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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)**

**(1) VERY SUBSTANTIAL ACQUISITION  
IN RELATION TO ACQUISITION OF 60% OF THE ISSUED SHARE CAPITAL OF  
MASSMUTUAL ASIA LIMITED;**

**(2) ISSUE OF ORDINARY SHARES PURSUANT TO SPECIFIC MANDATE;**

**(3) APPLICATION FOR WHITEWASH WAIVER;**

**(4) SPECIAL DEAL;**

**(5) STRATEGIC COOPERATION AMONG THE COMPANY, MASSACHUSETTS  
MUTUAL LIFE INSURANCE COMPANY AND ANT FINANCIAL GROUP;**

**AND**

**(6) PROPOSED CONTINUING CONNECTED TRANSACTIONS**



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**J.P.Morgan**

**REORIENT Financial Markets Limited  
(A member of Yunfeng Financial Group)**

## **THE ACQUISITION**

On 17 August 2017 (after trading hours), the Company and the Other Investors (as the Purchasers) and MassMutual International LLC (as the Vendor), entered into the Share Purchase Agreement pursuant to which (i) the Company has conditionally agreed to acquire, and the Vendor has conditionally agreed to sell, 537,600,000 shares in MassMutual Asia Limited (representing 60% of the issued share capital of MassMutual Asia Limited), and (ii) the Other Investors have conditionally agreed to acquire, and the Vendor has conditionally agreed to sell, 358,400,000 shares in aggregate in MassMutual Asia Limited (representing 40% of the issued share capital of MassMutual Asia Limited).

The Company and the Other Investors shall not be obliged to complete the purchase of any of the Company Target Shares or the Other Investors Target Shares, respectively, unless the sale and purchase of all the Company Target Shares and the Other Investors Target Shares are completed simultaneously.

To the best knowledge, information and belief of the Directors, after having made all reasonable enquiries, save as disclosed under the section headed “Relationship between Other Investors and the Company”, each of the Vendor and the Other Investors and their respective ultimate beneficial owners are not connected persons of the Company and are independent of the Company and its connected persons.

### **Consideration**

The aggregate consideration for the sale and purchase of the Target Shares is HK\$13,100 million.

The portion of the consideration payable by the Company for the sale and purchase of the Company Target Shares is HK\$7,860 million, of which HK\$5,200 million will be satisfied by the issue of the Consideration Shares, being an aggregate of 800,000,000 Shares, to the Vendor at the Issue Price of HK\$6.50 per Consideration Share. The remaining HK\$2,660 million will be paid by way of the Company issuing an interest-free single installment note of principal amount of HK\$2,660 million (in an equivalent amount in US dollars), subject to the Company and the Vendor agreeing upon the installment note arrangement and the form of the installment note and the Company obtaining a standby letter of credit on the terms and conditions set out in the Share Purchase Agreement. If the Company and the Vendor have not agreed to the structure of the installment note arrangement and the form of the installment note within 60 days following the date of the Share Purchase Agreement or the Company is unable to obtain a standby letter of credit on the terms and conditions set out in the Share Purchase Agreement, the remaining HK\$2,660 million will be paid in cash in an equivalent amount in US dollars, out of the internal resources of the Company.

If the Company pays the remaining HK\$2,660 million by way of installment note, the single installment note to be issued to the Vendor by the Company will be interest-free, non-transferrable, non-assignable and will be repaid in full in one single installment in US dollars at the fixed exchange rate of US\$1.00 to HK\$7.8238 on a maturity date of 15 January 2020, subject to early prepayment upon the occurrence of certain events if so requested by the Vendor by giving the Company 60 days’ advance notice. In connection with the standby letter of credit, the Company will be required to deposit HK\$2,660 million (in an equivalent amount in US dollars) with the Selected Bank at Completion, which amount will be pledged to the Selected Bank as security for the Selected Bank to issue a standby letter of credit of the same amount to the Vendor. If the Company defaults in payment when the installment note is due, the Vendor will have the right to draw on the letter of credit. Any amount drawn on the letter of credit will be set off against the Company’s liability under the single installment note. The deposit of HK\$2,660 million (in an

equivalent amount in US dollars) will be paid out of the internal resources of the Company.

If the installment note is issued, the Company estimates that there will not be any additional cost to the Company or any material impact on the Company's financial condition for the issuance of the single installment note and the standby letter of credit, taking into account the interest income that can be earned from the deposit with the Selected Bank and reimbursement from the Vendor of fees incurred for obtaining the standby letter of credit (if any).

The Consideration Shares represent approximately 33.01% of the issued share capital of the Company as at the date of this announcement and approximately 24.82% of the issued share capital of the Company as enlarged by the issue of the Consideration Shares. The Consideration Shares will be allotted and issued under the Specific Mandate to be obtained from the Shareholders at the EGM by an ordinary resolution. The Company will apply to the Listing Committee for the listing of, and permission to deal in, the Consideration Shares to be allotted and issued pursuant to the Share Purchase Agreement. Based on the current shareholding structure of the Company, the Company will continue to be able to satisfy the public float requirement under the Listing Rules following the issue of the Consideration Shares.

