higher of:} \\ &\quad (\text{i}) \text{ 105\% of the Account Value; and} \\ &\quad (\text{ii}) \text{ the basic sum insured (including all increases in the basic sum insured due to the increase in the basic premium as a result of special increase endorsement),} \\ &\quad \text{less the Account Value} \\ &= \text{the higher of:} \\ &\quad (\text{i}) \text{ HKD60,000} \times 105\% = \text{HKD63,000; and} \\ &\quad (\text{ii}) \text{ HKD480,000,} \\ &\quad \text{less HKD60,000} \\ &= \text{HKD480,000} - \text{HKD60,000} \\ &= \text{HKD420,000} \end{aligned}$
Insurance charge for the month	$\begin{aligned} &= 0.292\% / 12 \times \text{HKD420,000} \\ &= \underline{\underline{\text{HKD102.2}}} \end{aligned}$

Case 2: Increasing death benefit option

Net amount at risk	$\begin{aligned} &= \text{the higher of:} \\ &\quad (\text{i}) \text{ 105\% of the Account Value; and} \\ &\quad (\text{ii}) \text{ the sum of the basic sum insured (including all increases in the basic sum insured due to the increase in the basic premium as a result of special increase endorsement) and the Account Value,} \\ &\quad \text{less the Account Value} \\ &= \text{the higher of:} \\ &\quad (\text{i}) \text{ HKD60,000} \times 105\% = \text{HKD63,000; and} \\ &\quad (\text{ii}) \text{ HKD480,000} + \text{HKD60,000} = \text{HKD540,000,} \\ &\quad \text{less HKD60,000} \\ &= \text{HKD540,000} - \text{HKD60,000} \\ &= \text{HKD480,000} \end{aligned}$
Insurance charge for the month	$\begin{aligned} &= 0.292\% / 12 \times \text{HKD480,000} \\ &= \underline{\underline{\text{HKD116.8}}} \end{aligned}$

♦ The Company determines the insurance charge rate during the term of your Orion II policy based on the insured's attained age, sex, smoking habit and risk class. Please refer to the section Schedule of fees and charges on page 12 for details.

Illustrative examples for the calculation of the death benefit under the level death benefit option and the increasing death benefit option:

These examples are hypothetical and for illustrative purpose only.

Assuming there is no supplementary benefit attached to the policy since policy issuance.

When the insured passed away

Basic sum insured at policy issuance	HKD500,000
Increase in basic sum insured due to increase in the basic premium as a result of special increase endorsement	HKD25,000
Total partial withdrawals made in the 12 months preceding the date of death of the insured	HKD50,000
Account Value	HKD30,000

Case 1: Level death benefit option

Death benefit	<p>= the higher of:</p> <ul style="list-style-type: none">(i) 105% of the Account Value; and(ii) the basic sum insured (including all increases in the basic sum insured due to the increase in the basic premium as a result of special increase endorsement) less all withdrawals made in the 12 months preceding the date of death of the insured <p>= the higher of:</p> <ul style="list-style-type: none">(i) $\text{HKD}30,000 \times 105\% = \text{HKD}31,500$; and(ii) $(\text{HKD}500,000 + \text{HKD}25,000) - \text{HKD}50,000 = \text{HKD}475,000$ <p>= <u>HKD475,000</u></p>
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Case 2: Increasing death benefit option

Death benefit	<p>= the higher of:</p> <ul style="list-style-type: none">(i) 105% of the Account Value; and(ii) the sum of the basic sum insured (including all increases in the basic sum insured due to the increase in the basic premium as a result of special increase endorsement) and the Account Value <p>= the higher of:</p> <ul style="list-style-type: none">(i) $\text{HKD}30,000 \times 105\% = \text{HKD}31,500$; and(ii) $(\text{HKD}500,000 + \text{HKD}25,000) + \text{HKD}30,000 = \text{HKD}555,000$ <p>= <u>HKD555,000</u></p>
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Illustrative example for the calculation of the amount of death proceeds in the case of suicide within one year from the Policy Date, or the date of reinstatement, whichever is later:

This example is hypothetical and for illustrative purpose only.

Assuming there is no supplementary benefit attached to the policy since policy issuance.

The amount of death proceeds payable	= the Account Value + the total Policy Charges paid
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At policy issuance

Basic premium	HKD200 per month
Top-up premium/lump sum premium	HKD0
Payment frequency	Monthly

Assuming there is no change to the basic premium, top-up premium and lump sum premium since policy issuance.

The policy terminated at the end of the 6th policy month when the insured committed suicide.

