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**Yunfeng Financial Group Limited**  
**雲鋒金融集團有限公司**  
*(Incorporated in Hong Kong with limited liability)*  
**(Stock Code: 376)**

**RENEWAL OF CONTINUING CONNECTED TRANSACTION –  
EXTENSION TO THE TRANSITIONAL SERVICES AGREEMENT**

The Board announces that on 15 November 2019, YF Life (a non-wholly owned subsidiary of the Company) (as service recipient) entered into the Extension to the Transitional Services Agreement with MassMutual (a substantial shareholder of the Company) (as service provider) to extend the Transitional Services Agreement, pursuant to which MassMutual provides the Services to YF Life for a service fee. The Extension to the Transitional Services Agreement is for a term beginning on 16 November 2019 and ending on 31 December 2021 (both days inclusive).

**LISTING RULES IMPLICATIONS**

MassMutual is a substantial shareholder of the Company which is directly interested in approximately 24.82% of the total issued share capital of the Company as at the date of this announcement. Hence, MassMutual is a connected person of the Company and the transaction contemplated under the Extension to the Transitional Services Agreement constitutes a continuing connected transaction of the Company under Chapter 14A of the Listing Rules.

Since one or more of the applicable percentage ratios set out in Rule 14.07 of the Listing Rules in respect of the transactions contemplated under the Extension to the Transitional Services Agreement are above 0.1% but below 5%, the transactions contemplated under the Extension to the Transitional Services Agreement are subject to the reporting, annual review and announcement requirements but are exempt from the independent shareholders' approval requirement under the Listing Rules.

**BACKGROUND**

Reference is made to the announcement of the Company dated 17 August 2017 and the circular of the Company dated 21 December 2017, where the Company announced that, among other things, YF Life entered into the Transitional Services Agreement with

MassMutual in relation to provision of certain treasury and financial reporting services relating to investment or portfolio management and other information technology related services, the term of which shall expire on 16 November 2019.

The Board announces that on 15 November 2019, YF Life (as service recipient) entered into the Extension to the Transitional Services Agreement with MassMutual (as service provider) to extend the Transitional Services Agreement in relation to the provision of the Services for a service fee as described below. The Extension to the Transitional Services Agreement is for a term beginning on 16 November 2019 and ending on 31 December 2021 (both days inclusive).

## **EXTENSION TO THE TRANSITIONAL SERVICES AGREEMENT**

<b>Date:</b>	15 November 2019
<b>Parties:</b>	(i) YF Life, as service recipient (ii) MassMutual, as service provider
<b>Services to be provided by MassMutual:</b>	Certain treasury and financial reporting services relating to investment or portfolio management such as classification, monitoring and allocation of purchases and sales of securities, compiling and monitoring pricing and fund performance for alternative investments, preparing risk sensitivity analysis, impairment analysis, facilitating cash management and managing specified cash accounts
<b>Term:</b>	Beginning on 16 November 2019 and ending on 31 December 2021, provided that the term of any Service may be terminated earlier by YF Life in accordance with the Extension to the Transitional Services Agreement
<b>Service fee:</b>	YF Life will pay to MassMutual a monthly service fee which shall be the greater of:-  (i) 0.00275% of the Average Portfolio Book Value for the relevant month; and  (ii) US\$116,667.  The service fee shall be payable to MassMutual monthly in arrears.  Pursuant to the Extension to the Transitional Services Agreement, the service fee is subject to the following caps:  (a) US\$250,000 for the period from 16 November 2019 to 31 December 2019;  (b) US\$2,277,000 for the year ending 31 December

2020; and

- (c) US\$2,619,000 for the year ending 31 December 2021.

Furthermore, YF Life has the right to terminate any portion of the Services by giving three months prior notice. In the event one or more (but not all) of the Services are terminated, prior to the expiration of the term, MassMutual and YF Life will negotiate in good faith a *pro rata* reduction of the remaining balance of the service fee.

The fees for the Services were determined after arm's length negotiations between the parties and taking into account the current size and the anticipated growth in the investment portfolio of YF Life managed by MassMutual and with reference to the prevailing market rate charged by independent third party service providers in the ordinary course of business.

The Company has compared the fees payable by YF Life to MassMutual for the Services with the prevailing market rate offered by two other competent independent third party service providers which the Company considered to be fair and representative given that such independent third party service providers offer comparable services in Hong Kong. The Company considered that the fees payable by YF Life to MassMutual are no less favourable than the prevailing market rate offered by other competent independent third party service providers. In view of this and taking into account that the Services are currently provided by MassMutual to YF Life, the Company considers it is beneficial to and in the interests of YF Life for it to enter into the Extension to the Transitional Services Agreement.

## **HISTORICAL AMOUNTS**

The historical amounts paid by YF Life to MassMutual in respect of the Services for the indicated periods were as follows:

	<b>Year ended 31 December 2018</b>	<b>From 1 January 2019 up to the date of this announcement</b>
Amount paid	HK\$1,453,125	HK\$10,171,875

## **ANNUAL CAPS**

US\$250,000, US\$2,277,000 and US\$2,619,000 have been set as the annual caps for the amounts of service fees payable by YF Life to MassMutual under the Extension to the Transitional Services Agreement for (i) the period beginning on 16 November 2019 and ending on 31 December 2019, (ii) the year ending 31 December 2020 and (iii) the year ending 31 December 2021, respectively. These annual cap amounts have been set out in the Extension to the Transitional Services Agreement and have been determined with reference to the current size and the anticipated growth of the investment portfolio of YF Life managed by MassMutual. As at 31 December 2018, the book value of YF Life's asset portfolio managed by MassMutual was US\$4,990.5 million.

