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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)

CONTINUING CONNECTED TRANSACTIONS IN RELATION TO

- (1) RENEWAL OF BARINGS INVESTMENT ADVISORY AGREEMENT
AND
(2) RENEWAL OF POLICIES ENDORSEMENT FEE AGREEMENT**

RENEWAL OF BARINGS INVESTMENT ADVISORY AGREEMENT

Reference is made to the 2021 Announcement in relation to 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 YF Life for an initial period of three years from 16 November 2018 to 15 November 2021, subject to Automatic Renewal Provisions. The Barings Investment Advisory Agreement was subsequently automatically renewed for three successive one-year terms from 16 November 2021 to 15 November 2024.

YF Life and Barings LLC intend to renew the Barings Investment Advisory Agreement upon expiry of the current term, commencing from 16 November 2024 in accordance with the Automatic Renewal Provisions. Accordingly, the Directors set out the Barings Investment Advisory Annual Caps 2025-2027 in this announcement.

RENEWAL OF POLICIES ENDORSEMENT FEE AGREEMENT

Reference is made to the Announcements and the Circular in relation to, among other things, the Policies Endorsement Fee Agreement.

On 15 December 2017, YF Life and MMLIC entered into the Policies Endorsement Fee Agreement, pursuant to which MMLIC agrees to provide claims payment endorsement to the outstanding life insurance policies underwritten by YF Life for a guarantee fee for an initial period of three years commencing from 16 November 2018 to 15 November 2021, subject to Automatic Renewal Provisions. The Policies Endorsement Fee Agreement was subsequently automatically renewed for a term of three years from 16 November 2021 to 15 November 2024.

YF Life and MMLIC intend to renew the Policies Endorsement Fee Agreement for a further period of three years commencing from 16 November 2024 in accordance with the Automatic Renewal Provisions. Accordingly, the Directors set out the Policies Endorsement Fee Annual Caps 2025-2027 in this announcement.

LISTING RULES IMPLICATIONS

As at the date of this announcement,

(1) 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. Barings LLC is an indirect wholly-owned subsidiary of MMLIC, which is in turn the sole member of MassMutual, and hence, an associate of MassMutual; and

(2) MMLIC is the sole member of MassMutual, and hence, an associate of MassMutual.

Therefore, Barings LLC and MMLIC are connected persons of the Company under Chapter 14A of the Listing Rules. The transactions contemplated under each of the Barings Investment Advisory Agreement and the Policies Endorsement Fee Agreement constitute continuing connected transactions 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 Barings Investment Advisory Annual Caps 2025-2027 and Policies Endorsement Fee Annual Caps 2025-2027 are respectively more than 0.1% but less than 5%, the transactions contemplated under the Barings Investment Advisory Agreement and Policies Endorsement Fee Agreement are subject to the reporting, annual review and announcement requirements but are exempt from the independent shareholders' approval requirement under the Listing Rules.

1. RENEWAL OF BARINGS INVESTMENT ADVISORY AGREEMENT

Reference is made to the 2021 Announcement in relation to 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 YF Life for an initial period of three years from 16 November 2018 to 15 November 2021, subject to Automatic Renewal Provisions. The Barings Investment Advisory

Agreement was subsequently automatically renewed for three successive one-year terms from 16 November 2021 to 15 November 2024.

YF Life and Barings LLC intend to renew the Barings Investment Advisory Agreement upon expiry of the current term, commencing from 16 November 2024 in accordance with the Automatic Renewal Provisions. Accordingly, the Directors set out the Barings Investment Advisory Annual Caps 2025-2027 in this announcement.

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

Date

15 December 2017

Parties

(1) YF Life; and

(3) 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

Upon the expiry of the current term, the Barings Investment Advisory Agreement will be automatically renewed commencing from 16 November 2024 for an additional year, subject to Automatic Renewal Provisions 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, all of which were within the annual caps set for the relevant financial year:

	For the year ended 31 December 2022 (HK\$ million)	For the year ended 31 December 2023 (HK\$ million)	For the 10 months ended October 2024 (HK\$ million)
Historical transaction amounts	84	79	70

PROPOSED ANNUAL CAPS

The Barings Investment Advisory Annual Caps 2025-2027 are as follows:

For the year ending 31 December 2025 (HK\$ million)	For the year ending 31 December 2026 (HK\$ million)	For the year ending 31 December 2027 (HK\$ million)
116	124	130

The Barings Investment Advisory Annual Caps 2025-2027 were 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.