Basic premium paid during the first 6 policy months	= HKD200 x 6 = HKD1,200
Relevant Policy Charges: Premium charge in the first 6 policy months	= 100% of basic premium = 100% x HKD1,200 = HKD1,200
Total Policy Charges paid	HKD1,200
Prevailing Account Value	HKD0
The amount of death proceeds payable	= HKD0 + HKD1,200 = <u>HKD1,200</u>

Optional Supplementary Benefit

Subject to the Company's approval, you can select from a wide range of additional insurance products for attaching to your **Orion II** policy. With additional premium, you may attach supplementary benefits against major illnesses, accidents as well as medical and hospital expenses to your **Orion II** policy. For **Orion II**, you can also opt for waiver of premium protection against total disability. Please contact your financial consultant for details of the supplementary benefits available.

The amount of premium for supplementary benefit varies depending on factors such as the type of supplementary benefit you selected, the supplementary benefit amount, the insured's sex, issue age, attained age, smoking habit and risk class. The premium payment frequency of the supplementary benefit will follow that of the basic premium.

A premium charge of 100% of premium for supplementary benefit will be deducted from the premium paid for the first year starting from the effective date of the supplementary benefit. Premium paid for the second year onwards will be used by the Company to allocate notional units of investment options to the policy in accordance with your investment option allocation instruction and will then be subject to other relevant Policy Charges as set out in the section **Schedule of fees and charges** on page 12.

If a claim is made under any specified supplementary benefit (a list of specified supplementary benefits is available upon request), the basic sum insured of your Orion II policy will be reduced by the claim amount payable under the specified supplementary benefit upon approval of the claim by us. If the basic sum insured of your Orion II policy is reduced to zero, the Orion II policy will terminate. Please contact your financial consultant for details of the reduction of the basic sum insured of the **Orion II** policy and refer to the section **Termination** on page 4 for details of payment upon termination of the **Orion II** policy.

Schedule of fees and charges



The current Policy Charges of your **Orion II** policy are as follows:

Policy Charges

Premium charge will be deducted upfront from each premium payment. The balance will be used by the Company to allocate notional units of investment options to the policy in accordance with the investment options you select.

Under the following circumstances, the premium charge for regular premium will be deducted from the Account Value 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 under the policy:

- If regular premium remains outstanding and your policy is not on a premium holiday, the premium charge will be deducted from the Account Value on the 16th of the month following the next month after the due date for the payment of regular premium.
- If your policy is on a premium holiday, the premium charge will be deducted from the Account Value on the same day as the Policy Date in each month or every 6 months or every 12 months (as the case may be) during the premium holiday depending on the payment frequency of your policy.

For basic premium*

Policy year starting from the Policy Date	Applicable premium charge rate (as a percentage of the prevailing basic premium)
1 st year	100%
2 nd year	20%
3 rd to 6 th years	10%
7 th year onwards	0%

* excluding any increases in basic premium due to special increase endorsement.

For top-up premium** and lump sum premium, if any

Applicable premium charge rate (as a percentage of top-up premium and lump sum premium)	5% (while the policy is in effect)
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** excluding any increases in top-up premium due to special increase endorsement.

Premium charge for top-up premium and lump sum premium are payable upon receipt of each such premium in cleared funds by the Company.

For each subsequent increase in basic premium and top-up premium due to special increase endorsement, if applicable

Year starting from the effective date of the special increase	Applicable premium charge rate (as a percentage of increase in the following)	
	Basic premium	Top-up premium
1 st year	100%	5%
2 nd year	20%	5%
3 rd to 6 th years	10%	5%
7 th year onwards	0%	5%

Please note that the premium charge rate varies according to different premium types. Because of this premium charge, the remaining amount of the basic premium paid available for investment will be 0% of the basic premium paid for the first policy year (and the first year of each subsequent increase in basic premium due to special increase endorsement) and will remain low in early policy years (and early years of each subsequent increase in basic premium due to special increase endorsement).

Please refer to the **Illustrative example for the calculation of the premium charge with special increase endorsement** on page 15 for details.

Premium Charge

Policy Charges

Premium Charge

For premium for supplementary benefit, if any***

Year starting from the effective date of the supplementary benefit	Applicable premium charge rate (as a percentage of the premium for supplementary benefit)
1 st year	100%
2 nd year onwards	0%

*** excluding any increases in premium for supplementary benefit due to special increase endorsement.

For each subsequent increase in premium for supplementary benefit due to special increase endorsement, if applicable

Year starting from the effective date of the special increase	Applicable premium charge rate (as a percentage of increase in the premium for supplementary benefit)
1 st year	100%
2 nd year onwards	0%

Insurance Charge

Insurance charge is payable while the policy is in effect. It will be deducted monthly in advance from the Account Value on the date of policy issuance and the same day as the Policy Date 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.

For death benefit of Orion II

The monthly insurance charge is (i) the insurance charge rate per annum divided by 12, then multiplied by (ii) the net amount at risk:

- For level death benefit option, the net amount at risk is the higher of:
 - (i) 105% of the Account Value[^]; and
 - (ii) the basic sum insured[^] (including all increases in the basic sum insured due to the increase in the basic premium as a result of special increase endorsement), less the Account Value[^].
- For increasing death benefit option, the net amount at risk is the higher of:
 - (i) 105% of the Account Value[^]; and
 - (ii) the sum of the basic sum insured[^] (including all increases in the basic sum insured due to the increase in the basic premium as a result of special increase endorsement) and the Account Value[^], less the Account Value[^].

