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(Incorporated in Hong Kong with limited liability under the Companies Ordinance)  
The holding company of Dah Sing Bank, Limited  
(Stock code: 2356)

**COMMENCEMENT OF THE MACAU DISTRIBUTION AGREEMENT,  
STATUS OF CONNECTED PERSON RELATIONSHIP  
AND  
REVISION OF ANNUAL CAPS FOR CERTAIN EXISTING CONTINUING  
CONNECTED TRANSACTIONS**

Reference is made to the announcements of Dah Sing Banking Group Limited (the "**Company**") dated 2 June 2016 and 5 August 2016 and the circular of the Company dated 16 July 2016 (the "**Circular**") in relation to the connected transactions and continuing connected transactions relating to the Hong Kong Distribution Agreement and Macau Distribution Agreement.

Reference is also made to the announcements of the Company dated 30 December 2016 (the "**Announcement**") and 26 May 2017 in relation to the continuing connected transactions of the Company.

Further reference is made to the announcement of the Company dated 19 June 2017 in relation to, among other things, the commencement of the Hong Kong Distribution Agreement and the status of the connected person relationship between DSIS and the Company and that between DSLA and the Company.

Unless otherwise defined, capitalised terms used in this announcement shall have the same meanings as given to them in the Announcement.

**1. COMPLETION OF THE SALE OF THE MACAU SHARES UNDER THE SHARE SALE AGREEMENT BY DSFH**

The Company has been informed that the Share Sale Agreement in relation to the sale of the entire issued share capital of MLIC (the "**Macau Shares**") was completed on 9 November 2017.

**2. STATUS OF CONNECTED PERSON RELATIONSHIP IN RELATION TO MLIC**

Upon completion of the sale of the Macau Shares under the Share Sale Agreement, MLIC ceased to be a subsidiary of DSFH and became a subsidiary of the Purchaser. Accordingly, MLIC ceased to be a connected person of the Company and the ongoing transactions contemplated between members of the Group and MLIC will no longer constitute continuing connected transactions for the Company under the Listing Rules except in relation to the Macau Distribution Agreement. The Purchaser was deemed by the Stock Exchange as a connected person of the Company at the point in time it entered into the Macau Distribution Agreement. Therefore, the Macau Distribution Agreement constitutes continuing connected transactions with respect to the MLIC Variable Payments (as defined below) during the first year of the agreement. Please refer to Section 4 below for further details.

Please refer to the announcement of the Company dated 19 June 2017 in relation to, among other things, the commencement of the Hong Kong Distribution Agreement and the status of the connected person relationship between DSIS and the Company and that between DSLA and the Company.

### **3. REVISION OF ANNUAL CAPS FOR CERTAIN EXISTING CONTINUING CONNECTED TRANSACTIONS**

As MLIC has ceased to be a connected person of the Company upon completion of the sale of the Macau Shares under the Share Sale Agreement save for the transactions contemplated under the Macau Distribution Agreement, the Directors have decided to reduce the existing annual caps for the three financial years ending 31 December 2017, 2018 and 2019 in respect of the transactions contemplated under (a) the New Cooperation Agreement and (b) the New Distribution Agreements, the New Agency Agreements and the New Business Referral Services Agreement (the "**Revised Annual Caps**"). Accordingly, this announcement is published by the Company to, among others, re-comply with the requirements under Rule 14A.54 of the Listing Rules relevant to certain existing continuing connected transactions following the completion.

#### **a. Insurance services provided by DSI (1976), DSLA, MIC and MLIC – the New Cooperation Agreement**

Under the New Cooperation Agreement, the total annual aggregate amount of the premiums payable by the Group in respect of the insurance services provided by members of the DSFH Group, namely, DSI (1976), DSLA, MIC and MLIC, for each of the three financial years ending 31 December 2017, 2018 and 2019 was, when the New Cooperation Agreement was entered into, not expected to exceed the annual limit of HK\$30.0 million. The annual caps for each of the three financial years ending 31 December 2017, 2018 and 2019 were subsequently reduced to HK\$22.0 million, HK\$17.0 million and HK\$17.0 million, respectively. Please refer to the announcement of the Company dated 19 June 2017.

As MLIC has ceased to be a connected person of the Company upon completion of the sale of the Macau Shares under the Share Sale Agreement save for the transactions contemplated under the Macau Distribution Agreement, the Directors have decided to further reduce the annual caps under the New Cooperation Agreement accordingly from HK\$22.0 million to HK\$21.0 million for the financial year ending 31 December 2017 and from HK\$17.0 million to HK\$15.0 million for the financial years ending 31 December 2018 and 2019. In arriving at the reduced caps, the Directors considered the estimated transaction volume under the New Cooperation Agreement excluding transactions with MLIC for the remaining of the 2017 financial year and for each of the 2018 and 2019 financial years.