2. RENEWAL OF POLICIES ENDORSEMENT FEE AGREEMENT

Reference is made to the Announcements and the Circular in relation to, among other things, the Policies Endorsement Fee Agreement.

On 15 December 2017, YF Life and MMLIC entered into the Policies Endorsement Fee Agreement, pursuant to which MMLIC agrees to provide claims payment endorsement to the outstanding life insurance policies underwritten by YF Life for a guarantee fee for an initial period of three years commencing from 16 November 2018 to 15 November 2021, subject to Automatic Renewal Provisions. The Policies Endorsement Fee Agreement was subsequently automatically renewed for a term of three years from 16 November 2021 to 15 November 2024 (the transaction size of which remained fully exempted from annual review, all disclosure and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules during the relevant renewed term).

YF Life and MMLIC intend to renew the Policies Endorsement Fee Agreement for a further period of three years commencing from 16 November 2024 in accordance with the Automatic

Renewal Provisions. Accordingly, the Directors set out the Policies Endorsement Fee Annual Caps 2025-2027 in this announcement.

The principal terms of the Policies Endorsement Fee Agreement are set out below.

Date

15 December 2017

Parties

(1) YF Life; and

(2) MMLIC

Scope of services and other principal terms

Between 2004 and 2014, YF Life underwrote approximately 300 life insurance policies which included a claims payment endorsement by MMLIC, which would be triggered in the event of insolvency of YF Life. Pursuant to the Policies Endorsement Fee Agreement, MMLIC agrees to continue to provide such endorsement to the outstanding policies underwritten by YF Life until such policies mature for a guarantee fee.

Upon the occurrence of several triggering events, including the solvency ratio of YF Life falling below an agreed level and not being remedied within a certain agreed period, a change of control of YF Life, or the independent shareholders of the Company failing to approve the fee payable to MMLIC for maintaining its endorsement to the outstanding policies, MMLIC will have the right to require YF Life to cede to MMLIC the rights and obligations of YF Life under the life insurance policies which include the claims payment endorsement by MMLIC, and YF Life shall transfer assets (of a value equivalent to the obligations or liabilities of YF Life attributable to such life insurance policies) to MMLIC. The value of the obligations to be assumed, and therefore the amount of assets and the selection of the assets to be transferred, will be determined by MMLIC and YF Life in good faith if any triggering event takes place.

Term

Upon expiry of the current term, the Policies Endorsement Fee Agreement will be automatically renewed commencing from 16 November 2024 for a further 3-year term until 15 November 2027, subject to Automatic Renewal Provisions thereafter.

Guarantee fee and pricing terms

YF Life will pay to MMLIC a fee calculated semi-annually in arrears at a rate of 0.18% of the average account value of the outstanding life insurance policies as of the last business day of each six-month period. The fee rate was determined after arm's length negotiations with reference to the average default rates of corporates with investment credit ratings ranging from A- to BBB- published by S&P Global.

As previously mentioned in the Announcements and Circular, given that the claims payment endorsement by MMLIC is a term of the life insurance policies and that YF Life cannot unilaterally revise or cancel the claims payment endorsement term without the consent of each

of the relevant policyholders, there are no comparable arrangements which YF Life may obtain from independent third parties to replace such claims payment endorsement by MMLIC under the policies.

HISTORICAL AMOUNTS

The aggregate historical transaction amounts paid by YF Life to MMLIC under the Policies Endorsement Fee Agreement were as follows:

	For the year ended 31 December 2022 (HK\$ million)	For the year ended 31 December 2023 (HK\$ million)	For the 10 months ended October 2024 (HK\$ million)
Historical transaction amounts	4.42	4.34	3.49

PROPOSED ANNUAL CAPS

The Policies Endorsement Fee Annual Caps 2025-2027 are as follows:

For the year ending 31 December 2025 (HK\$ million)	For the year ending 31 December 2026 (HK\$ million)	For the year ending 31 December 2027 (HK\$ million)
4.9	5.1	5.3

The Policies Endorsement Fee Annual Caps 2025-2027 were determined based on the number of policies in force, the account value, the maturity dates of the relevant policies, as well as the crediting interest rate (calculated based on prevailing crediting interest rate of around 4%), assuming no early redemption and no new issue of policies.

REASONS AND BENEFIT OF THE TRANSACTIONS

Renewal of the Barings Investment Advisory Agreement

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.