[^] As at the due date for the payment of the insurance charge.

Insurance charge is waived during the first year starting from:

- for basic sum insured: the Policy Date
- for each subsequent increase in basic sum insured due to increase in the basic premium as a result of special increase endorsement: the effective date of the special increase

The Company determines the insurance charge rate during the term of your **Orion II** policy based on the insured's attained age, sex, smoking habit and risk class.

The table below sets out some indicative insurance charge rates per annum for illustrative purposes. Please contact the Company for confirmation of the current insurance charge rates applicable to your policy.

Insurance charge rate per annum (for standard risk class)

Attained age of the insured at the beginning of the policy year	Non-smoking		Smoking	
	Male	Female	Male	Female
30	0.080%	0.054%	0.122%	0.096%
40	0.145%	0.110%	0.239%	0.188%
50	0.292%	0.217%	0.508%	0.384%
60	0.783%	0.539%	1.372%	1.001%
70 [^]	2.388%	1.501%	4.177%	2.906%
80 [^]	5.399%	3.927%	10.228%	7.121%
90 [^]	13.805%	11.970%	26.228%	23.751%
99 [^]	30.114%	28.245%	57.217%	56.725%

[^] Please note that the insurance charge may become significant as the attained age of the insured increases. The insurance charge rates are made available by the Company upon request and you should consult your financial consultant for your personalised insurance charge rate.

Policy Charges	
Insurance Charge	<p>Insurance charge may increase significantly during the term of your Orion II 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.</p> <p>Please refer to the Illustrative examples for the calculation of the insurance charge on page 9 and the Illustrative example for the insurance charge with special increase endorsement on page 16 for details.</p> <p>For supplementary benefit, if any</p> <p>For any attached supplementary benefit, the monthly insurance charge shall be equal to the annual premium for supplementary benefit (including all increases in the premium for supplementary benefit as a result of special increase endorsement) divided by 12.</p> <p>The amount of premium for supplementary benefit varies depending on factors such as the type of supplementary benefit you selected, the supplementary benefit amount, the insured's sex, issue age, attained age, smoking habit and risk class.</p> <p>Insurance charge is waived during the first year starting from:</p> <ul style="list-style-type: none"> ■ for any supplementary benefit: the effective date of such supplementary benefit ■ for each subsequent increase in supplementary benefit amount due to increase in the premium for supplementary benefit as a result of special increase endorsement: the effective date of the special increase <p>For any attached supplementary benefit, the insurance charge is payable until the policy or that supplementary benefit terminates, or the end of the premium payment term of that supplementary benefit, whichever is earlier.</p>
Administration Charge	<p>The monthly administration charge is HKD32/USD4/EUR4, which is equal to an annual charge of HKD384/USD48/EUR48, but is waived during the first policy year.</p> <p>Administration charge will be deducted monthly in advance from the Account Value on the date of policy issuance and the same day as the Policy Date 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 while the policy is in effect.</p>
Account Service Fee	<p>The monthly account service fee is 0.1% (an annual rate of 1.2% divided by 12) of the Account Value as at the due date for the payment of the account service fee. It is waived during the first policy year.</p> <p>Account service fee will be deducted monthly in advance from the Account Value on the date of policy issuance and the same day as the Policy Date 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 while the policy is in effect.</p>
Switching Fee	Switching fee is nil.
Charges on Reference Funds	
Fund Management Charge	Fund management charge for the reference funds is calculated based on the respective net asset value of the reference funds. The charge is determined by the investment manager of each reference fund and is set out in the offering documents of the reference funds, which are made available by the Company upon request. Such charge is reflected in the unit prices of the reference funds and varies from one reference fund to another.
Other Charges	The reference funds are subject to the fees, charges and expenses levied by the investment managers and other service providers of the reference funds, as set out in the offering documents of the reference funds. Such fees, charges and expenses will vary from one reference fund to another. Copies of the offering documents of the reference funds are made available by the Company upon request.

If the Account Value of your Orion II 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 Orion II policy will terminate early and 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 Orion II policy. The Company will notify you in writing if the Account Value of your Orion II policy becomes insufficient to cover all the relevant Policy Charges due.

Change of 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.

Illustrative example for the calculation of the premium charge with special increase endorsement:

This example is hypothetical and for illustrative purpose only.