The consideration for the sale and purchase of the Other Investors Target Shares is HK\$5,240 million in aggregate and will be paid in cash by the Other Investors in proportion to the percentage interest that they will acquire in MassMutual Asia Limited.

### **Conditions Precedent**

Completion of the Share Purchase Agreement is conditional upon the fulfilment or waiver of the Conditions as described in the section headed "Share Purchase Agreement – Conditions Precedent" of this announcement.

### **Completion**

Completion is scheduled to take place on the third Business Day after the date on which all the Conditions are satisfied or waived, or any other date as the Company and the Vendor may agree in writing.

Upon Completion, the Target Company will become a non-wholly-owned subsidiary of the Company and the financial results, assets and liabilities of the Target Group will be consolidated into the financial statements of the Company.

### **Expected Change to Board Composition**

As of the date of this announcement, the Board comprises ten Directors, including four independent non-executive Directors.

Upon Completion, it is expected that the Board shall comprise nine Directors, including at least three independent non-executive Directors, and the Vendor shall be entitled to nominate two persons to act as non-executive Directors.

The Company will make a further announcement in due course on the details of any proposed change to the Board. Such details, including the names of any resigning Directors and the names and biographies of the persons to be nominated by the Vendor to act as Directors, shall be included in the Circular.

## **THE TARGET COMPANY**

The Target Company is an authorized insurer licensed to carry on life and annuity, investment-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, and MMT, an indirect subsidiary of the Target Company, is an MPF approved trustee. The Target Company operates in Macau through a branch office and is licensed to sell life insurance products in Macau.

For the year ended 31 December 2016, the Target Group reported premium income of approximately HK\$6,875 million under the ICO. As at 31 December 2016, the Target Group had total assets of approximately HK\$44,460 million and total equity of approximately HK\$6,783 million.

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

The Group is principally engaged in the provision of financial services, including securities brokerage, wealth management and investment, corporate finance consultancy, ESOP (Employee Stock Ownership Plan) administration, and research services. The Group has developed and uses fintech to deliver a growing number of its services.

The long term vision of the Group is to leverage its fintech capabilities to develop a financial services ecosystem comprising information technology and online and offline platforms that offer a broad range of financial services and products along with high quality expert advice.

The Target Company is a well-established insurance company in Hong Kong with strong brand recognition. It has a proven profitable track record, with strong cash flows and solvency position. The Directors believe that the Acquisition will be accretive to the Company's net asset value per Share, and that upon completion of the Acquisition, the Target Company, as a subsidiary of the Group, will provide a stable source of revenue to the Group.

The Target Company offers a wide spectrum of insurance and wealth management products as well as MPF products. The Acquisition will provide an opportunity to broaden and enrich the product offering of the Group by extending the Group's existing wealth management and investment services through the introduction of the Target Company's insurance and annuity products, which the Company considers are products that are indispensable in overall financial planning and personal wealth management. The Company considers that a broader product portfolio will generate further growth for the Group.

The Target Company is characterized by its strong distribution capability featured by its well-trained tied-agent team. The Acquisition will allow the Group to combine the efforts of the tied-agent team of the Target Company and the Group's existing team of software engineers in the provision of high quality expert and professional advice, which would enhance customer experience and further strengthen its online to offline (O2O) capabilities. In addition, the Acquisition will also enable internal cross-referrals of existing customers of the Group and the Target Company, thereby facilitating a wider customer reach and further expanding the Company's financial service ecosystem which covers an expansive range of financial products and services.

After completion of the Acquisition, the Group will continue its existing financial services business and the Company believes that the Group's existing financial services business (including its wealth management and investment services) and the insurance and annuity businesses of the Target Group will complement and create synergies for each other. In addition, upon Completion,

the Vendor will become the second largest shareholder of the Company and the strategic cooperation between the Vendor and the Group pursuant to the Strategic Cooperation Agreement will provide a valuable opportunity to leverage on their respective resources and expertise, further enhancing brand recognition, and bring mutual benefits to both the Group and the Vendor.

## **STRATEGIC COOPERATION AGREEMENT**

The Company, API (Hong Kong) and MMLIC, the parent company of the Vendor, shall, before Completion, enter into the Strategic Cooperation Agreement (which will become effective on Completion), to lay down the framework of certain future business cooperation among the parties. In relation to business cooperation between the Company and MMLIC, the Company will make available its financial services platforms and channels for the distribution of asset management products and services that the MassMutual Financial Group may develop from time to time and members of the MassMutual Financial Group will be the Company's preferred partners in new product development. In relation to business cooperation between the Company and Ant Financial Group, the Company will make available its financial services platforms and channels for the distribution of asset management products and services that Ant Financial Group may develop from time to time. In relation to business cooperation between Ant Financial Group and MMLIC, members of the MassMutual Financial Group shall become Ant Financial Group's strategic and non-exclusive partners and providers for life insurance products in the United States and both parties will jointly explore and cooperate in the provision of insurance and wealth management products through digital or online media. Furthermore, the parties to the Strategic Cooperation Agreement will jointly explore and cooperate with respect to digitalizing the insurance process and also on the use of big data analytics in risk-selection and risk-based pricing of insurance products.