## **REASONS FOR AND BENEFITS OF THE TRANSACTIONS**

The Services are currently provided by MassMutual to YF Life under the Transitional Services Agreement. The Company believes that the continued provision of the Services by MassMutual to YF Life is economically efficient as it will cost YF Life more to establish the necessary systems and recruit the appropriate staff if YF Life were to carry out the Services itself.

As Mr. Adnan Omar Ahmed is the chairman, president and chief executive officer of MassMutual and Mr. Gareth Ross is a director of MassMutual, each of Mr. Adnan Omar Ahmed and Mr. Gareth Ross abstained from voting on the Board resolutions approving the transactions contemplated under the Extension to the Transitional Services Agreement.

The Directors (including independent non-executive Directors, but excluding Mr. Adnan Omar Ahmed and Mr. Gareth Ross who have abstained from voting) are of the view that the Extension to the Transitional Services Agreement was entered into in the ordinary and usual course of business of the Group on normal commercial terms, and the terms of such transaction and the relevant proposed annual caps are fair and reasonable and are in the interests of the Company and its shareholders as a whole.

## **GENERAL INFORMATION**

The Company is an investment holding company. The principal activities of the Group are underwriting of life insurance policies, wealth management, securities broking, employee stock ownership plan administration, and investment research, insurance brokerage and principal investment.

YF Life is an authorized insurer licensed to carry on life and annuity, linked long term, permanent health, and retirement scheme management long term insurance businesses in Hong Kong. It is also registered as a principal intermediary for carrying on MPF regulated activities. YF Life operates in Macau through a branch office and is licensed to sell life insurance products in Macau.

MassMutual is a limited liability company formed under the laws of the State of Delaware, the United States of America. MassMutual offers insurance and other financial services, including endowment and whole life insurance, universal life insurance, term insurance, group life insurance, credit life insurance, health benefit insurance and annuities, to customers primarily in Asia.

## **LISTING RULES IMPLICATIONS**

MassMutual is a substantial shareholder of the Company which is directly interested in approximately 24.82% of the total issued share capital of the Company as at the date of this announcement. Hence, MassMutual is a connected person of the Company and the transaction contemplated under the Extension to the Transitional Services Agreement constitutes a continuing connected transaction of the Company under Chapter 14A of the Listing Rules.

Since one or more of the applicable percentage ratios set out in Rule 14.07 of the Listing Rules in respect of the transactions contemplated under the Extension to the Transitional Services Agreement are above 0.1% but below 5%, the transactions contemplated under the Extension to the Transitional Services Agreement are subject to the reporting, annual review and announcement requirements but are exempt from the independent shareholders' approval requirement under the Listing Rules.

## DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following meanings:

“Average Portfolio Book Value”	for any calendar month, the average of the US\$ book value of YF Life’s asset portfolio managed by MassMutual, Massachusetts Mutual Life Insurance Company or Barings LLC as at the first day of the month and that as at the last day of the month, based on the management accounts or if available, financial statements of YF Life
“Board”	the board of Directors of the Company
“Company”	Yunfeng Financial Group Limited, a company incorporated in Hong Kong with limited liability and the Shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 376)
“Directors”	the directors of the Company
“Extension to the Transitional Services Agreement”	the extension to transitional services agreement dated 15 November 2019 and entered into by and between YF Life and MassMutual in relation to provision of the Services
“Group”	the Company and its subsidiaries
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“MassMutual”	MassMutual International LLC, a limited liability company formed under the laws of the State of Delaware, the United States of America, and a substantial shareholder of the Company

“MPF”	mandatory provident fund
“Services”	certain treasury and financial reporting services relating to investment or portfolio management as more specifically described under “Extension to the Transitional Services Agreement – Services to be provided by MassMutual” in this announcement
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Transitional Services Agreement”	the transitional services agreement dated 15 December 2017 and entered into by and between YF Life and MassMutual
“YF Life”	YF Life Insurance International Limited (formerly known as MassMutual Asia Limited), a limited liability company incorporated under the laws of Hong Kong, and a non-wholly owned subsidiary of the Company
“%”	per cent.

By Order of the Board  
**Yunfeng Financial Group Limited**  
**Li Ting**  
*Executive Director and Chief Executive Officer*

Hong Kong, 15 November 2019

*As at the date of this announcement, the Board comprises Mr. Yu Feng (who is Chairman and non-executive director), Ms. Li Ting and Mr. Huang Xin (who are executive directors), Mr. Adnan Omar Ahmed, Ms. Hai Olivia Ou and Mr. Gareth Ross (who are non-executive directors), and Mr. Qi Daqing, Mr. Chu Chung Yue, Howard and Mr. Xiao Feng (who are independent non-executive directors).*