Premium charge	= applicable premium charge rate x relevant premium
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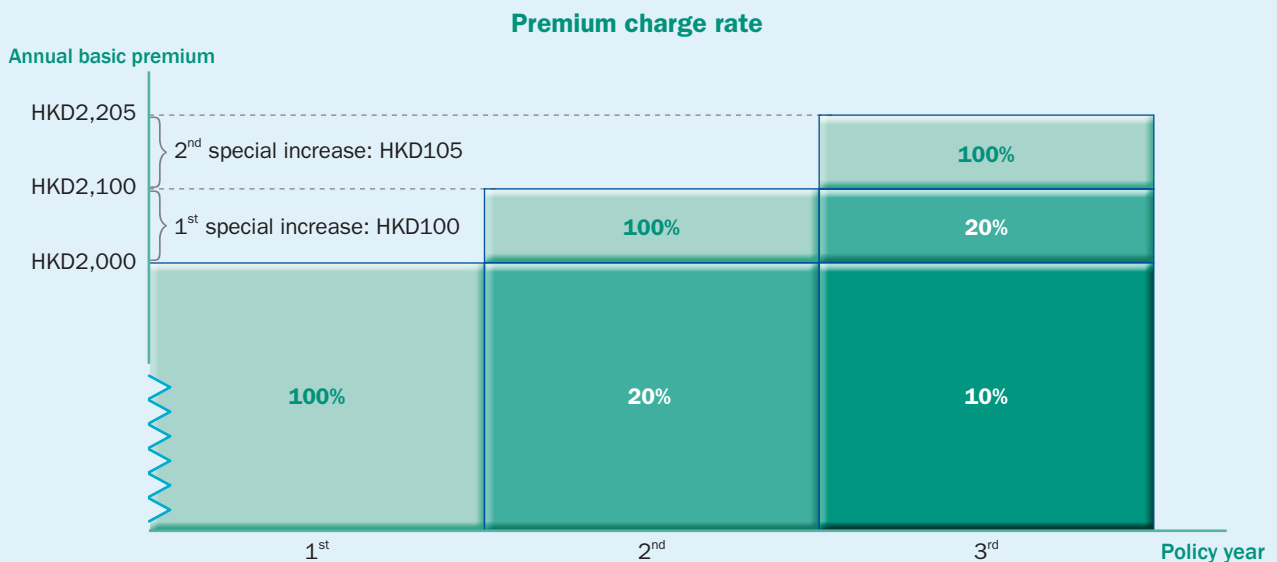
At policy issuance

Basic premium	HKD2,000 per annum
Top-up premium/lump sum premium	HKD0
Payment frequency	Annual

Apart from the increase in basic premium due to special increase endorsement as set out below, there is no supplementary benefit attached to the policy, no application to increase or reduce the basic premium, or to pay top-up premium or lump sum premium since policy issuance.

Rate of increase in basic premium (due to special increase endorsement)	5% of the basic premium for each policy year
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Basic premium at policy issuance/ Increase in basic premium (due to special increase endorsement)		Applicable premium charge rate (Policy year starting from the Policy Date/Year starting from the effective date of the special increase)	Premium charge	Basic premium paid available for investment (after deduction of premium charge)
1 st policy year				
Basic premium	HKD2,000	100% (1 st year)	HKD2,000 x 100% = HKD2,000	HKD0
2 nd policy year				
Basic premium	HKD2,000	20% (2 nd year)	HKD2,000 x 20% = HKD400	HKD1,600
1 st special increase	5% x HKD2,000 = HKD100	100% (1 st year)	HKD100 x 100% = HKD100	HKD0
3 rd policy year				
Basic premium	HKD2,000	10% (3 rd year)	HKD2,000 x 10% = HKD200	HKD1,800
1 st special increase	5% x HKD2,000 = HKD100	20% (2 nd year)	HKD100 x 20% = HKD20	HKD80
2 nd special increase	5% x (HKD2,000 + HKD100) = HKD105	100% (1 st year)	HKD105 x 100% = HKD105	HKD0



Illustrative example for the insurance charge with special increase endorsement:

This example is hypothetical and for illustrative purpose only.

Insurance charge is waived during the first year starting from:

- for basic sum insured: the Policy Date
- for each subsequent increase in basic sum insured due to increase in the basic premium as a result of special increase endorsement: the effective date of the special increase