#### **b. Distribution and agency agreements and other business referral services – the New Distribution Agreements, the New Agency Agreements and the New Business Referral Services Agreement**

The aggregate commissions received by, and expenses paid on behalf of and reimbursed to, the Group by DSIS, DSI (1976), DSIA, MLIC and MIC under the New Distribution Agreements and underlying New Agency Agreements and the aggregate commission income to be received and payment to be made in relation to the transaction contemplated under the New Business Referral Services Agreement for each of the three financial years ending 31 December 2017, 2018 and 2019, was, when the New Distribution Agreements, the New Agency Agreements and the New Business Referral Services Agreement were entered into, not estimated to exceed the annual limit of HK\$229.0 million. The annual caps for each of the three financial years ending 31 December 2017, 2018 and 2019 were subsequently reduced to HK\$130.0 million, HK\$60.0 million and HK\$60.0 million, respectively. Please refer to the announcement of the Company dated 19 June 2017.

Upon completion of the sale of the Macau Shares under the Share Sale Agreement and upon the signing and coming into effect of the Macau Distribution Agreement, the New MLIC Distribution Agreement and the New MLIC Agency Agreement were terminated. Please refer to Section 4 below on details of the annual caps in relation to the Macau Distribution Agreement.

As MLIC has ceased to be a connected person of the Company upon completion of the sale of the Macau Shares under the Share Sale Agreement save for the transactions contemplated under the Macau Distribution Agreement and that the New MLIC Distribution Agreement and the New MLIC Agency Agreement were terminated on 9 November 2017, the Directors have decided to further reduce the annual caps accordingly from HK\$130.0 million to HK\$128.0 million for the financial year ending 31 December 2017 and from HK\$60.0 million to HK\$50.0 million for each of the financial years ending 31 December 2018 and 2019. In arriving at the reduced caps, the Directors considered the estimated commissions to be received from and the expenses to be reimbursed under the New Distribution Agreements, the New Agency Agreements and the New Business Referral Services Agreement but excluding transactions with MLIC for the remaining of the 2017 financial year and for each of the 2018 and 2019 financial years.

Please see Section 4 below for further details relating to the Macau Distribution Agreement including the annual caps.

#### **LISTING RULES IMPLICATIONS**

As one or more of the applicable Percentage Ratios (other than the profits ratio) in respect of the Revised Annual Caps for each of (a) the New Cooperation Agreement and (b) the New Distribution Agreements, the New Agency Agreements and the New Business Referral Services Agreement are, on an annual basis, higher than 0.1% but are all less than 5%, these transactions are subject to the reporting, announcement and annual review requirements but are exempt from the requirements of independent shareholders' approval under Chapter 14A of the Listing Rules.

Pursuant to Rule 14A.68(8) of the Listing Rules, Messrs. David Shou-Yeh Wong, Hon-Hing Wong (Derek Wong), Gary Pak-Ling Wang and Robert Tsai-To Sze, all being directors of the Board of the Company having a connected relationship with DSFH Group, have abstained from voting on the board resolutions regarding the Revised Annual Caps. The resolutions were voted by the Directors who are not connected to the continuing connected transactions.

The Board (including the independent non-executive Directors) considers that the Revised Annual Caps are on normal commercial terms or on terms no less favourable than those available to independent third parties, in the ordinary and usual course of business of the Group, are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

#### **4. COMMENCEMENT OF THE MACAU DISTRIBUTION AGREEMENT**

Following completion of the sale of the Macau Shares under the Share Sale Agreement by MIC on 9 November 2017, the Macau Distribution Agreement were entered into between MLIC and BCM and the New MLIC Distribution Agreement and the New MLIC Agency Agreement were terminated on the same date.

In accordance with the terms of the Macau Distribution Agreement, MLIC paid BCM an upfront payment in the amount of HK\$97 million less the deposit of HK\$10 million paid by the Purchaser on signing of the Share Sale Agreement, on 9 November 2017.

As stated in the section headed "The Macau Distribution Agreement – Consideration" in the "Letter from the Board" contained in the Circular:

- MLIC will pay ten equal deferred payments in the amount of HK\$300,000 each per annum to BCM starting from the first anniversary of the date of the Macau Distribution Agreement. The upfront payment and the deferred payments are in consideration of the exclusivity to be provided by BCM in respect of the distribution of MLIC's life-insurance products in Macau. Such payments had been determined after arms' length negotiations between the parties to the Macau Distribution Agreement and Tahoe Investment and after taking into

account the relevant payments in similar transactions, particularly in respect of the amount of payment per customer and the amount of payment in relation to the current commission income received.

