

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



云 鋒 金 融

Yunfeng Financial Group Limited

雲鋒金融集團有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 376)

CONTINUING CONNECTED TRANSACTIONS

IN RELATION TO

RENEWAL OF BARINGS INVESTMENT ADVISORY AGREEMENT

CONTINUING CONNECTED TRANSACTIONS

On 15 December 2017, YF Life (a non-wholly owned subsidiary of the Company) and Barings LLC entered into the Barings Investment Advisory Agreement pursuant to which YF Life agrees to engage Barings LLC as its investment adviser to acquire, manage, service and dispose of investments for the YF Life for the Initial Term of three years commencing from 16 November 2018 and expiring on 15 November 2021, subject to Automatic Renewal.

YF Life and Barings LLC intend to renew the Barings Investment Advisory Agreement upon expiry of the Initial Term in accordance with the Automatic Renewal provisions. Accordingly, the Directors set out the Proposed Annual Caps 2022-2024 in this announcement.

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. Barings LLC is an indirect wholly-owned subsidiary of MMLIC, which is in turn the sole member of the MassMutual. Hence, Barings LLC is an associate of MassMutual and a connected person 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 Barings Investment Advisory Agreement are more than 0.1% but less than 5%, the transactions contemplated under the Barings Investment Advisory Agreement are subject to the reporting, annual review and announcement requirements but are exempt from the independent shareholders' approval requirement under the Listing Rules.

INTRODUCTION

Reference is made to the Announcements and Circular in relation to, among other things, the Barings Investment Advisory Agreement.

On 15 December 2017, YF Life (a non-wholly owned subsidiary of the Company) and Barings LLC entered into the Barings Investment Advisory Agreement pursuant to which YF Life agrees to engage Barings LLC as its investment adviser to acquire, manage, service and dispose of investments for the YF Life for an initial period of three years commencing from 16 November 2018 and expiring on 15 November 2021 ("**Initial Term**"), subject to Automatic Renewal.

YF Life and Barings LLC intend to renew the Barings Investment Advisory Agreement upon expiry of the Initial Term in accordance with the Automatic Renewal provisions. Accordingly, the Directors set out the Proposed Annual Caps 2022-2024 in this announcement.

RENEWAL OF BARINGS INVESTMENT ADVISORY AGREEMENT

The principal terms of the Barings Investment Advisory Agreement are set out below.

Date

15 December 2017

Parties

- (1) YF Life; and
- (2) Barings LLC.

Scope of services

Pursuant to the Barings Investment Advisory Agreement, YF Life agrees to engage Barings LLC to act as its investment adviser to acquire, manage, service and dispose of investments for YF Life. The assets and type and amount of assets to be managed by Barings LLC pursuant to the Barings Investment Advisory Agreement will be determined by the investment committee of YF Life from time to time.

Term

The Initial Term commenced from 16 November 2018 and will expire on 15 November 2021, subsequent to which the Barings Investment Advisory Agreement will be automatically renewed for an additional year, subject to Automatic Renewal thereafter.

Service fee and pricing terms

YF Life will pay to Barings LLC fees calculated at rates based on asset type on a quarterly basis in arrears. The fee rates range from 0.25 basis points to 100 basis points of the average net asset value of those respective portfolios of securities, cash and other property in the account for which YF Life has designated to Barings LLC for investment management as of the last business day of each month in the current quarter. Such fee rates were determined based on arm's length negotiations taking into account the type of assets to be managed by Barings LLC.

The Company has assessed the business needs of YF Life for the services under the Barings Investment Advisory Agreement. The Company considered (i) the historical amounts of fees paid by YF Life to Barings LLC; (ii) the historical fee rates charged by Barings LLC; and (iii) the fee rates for comparable services 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 investment advisory services to clients in Hong Kong. The Company considers that the fee rates offered by Barings LLC are in line with the market rates offered by other competent independent third party providers for comparable services as a whole.

HISTORICAL AMOUNTS

The aggregate historical transaction amounts paid by YF Life to Barings LLC under the Barings Investment Advisory Agreement were as follows:

| For the year ended 31 December 2019 (HK\$ million) | For the year ended 31 December 2020 (HK\$ million) | From 1 January 2021 up to the date of this announcement (HK\$ million) |
|---|---|---|
| 72.21 | 84.37 | 83.38 |

PROPOSED ANNUAL CAPS

YF Life is required to obtain regulatory authority's consent prior to making any payment of service fee to Barings LLC under the Barings Investment Advisory Agreement during the successive one-year terms after the Initial Term.

The Proposed Annual Caps 2022-2024 are as follows:

| For the year ending 31 December 2022 (HK\$ million) | For the year ending 31 December 2023 (HK\$ million) | For the year ending 31 December 2024 (HK\$ million) |
|--|--|--|
| 122 | 138 | 155 |

The Proposed Annual Caps 2022-2024 was determined based on the type of the assets managed by Barings LLC, the historical value of assets managed by Barings LLC, the growth of such

value in the past, the historical amounts of fees paid to Barings LLC and the expected type and amount of assets to be managed by Barings LLC.