At policy issuance

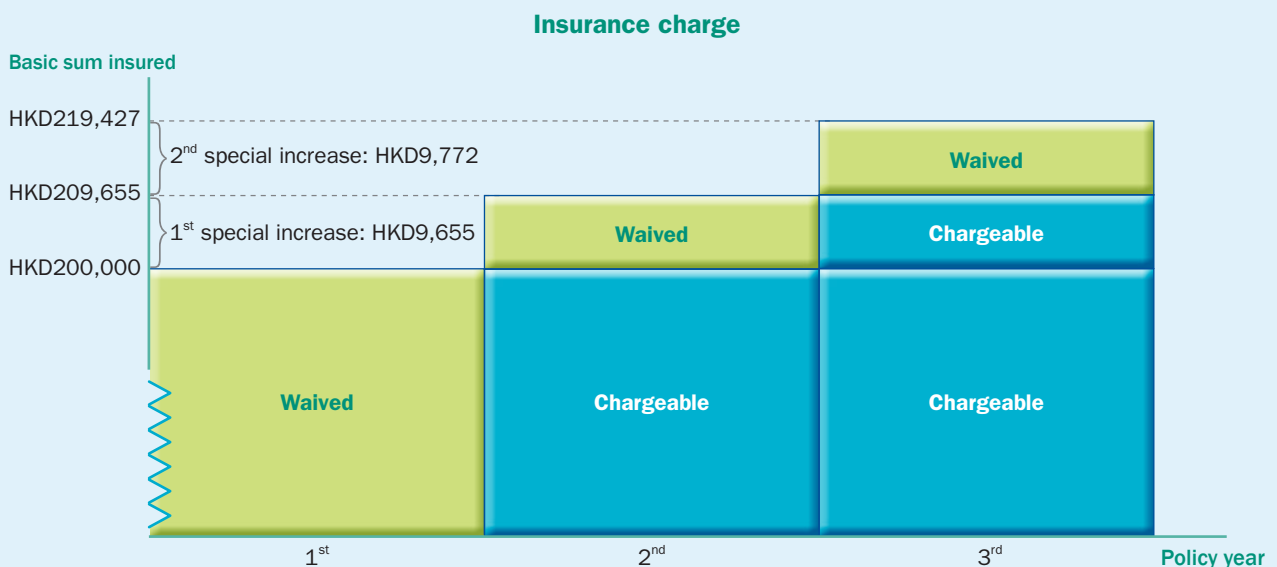
Basic sum insured	HKD200,000
Top-up premium/lump sum premium	HKD0

Apart from the increase in basic sum insured due to increase in the basic premium as a result of special increase endorsement as set out below, there is no supplementary benefit attached to the policy, no application to increase or reduce the basic sum insured, or to pay top-up premium or lump sum premium since policy issuance.

Assuming increases in basic sum insured due to increase in the basic premium as a result of special increase endorsement as follows:

1 st special increase	HKD9,655
2 nd special increase	HKD9,772

Basic sum insured at policy issuance/Increase in basic sum insured (due to increase in the basic premium as a result of special increase endorsement)		Insurance charge (Policy year starting from the Policy Date/Year starting from the effective date of the special increase)
1 st policy year		
Basic sum insured	HKD200,000	Waived (1 st year)
2 nd policy year		
Basic sum insured	HKD200,000	Chargeable (2 nd year)
1 st special increase	HKD9,655	Waived (1 st year)
3 rd policy year		
Basic sum insured	HKD200,000	Chargeable (3 rd year)
1 st special increase	HKD9,655	Chargeable (2 nd year)
2 nd special increase	HKD9,772	Waived (1 st year)



General information



Application

Orion II is available to proposed insured from 14 days old up to 70 years old and proposed policy owner from 18 to 70 years old (based on age last birthday), and we will accept premium up to the date before the policy maturity date. Please refer to the section **Policy Maturity** on page 18 for details of the policy maturity date. Application for a proposed insured under age 18 must be made by his or her parent or guardian.

To apply for **Orion II**, please contact your financial consultant and complete and return all the application documents to us with the premium required. You should not purchase this product unless you understand it and it has been explained to you how it is suitable to you. The final decision is yours.

The Company reserves the right to decline any applications for **Orion II** if the information provided by the proposed insured and/or the proposed policy owner during application is insufficient or does not meet our underwriting requirements.

Premium

Premiums are to be paid at the place designated from time to time by the Company. Please contact the Company or your financial consultant for the available methods of payment as determined by the Company from time to time.

Policy Currency

All amounts payable to and due from the Company will be calculated and made in the policy currency subject to the right of the Company to determine at its absolute discretion to accept and make payment under the policy in HKD.

Where any amounts paid to or payable by the Company are in a currency other than the policy currency, such amounts will be converted from such other currency into the policy currency or from the policy currency into such other currency (as the case may be) at the prevailing exchange rate as determined by the Company at its sole discretion from time to time with reference to prevailing market rate.

In carrying out any transactions under the policy, including but not limited to the allocation, cancellation or switching of notional units, we may effect currency conversions at the prevailing

exchange rates. The prevailing exchange rates are determined by the Company at its sole discretion from time to time with reference to prevailing market rate.

The resultant amount of any currency conversion as described in this section shall be rounded down to 2 decimal places and any remaining balance after such rounding shall accrue to the Company.

Cooling-off Period

Cooling-off period is a period during which you may cancel your policy and get back your 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 us 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 at the time when your cancellation request is received by us.

No refund can be made when a claim has been admitted.

Grace Period

We allow a grace period of 31 days immediately following the due date for the payment of the Policy Charges if the Account Value is insufficient to cover the relevant Policy Charges due.

If the relevant Policy Charges remain outstanding after the expiry of the 31-day grace period, the policy will terminate. Any overdue Policy Charges will be deducted from the proceeds payable to you.