- MLIC will pay commission (the “**MLIC Commission**”) to BCM in respect of all insurance premiums received by MLIC for the life-insurance products which are sold through BCM’s distribution channels in Macau. The commission rates in respect of each life-insurance product will be consistent with the rates payable from time to time in respect of similar products distributed by other comparable life insurance companies (being the top five insurers who are licensed in Macau by market share measured by annual premium income for that life insurance product type) operating in Macau in the same or similar distribution channels as BCM. The commission rates will initially be fixed and maintained at between 10.0% and 47.8% of the first year premium received in respect of each of the 56 insurance product varieties, plus an additional payment of up to 15% of the renewal premium in respect of 29 insurance product varieties with renewal commission until not later than 31 December 2017. Thereafter, the commission rates may be revised by BCM and MLIC from time to time.
- MLIC will pay a production, marketing and sales payment (together with the MLIC Commission, the “**MLIC Variable Payments**”) to BCM in respect of the insurance premiums received by MLIC in each quarter. The rate of payment was determined after arms’ length negotiations between the parties to the Macau Distribution Agreement and Tahoe Investment by reference to the historical total production and tactical bonus and the sales and marketing allowance under the existing distribution arrangements and is calculated as a percentage of the annualised first year commissions received by BCM during the relevant quarter. The initial rate will be 60% and will apply until not later than 31 December 2017. Thereafter, such rate may be revised by BCM and MLIC on an annual basis.

As the Macau Distribution Agreement constitutes a continuing connected transaction with respect to the MLIC Variable Payments to be received by BCM for the first year under the Macau Distribution Agreement, the Company is required to set an annual cap for the MLIC Variable Payments. The Company previously proposed in the Circular an annual cap of HK\$3.0 million for the 3-months period between 1 October 2016 to 31 December 2016 and HK\$15.0 million for the year ending 31 December 2017, respectively, based on the assumption that the Macau Distribution Agreement would be effective on 1 October 2016.

As the Macau Distribution Agreement was entered into on 9 November 2017, the Company has adjusted the annual caps for the MLIC Variable Payments to HK\$3.0 million for the year ending 31 December 2017 and set an annual cap of HK\$40.0 million for year ending 31 December 2018. Together with the annual caps for the Variable Payments under the Hong Kong Distribution Agreement, the aggregate annual caps with respect to the Variable Payments and the MLIC Variable Payments (the “**Aggregate Variable Payments**”) are HK\$133.0 million for the year ending 31 December 2017 and HK\$180.0 million for the year ending 31 December 2018.

The annual caps were determined on the basis of, and with consideration of, the historical commission income, fees and production, marketing and sales payments received by and expenses reimbursed to BCM in 2015, 2016 and the first half of 2017, taking into account the expected growth of the life-insurance market of Macau in 2017 and 2018, together with the expected growth in bancassurance business due to the mechanism set out in the Macau Distribution Agreement for on-going cooperation with Tahoe Investment, which is designed to facilitate the growth of bancassurance business and the smooth transition and workflow following the completion of the sales of the Macau Shares. The approach taken to determine and calculate the annual caps was similar to that as stated in the Circular. Please refer to the Circular for further details.

Due to budgeted increases in the volume of products distributed and the introduction of new products or revisions to existing products, the overall aggregate commissions likely to be received are forecast to be significantly higher and consequently such increases were reflected in the annual caps.

With the conclusion of the Hong Kong Distribution Agreement on 19 June 2017 and the Macau Distribution Agreement as specified in this announcement, the connected transactions referred to in the approval provided by independent shareholders of the Company in the extraordinary general meeting held on 5 August 2016 had properly taken place.

## **LISTING RULES IMPLICATIONS**

As one or more of the applicable Percentage Ratios (other than the profits ratio) in respect of the annual caps for the Aggregate Variable Payments are, on an annual basis, higher than 0.1% but are all less than 5%, the transaction is subject to the reporting, announcement and annual review requirements but are exempt from the requirements of independent shareholders' approval under Chapter 14A of the Listing Rules.

None of the Directors (including the independent non-executive Directors) has a material interest in the Macau Distribution Agreement and the transactions contemplated thereunder, nor is any Director required to abstain from voting in the relevant board resolutions approving the annual cap with respect to the Macau Variable Payments. The Board (including the independent non-executive Directors) considers that the continuing connected transaction with respect to the Macau Variable Payments are on normal commercial terms or on terms no less favourable than those available to independent third parties, in the ordinary and usual course of business of the Group, are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

## **5. INFORMATION RELATING TO THE PARTIES MENTIONED IN THIS ANNOUNCEMENT**

The Company is a company incorporated in Hong Kong, whose shares are listed on the Stock Exchange. It is the holding company of various subsidiaries which are principally engaged in banking business.