Renewal of the Policies Endorsement Fee Agreement

The Company considers that it is important to assure the policyholders of the outstanding life insurance policies that the acquisition of shares in YF Life by the Company pursuant to the

share purchase agreement dated 17 August 2017 (defined as “Acquisition” in the Circular and in which further details of the acquisition of shares in YF Life by the Company were disclosed) will not result in any change to the terms of their existing policies, including the claims payment endorsement by MMLIC.

As Mr. Michael James O’Connor is the General Counsel of MMLIC and a manager of MassMutual, Mr. Michael James O’Connor abstained from voting on the Board resolutions for approving the Barings Investment Advisory Annual Caps 2025-2027 and Policies Endorsement Fee Annual Caps 2025-2027 and the transactions contemplated under the Barings Investment Advisory Agreement and the Policies Endorsement Fee Agreement.

The Directors (including independent non-executive Directors, but excluding Mr. Michael James O’Connor who has abstained from voting) are of the view that each of the Barings Investment Advisory Agreement and the Policies Endorsement Fee 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 of the respective agreements and Barings Investment Advisory Annual Caps 2025-2027 and the Policies Endorsement Fee Annual Caps 2025-2027 are fair and reasonable and 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 long term assurance business, the provision of securities brokerage, consultancy and advisory services and investment research, wealth management 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 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.

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.

MMLIC is a mutual life insurance company incorporated in the United States of America and does not have any shareholders.

LISTING RULES IMPLICATIONS

As at the date of this announcement,

- (1) 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. Barings LLC is an indirect wholly-owned subsidiary of MMLIC, which is in turn the sole member of MassMutual, and hence, an associate of MassMutual; and

(2) MMLIC is the sole member of MassMutual, and hence, an associate of MassMutual.

Therefore, Barings LLC and MMLIC are connected persons of the Company under Chapter 14A of the Listing Rules.

The transactions contemplated under each of the Barings Investment Advisory Agreement and the Policies Endorsement Fee Agreement constitute continuing connected transactions 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 Barings Investment Advisory Annual Caps 2025-2027 and Policies Endorsement Fee Annual Caps 2025-2027 are respectively more than 0.1% but less than 5%, the transactions contemplated under the Barings Investment Advisory Agreement and Policies Endorsement Fee 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:

“2021 Announcement”		the announcement of the Company dated 12 November 2021;
“Announcements”		the announcements of the Company dated 17 August 2017, 30 December 2020 respectively;
“Automatic Provisions”	Renewal	(i) in respect of the Barings Investment Advisory Agreement, the automatic renewal of its term for successive one-year terms unless either party gives 30 days' written notice to the other party of its intention to terminate prior to the expiry of the relevant term; (ii) in respect of the Policies Endorsement Fee Agreement, the automatic renewal of its term for successive three-year terms, subject to certain conditions including compliance of the Listing Rules requirements by the Company for the renewal (failure to comply will trigger termination upon expiry of the current term);
“associate(s)”		has the meaning as ascribed thereto in the Listing Rules;
“Barings LLC”		Barings LLC, a limited liability company organised 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 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, and as further supplemented with updated fee schedules from time to time);
“Barings Investment Advisory Annual Caps 2025-2027”	the maximum aggregate annual amount of fees payable by YF Life to Barings LLC for the three financial years ending 31 December 2025, 2026 and 2027 under the Barings Investment Advisory Agreement;
“Board”	the 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)”	the director(s) of the Company;
“Group”	the Company and its subsidiaries;
“Listing Rules”	the 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 of America and the sole member of MassMutual;
“Policies Endorsement Fee Agreement”	the Policies Endorsement Fee Agreement dated 15 December 2017 entered into by and between MMLIC and YF Life;
“Policies Endorsement Fee Annual Caps 2025-2027”	the maximum aggregate annual amount of fees payable by YF Life to MMLIC for the three financial years ending 31 December 2025, 2026 and 2027 under the Policies Endorsement Fee 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
Huang Xin
Executive Director and interim Chief Executive Officer

Hong Kong, 14 November 2024

As at the date of this announcement, the Board comprises Mr. Yu Feng (who is Chairman and non-executive Director), Mr. Huang Xin (who is executive Director and interim chief executive officer), Mr. Michael James O'Connor and Ms. Hai Olivia Ou (who are non-executive Directors), and Mr. Qi Daqing, Mr. Chu Chung Yue, Howard and Mr. Xiao Feng (who are independent non-executive Directors).