Please refer to the section **Schedule of fees and charges** on page 12 for details of the relevant Policy Charges.

Amounts Payable by the Company

All amounts payable by the Company under the policy are payable at the Company's registered office or at any other place in Hong Kong designated by the Company.

Any amounts payable by the Company under the policy may first be applied to repay any outstanding charges under the policy and/or supplementary benefit at the discretion of the Company.

Reinstatement

If the policy terminates because the Account Value is insufficient to cover the relevant Policy Charges due after the expiry of the 31-day grace period, you may request to reinstate your policy within 5 years since your policy ceases to be in effect. To reinstate the policy, you will need to submit to us a written application with satisfactory proof of insurability of the insured, resume the payment of regular premium and repay the relevant Policy Charges due as determined by the Company. You also need to repay us an amount equal to the Surrender Value (if any) paid to you when the policy terminates as specified above, which will be put back into the policy upon reinstatement. Upon reinstatement, you may also need to consider whether to increase the investment under the policy by paying top-up premium and/or lump sum premium to avoid possible policy termination due to low Account Value. The terms and conditions will not be varied by the reinstatement except that any change to the Policy Date will be effected by an endorsement to the policy contract. You are not allowed to reinstate your policy after the end of the 5 years since your policy ceases to be in effect. The policy will not be reinstated if it has been surrendered for the Surrender Value.

Policy Maturity

The policy will mature and terminate on (i) the Policy Anniversary which falls on the date on which the insured attains the age of 100 if the date of the 100th birthday of the insured coincides with such Policy Anniversary, or (ii) the Policy Anniversary immediately after the date on which the insured attains the age of 100 if the date of the 100th birthday of the insured does not coincide with a Policy Anniversary. In such event, the Account Value less any outstanding Policy Charges will be payable to you. The Account Value less any outstanding Policy Charges will normally be payable within 30 days from the policy maturity date. No interest is payable for the period between the date the notional units of investment options are cancelled from your policy and the date of payment of the Account Value less any outstanding Policy Charges. The policy shall cease to be in effect on the policy maturity date.

Borrowing Power

Orion II has no borrowing powers. For details of the borrowing powers of the reference funds, please refer to the offering documents of each respective reference fund.

Valuation and Unit Pricing of an Investment Option

■ Notional Unit Allocation

Notional units relating to an investment option will be allocated to the policy at the Offer Price⁺ of the investment option. Notional units of investment options will be allocated on the relevant Dealing Day as soon as practicable following the date of receipt of the premium at the Company's office in cleared funds.

Fractions of less than one-tenth thousandth of a notional unit of an investment option will not be allocated to the policy. Any remaining balance after such rounding will be absorbed by the Company.

⁺ The Offer Price of a notional unit of an investment option shall be equal to the Bid Price.

■ Notional Unit Cancellation

Notional units relating to an investment option will be cancelled from the policy at the Bid Price of the investment option. Notional units of investment options will be cancelled on the relevant Dealing Day as soon as practicable following the date on which we approve the relevant application at the Company's office.

Fractions of less than one-tenth thousandth of a notional unit of an investment option will not be cancelled from the policy. Any remaining balance after such rounding will be absorbed by the Company.

■ Distribution of Dividend

If any dividend is declared by a reference fund to its investors and you hold notional units of the investment option corresponding to the reference fund at the relevant time, we will allocate extra notional unit(s) of such investment option to your policy based on the amount of dividend in relation to the notional units of such investment option you hold under the policy. The allocation will be made as soon as practicable following the payment of the dividend by the reference fund.

■ Calculation of Account Value

The Account Value of the policy will be calculated using the Bid Prices of notional units of the investment option(s) and will be rounded down to two decimal places. Any remaining balance after such rounding will be absorbed by the Company.

■ Determination of Unit Prices of Investment Options

Unit prices of an investment option are generally determined on a business day, which means a day (other than Saturday) on which banks in Hong Kong are open for normal banking business, provided that if such business day is not a valuation date of the reference fund(s) of the investment option, unit prices of the investment option are not determined on such day.

The unit prices of investment options are determined by reference to those of the reference fund(s) as determined by the respective investment manager(s) of the reference fund(s). In case of any change of the practice, we will give you one month's prior written notice. In cases beyond our control, such as where changes are stipulated by investment managers or the relevant regulator of the reference funds, we will give you written notice according to the regulatory requirements.

You should refer to the offering documents of the reference funds for details of the calculation of unit prices of such reference funds and the fees and charges (if any) levied on the acquisition or cancellation of units of the reference funds. Copies of the offering documents are made available by the Company upon request.