DSB is a company incorporated in Hong Kong. It is a direct wholly owned subsidiary of the Company. It is a licensed bank in Hong Kong and is principally engaged in the provision of banking, financial and other related services in Hong Kong.

BCM is a company incorporated in Macau. It is an indirect wholly owned subsidiary of the Company. It is a licensed bank in Macau and is principally engaged in the provision of banking services in Macau.

DSFH is a company incorporated in Hong Kong, whose shares are listed on the Stock Exchange. DSFH is a substantial shareholder of the Company, holding, as at the date of this announcement, approximately 74.47% of the issued share capital of the Company, and is therefore a connected person of the Company pursuant to the Listing Rules. DSFH is the company holding the insurance interests of the DSFH Group, and as at the date of this announcement, is the holding company of certain subsidiaries including DSI (1976), DSIA, High Standard and MIC, which are engaged in insurance, insurance related or property investment businesses. Upon completion of the sale of the Macau Shares under the Share Sale Agreement on 9 November 2017, MLIC ceased to be a subsidiary of DSFH and became a subsidiary of the Purchaser. DSI (1976), DSIA, High Standard and MIC remain subsidiaries of DSFH after completion of the sale of both the Hong Kong Shares and the Macau Shares under the Share Sale Agreement.

DSI (1976) is a company incorporated in Hong Kong. DSI (1976) is a direct wholly owned subsidiary of DSFH. It is an authorised general insurance company in Hong Kong and is principally engaged in the underwriting of general insurance in Hong Kong. As DSFH is the Company's substantial shareholder, DSI (1976) is a connected person of the Company pursuant to the Listing Rules.

DSIA is a company incorporated in Hong Kong. DSIA is a direct wholly owned subsidiary of DSFH and is an insurance agent in Hong Kong. It ceased to be the general agent of DSI (1976) with effect from 1 January 2017. As DSFH is the Company's substantial shareholder, DSIA is a connected person of the Company pursuant to the Listing Rules.

DSIS (now known as "Tahoe Insurance Services Limited") is a company incorporated in Hong Kong. DSIS is a wholly owned subsidiary of the Purchaser upon completion of the sale of the Hong Kong Shares under the Share Sale Agreement. It is the general agent of DSLA in Hong Kong.

DSLA (now known as "Tahoe Life Insurance Company Limited") is a company incorporated in Bermuda. DSLA is a wholly owned subsidiary of the Purchaser upon completion of the sale of the Hong Kong Shares under the Share Sale Agreement. It is an authorised life insurance company in Hong Kong and is principally engaged in the underwriting of life insurance in Hong Kong.

MIC is a company incorporated in Macau. MIC is a company which is 78% owned by DSMI Group Limited and 18% owned by DSGI (1) Limited. Both DSMI Group Limited and DSGI (1) Limited are wholly owned subsidiaries of DSFH. MIC is principally engaged in the underwriting of general insurance in Macau. As DSFH is the Company's substantial shareholder, MIC is a connected person of the Company pursuant to the Listing Rules.

MLIC is a company incorporated in Macau. As at the date of this announcement, MLIC is a subsidiary of the Purchaser upon completion of the sale of the Macau Shares under the Share Sale Agreement. It is an authorised insurance company in Macau and is principally engaged in the underwriting of life insurance in Macau. As MLIC has ceased to be a subsidiary of DSFH, MLIC is no longer a connected person of the Company pursuant to the Listing Rules save for the transactions contemplated under the Macau Distribution Agreement as described in Section 4 above.

By Order of the Board  
**Dah Sing Banking Group Limited**  
**Doris Wai Nar Wong**  
Company Secretary

Hong Kong, 9 November 2017

*As at the date of this announcement, the Board of the Company comprises Messrs. David Shou-Yeh Wong (Chairman), Hon-Hing Wong (Derek Wong) (Vice Chairman, Managing Director and Chief Executive), Gary Pak-Ling Wang (Group Chief Financial and Operating Officer) and Nicholas John Mayhew (Deputy Chief Executive) as Executive Directors; Mr. Jun Fujimoto as Non-Executive Director; Messrs. Robert Tsai-To Sze, Andrew Kwan-Yuen Leung, Seng-Lee Chan and Yuen-Tin Ng as Independent Non-Executive Directors.*