REASONS AND BENEFIT OF THE TRANSACTIONS

In connection with underwriting insurance policies, YF Life invests policy premium, to generate sufficient return for satisfying future insurance claims and dividend obligations. Barings LLC has assisted YF Life in executing its long-term investment asset allocation strategies since the year 2000. The continuation of Barings LLC's asset management services will not only avoid the operational risks resulting from contracting a new asset manager but will also avoid any material disruptions in the execution of YF Life's long term asset allocation strategies.

As Mr. Adnan Omar Ahmed is the chairman, president and chief executive officer of MassMutual and Mr. Michael James O'Connor is the General Counsel of MMLIC and a manager of MassMutual, each of Mr. Adnan Omar Ahmed and Mr. Michael James O'Connor abstained from voting on the Board resolutions approving the transactions contemplated under the Barings Investment Advisory Agreement.

The Directors (including independent non-executive Directors, but excluding Mr. Adnan Omar Ahmed and Mr. Michael James O'Connor who have abstained from voting) are of the view that the Barings Investment Advisory Agreement was entered into in the ordinary and usual course of business of the Group on normal commercial terms, and the terms of such transactions and the Proposed Annual Caps 2022-2024 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, asset and wealth management, securities transactions, employee stock ownership plan administration, and investment research, insurance brokerage and proprietary 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 is a holding company for international operations, participates in strategic partnerships and joint venture opportunities with leading companies throughout Asia. It also manages a joint venture investment in a life insurance company operating in the People's Republic of China. The sole member of MassMutual is MMLIC. As a mutual life insurance company incorporated in the United States, MMLIC does not have any shareholders.

Barings LLC is limited liability company formed under the laws of the State of Delaware, the United States of America, and is a global investment management firm.

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. Barings LLC is an indirect wholly-owned subsidiary of MMLIC, which is in turn the sole member of the MassMutual. Hence, Barings LLC is an associate of MassMutual and a connected person 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 Barings Investment Advisory Agreement are more than 0.1% but less than 5%, the transactions contemplated under the Barings Investment Advisory 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:

| | |
|---|---|
| “Announcements” | the announcements of the Company dated 17 August 2017 and 30 December 2020; |
| “associate(s)” | has the meaning as ascribed thereto in the Listing Rules; |
| “Automatic Renewal” | the automatic renewal of the term of Barings Investment Advisory Agreement for successive one-year terms unless either party gives 30 days' written notice to the other party of its intention to terminate the Barings Investment Advisory Agreement prior to the expiry of the relevant term; |
| “Barings LLC” | Barings LLC, a limited liability company organized in the State of Delaware, the United States of America and an indirect wholly-owned subsidiary of MMLIC, which is in turn the sole member of the MassMutual; |
| “Barings Investment Advisory Agreement” | The Fourth Amended and Restated Investment Advisory Agreement dated 15 December 2017 entered into by and between Barings LLC and YF Life (as supplemented with, among others, updates on investment guidelines and Barings LLC's investment report deliverables by the Fifth Amended and Restated Investment Advisory Agreement dated 11 April 2021); |
| “Board” | Board of Directors; |
| “Circular” | the circular of the Company dated 21 December 2017; |
| “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); |
| “Director(s)” | Director(s) of the Company; |
| “Group” | the Company and its subsidiaries; |
| “Initial Term” | has the meaning as ascribed to it in in the section headed “INTRODUCTION”; |
| “Listing Rules” | Rules Governing the Listing of Securities on the Stock Exchange; |
| “MassMutual” | MassMutual International LLC, a limited liability company formed under the laws of the State of Delaware, the United States of America; |
| “MMLIC” | Massachusetts Mutual Life Insurance Company, a mutual life insurance company incorporated in the Commonwealth of Massachusetts, the United States and the sole member of MassMutual; |
| “Proposed Annual Caps 2022-2024” | the maximum aggregate annual amount of fees payable by YF Life to Barings LLC for the three financial years ending 31 December 2022, 2023 and 2024 under the Barings Investment Advisory Agreement; |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited; |
| “substantial shareholder” | has the meaning as ascribed thereto in the Listing Rules; |
| “YF Life” | YF Life Insurance International Limited (formerly known as MassMutual Asia Limited), a limited liability company incorporated in Hong Kong, and a non-wholly owned subsidiary of the Company |

By Order of the Board
Yunfeng Financial Group Limited
Zhang Ke
Executive Director, Vice Chairman and Chief Executive Officer

Hong Kong, 12 November 2021

As at the date of this announcement, the Board comprises Mr. Yu Feng (who is Chairman and non-executive Director), Mr. Zhang Ke (who is Vice Chairman, Chief Executive Officer and executive Director), Mr. Huang Xin and Ms. Hai Olivia Ou (who are executive Directors), Mr. Adnan Omar Ahmed and Mr. Michael James O’Connor (who are non-executive Directors), and Mr. Qi Daqing, Mr. Chu Chung Yue, Howard and Mr. Xiao Feng (who are independent non-executive Directors).