■ **Suspension and Deferral of Dealings of Investment Options**

The Company may at its sole discretion suspend the valuation of an investment option and/or the allocation, cancellation or switching of notional units of the relevant investment option for the whole or any part of any period during which:

- (i) valuation of or dealings in the relevant reference fund(s) are suspended; or
- (ii) circumstances exist as a result of which, in the opinion of the Company, it is not reasonably practicable for the Company to acquire any investment or assets relating to the investment option or realise any investment or assets held by the Company relating to the investment option; or
- (iii) the remittance or repatriation of funds/proceeds which may be involved in the acquisition/realisation of any investment or assets or the allocation/cancellation of notional units of the investment option is delayed or, in the opinion of the Company, cannot be carried out promptly at reasonable rates of exchange or reasonable prices; or
- (iv) any other exceptional circumstance beyond the control of the Company exists.

In these circumstances, we may suspend any withdrawal from the policy and/or defer the payment of any benefits or claims under the policy. Our right of suspension and deferment as described in this section will only last for so long as the event which triggers any of the exceptional circumstances described in sub-paragraphs (i) to (iv) of the first paragraph of this section still exists. When such event ceases to exist, any allocation, cancellation or switching of notional units and determination of any benefits or claims under the policy will be carried out as soon as practicable based on the Offer Price⁺ or the Bid Price (as the case may

be) on the first Dealing Day of the relevant investment option after the cessation of such event. No interest is payable on any amount payable by us for the period during which the payment is deferred.

⁺ The Offer Price of a notional unit of an investment option shall be equal to the Bid Price.

■ **Limitation on Dealings of Investment Options**

The Company may also at its absolute discretion limit the number of notional units of an investment option cancelled on any Dealing Day to 10% of the aggregate number of outstanding notional units of the investment option on such Dealing Day (disregarding any notional units of the investment option which are to be allocated on such Dealing Day). In such case, the limitation will apply pro rata so that owners of policies to which notional units of the investment option have been allocated who wish to have their notional units of the investment option cancelled on that Dealing Day will have the same proportion of such notional units cancelled. Notional units of the investment option not cancelled will be carried forward for cancellation subject to the same limitation on the next Dealing Day.

Where the Company exercises its discretion to limit the number of notional units of an investment option to be cancelled as described above for the policy, investment option switching and any amounts payable by the Company under the policy will be suspended or deferred.

Governing Law and Jurisdiction

The policy is issued under and will be construed in accordance with the laws of Hong Kong. The policy shall be subject to the non-exclusive jurisdiction of the Hong Kong courts.

Rights of Third Parties

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.

Taxation

Taxation consequences of investing in the policy depend on the applicable tax laws of your particular situation. You are recommended to seek professional advice about your particular taxation consequences.

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 the Company and the **Orion II** policy. The Company is a participating FFI. The Company is committed to complying with FATCA. To do so, the Company requires you to:

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

The Company could, in certain circumstances, be required to impose FATCA Withholding Tax on payments made to, or which it makes from, your policy. Currently the only circumstances in which the Company may be required to do so are:

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

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

Automatic Exchange of Financial Account Information (“AEOI”)

The Company must comply with the following requirements of the Inland Revenue Ordinance to facilitate the Inland Revenue Department of Hong Kong automatically exchanging certain financial account information 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 NFEs” and identify the jurisdiction(s) in which their “controlling persons” reside for tax purposes;
- (iv) to collect certain information on NEFAs (“Required Information”); and
- (v) to furnish certain Required Information to the Inland Revenue Department of Hong Kong (collectively the “AEOI requirements”).

The proposed policy owner agrees to comply with requests made by the Company to comply with the AEOI requirements.

Investment Risks

Investment involves risks, including fluctuation of market price of investment. Past performance is not indicative of future performance. It is important for you to know your risk tolerance level and the level of risks associated with your investment before making any investment decisions.

You are strongly recommended to read the offering documents of the respective reference funds carefully for the risks associated with the investment. Copies of the offering documents of the reference funds are made available by the Company upon request.

Enquiries and Complaints

For any enquiries and complaints in relation to this product or our services, or if you wish to obtain a copy of the policy document of **Orion II** (for which a reasonable price as determined from time to time by the Company may be imposed), please contact us by telephone (852) 2802 2812, fax (852) 2598 7623 or email customer.services@axa.com.hk. You can also contact us in person or by mail at Suite 2001, 20/F, Tower Two, Times Square, 1 Matheson Street, Causeway Bay, Hong Kong or visit our website www.axa.com.hk.

Glossary



Account Value: The 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 policy as at that day. The value of your notional units in an investment option is determined by multiplying the number of outstanding notional units in the investment option standing to the credit of the policy 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.

Bid Price: The Bid Price of a notional unit of an investment option on a Dealing Day is the value associated with a notional unit of the investment option on that Dealing Day, based on which the Account Value or proceeds of cancellation of the notional unit shall be calculated. The Bid Price of a notional unit of an investment option shall be equal to the bid price or, if there is no bid price, the net asset value of a unit, share or other interest of its reference fund.

Dealing Day: A Dealing Day of an investment option is a day on which notional units of that investment option may be allocated to or cancelled from your policy.

Minimum Account Balance: The Minimum Account Balance is maintained to determine whether a partial withdrawal can be made. The Minimum Account Balance is currently HKD4,000/USD500/EUR500. The amount of the Minimum Account Balance is determined by the Company at its sole discretion and we reserve the right to change such amount in future by giving you one month's prior written notice.

Offer Price: The Offer Price of a notional unit of an investment option on a Dealing Day is the value associated with a notional unit of the investment option on that Dealing Day, based on which such notional unit of the investment option is allocated to your policy. The Offer Price of a notional unit of an investment option shall be equal to the Bid Price.

Policy Anniversary: The Policy Anniversary means the same day and month each year as the Policy Date.

Policy Charges: The Policy Charges are fees and charges imposed by the Company in respect of your policy as determined in accordance with the section **Schedule of fees and charges**, and are charged by way of upfront deduction from the premium received or cancellation of notional units in investment option(s) on the relevant Dealing Day, where applicable.

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. In the case where the amount of outstanding Policy Charges is greater than the Account Value, the Surrender Value will be zero.

Parties involved

Insurance Company

AXA China Region Insurance Company (Bermuda) Limited
(Incorporated in Bermuda with limited liability)
Hong Kong Office
20/F, Vertical Sq, 28 Heung Yip Road, Wong Chuk Hang, Hong Kong

Investment Managers/Advisers of the Reference Funds

For information on the investment managers/advisers of the reference funds, please refer to the offering documents of the reference funds.

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 Orion II referred to in this brochure.

AXA China Region Insurance Company (Bermuda) Limited accepts full responsibility for the accuracy of the information shown in the Principal Brochure, including this Product Brochure, the Investment Options Leaflet and the Product Key Facts Statement, at the date of its publication. We also confirm, 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.

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(Only for use in Hong Kong Special Administrative Region)

March 2017

First Addendum to Product Brochure for Orion II Investment Insurance Plan

This first addendum should be read in conjunction with the Product Brochure for Orion II Investment Insurance Plan dated March 2017 (the "Product Brochure"). This first addendum forms part of the Product Brochure.

1. **With immediate effect, the following sub-section shall replace the sub-section of "Automatic Exchange of Financial Account Information ("AEOI") under the section "General information" on page 20 of the Product Brochure:**

Automatic Exchange of Financial Account Information ("AEOI")

The Inland Revenue (Amendment) (No.3) Ordinance (the "Ordinance") came into force on 30 June 2016 which marks the implementation of AEOI in Hong Kong. Under the AEOI standard, relevant financial institutions ("reporting FIs") in Hong Kong, including insurance companies, are required to collect certain information of their non-Hong Kong tax resident account holders, and submit such information to the Inland Revenue Department of Hong Kong. The Inland Revenue Department of Hong Kong will then exchange such information with the jurisdiction of that account holder's tax residency provided that such jurisdiction(s) have already had an AEOI agreement with Hong Kong (i.e. "reportable jurisdictions").

The Company is the reporting FI under Ordinance and obliged to:

- (i) conduct due diligence on policy owners, beneficiaries and controlling persons of a passive non-financial entity to identify whether any such accounts are considered "Reportable Accounts" for AEOI purposes; and
- (ii) report to the Inland Revenue Department of Hong Kong information on such Reportable Accounts.

Under the Ordinance, details of Reportable Accounts, including but not limited to name, jurisdiction of birth, address, tax residence, account details, account balance/value, and income may be reported to the Inland Revenue Department of Hong Kong and subsequently exchanged with the reportable jurisdictions.

The Inland Revenue Department of Hong Kong is expected on an annual basis to transmit the information reported to it to the reportable jurisdictions. Broadly, AEOI contemplates that reporting FIs should report on:

- (i) individuals or entities that are tax resident in reportable jurisdictions; and
- (ii) certain entities controlled by individuals who are tax resident in reportable jurisdictions.

By applying for the plan and / or continuing to hold the plan, you acknowledge and agree that you may be required to provide information to us to enable us to comply with AEOI. Your information may be communicated by the Inland Revenue Department of Hong Kong to authorities in other jurisdictions.



You should also notify us of any change in circumstance which (i) affects your tax residency status or (ii) causes the information provided under previously submitted self-certification form to become incorrect, and provide us with a suitably updated self-certification form within 30 days of such change in circumstances. If you fail to notify us of any such change or fail to provide such updated self certification form, we shall treat you as resident in the jurisdiction identified in the original self certification form. If we know or have reasons to know that there are changes in circumstances affecting the correctness of the self-certification form provided, we shall treat you as resident in the jurisdiction identified in the original self-certification and also as resident in the jurisdiction indicated by the change of circumstances in accordance with applicable laws and regulations.

You should consult your own professional advisor(s) on the administrative and substantive implications of AEOI on your application for and/or continued holding of the plan.

2. Except as amended by this first addendum, the Product Brochure remains in full force and effect.

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

May 2019