The Strategic Cooperation Agreement lays down the framework for future cooperation and further agreements may be entered into when an area of cooperation arises. There is no cash consideration passing to any party pursuant to the Strategic Cooperation Agreement, except that under the terms of the agreement, Barings LLC, an affiliate of MMLIC, shall manage the fixed income investment portfolio of the Target Group for a period of three years after Completion. In this regard, the Target Company intends to enter into the Barings Investment Advisory Agreement which is described under the section headed "Proposed Continuing Connected Transactions" below.

## **PROPOSED CONTINUING CONNECTED TRANSACTIONS**

Upon Completion, the Vendor will become a substantial shareholder of the Company, holding approximately 24.82% of the issued share capital of the Company and therefore a connected person of the Company. Accordingly, any transaction between (1) the Vendor or its associates and (2) the Group (including the Target Group) will constitute a connected transaction of the Company.

In order to facilitate transition and to minimize any business interruption to the Target Group, the Vendor and MMLIC shall enter into agreements with the Target Company so that the Target Company can continue to receive services currently provided by MMLIC and its affiliates. Agreements will be entered into for, among others, the use of treasury and financial reporting services relating to investment or portfolio management, the use of information technology related services, and the use of certain logos, names and trademarks after Completion. MMLIC will also continue to provide a claims payment endorsement with respect to certain life insurance policies previously underwritten by the Target Company. Barings LLC, an affiliate of MMLIC, shall manage the fixed income investment portfolio of the Target Group for a period of three years after Completion. These transactions, when consummated, will become continuing connected transactions of the Company. A further announcement will be made by the Company when the agreements are entered into.

In addition, MMLIC and the Company shall enter into the Trademark Assignment Agreement, pursuant to which MMLIC shall assign to the Company its rights to the standalone mark “萬通” in Hong Kong, Macau and the PRC, subject to certain limitations of use and disposition. The transactions under the Trademark Assignment Agreement, when consummated, will constitute an exempt connected transaction of the Company. MMLIC will retain rights in certain other marks that incorporate those characters.

## **IMPLICATIONS UNDER THE TAKEOVERS CODE**

As at the date of this announcement, the Vendor does not hold any Shares. Upon Completion, the Vendor will hold approximately 24.82% of the issued share capital of the Company as enlarged by the issue of the Consideration Shares. As of the date of this announcement, Jade Passion is the single largest shareholder of the Company holding approximately 55.42% of the issued share capital of the Company. Immediately after Completion, Jade Passion will remain the single largest shareholder of the Company holding approximately 41.66% of the issued share capital of the Company as enlarged by the issue of the Consideration Shares and controlling more voting rights in the Company than the Vendor. Accordingly, there is no change in control (as defined under the Takeovers Code) of the Company immediately after Completion.

Whilst the Acquisition will not result in a change in control (as defined under the Takeovers Code) of the Company, the Vendor would, unless the Whitewash Waiver is granted by the Executive and approved by the Independent Shareholders, be obliged to make a mandatory general offer to the Shareholders for all the issued Shares other than those already owned or agreed to be acquired by the Vendor and parties acting in concert with it because under Note 1 to Rule 26.1 of the Takeovers Code, the issue of the Consideration Shares to the Vendor would result in a significant change in the make-up of the concert party group and the balance of the group (being the balance between Jade Passion and the Vendor) will change significantly. The concert party group comprises Jade Passion and the Vendor and their respective shareholders.

In this regard, the Vendor will make an application to the Executive for the Whitewash Waiver. The Whitewash Waiver, if granted by the Executive, will be subject to, among other things, the approval of the Independent Shareholders at the EGM by way of poll. The Executive may or may not grant the Whitewash Waiver. It is a non-waivable Condition of the Share Purchase Agreement that the Whitewash Waiver be granted by the Executive and approved by the Independent Shareholders. If the Whitewash Waiver is not granted by the Executive and approved by the Independent Shareholders, the transactions contemplated under the Share Purchase Agreement will not proceed.

**If the Whitewash Waiver is granted by the Executive and approved by the Independent Shareholders, the aggregate shareholding of the Vendor, Key Imagination and parties acting in concert with any of them in the Company will exceed 50%. The Vendor, Key Imagination and parties acting in concert with any of them, as a group, may further increase their shareholdings in the Company without incurring further obligations under Rule 26 of the Takeovers Code to make a mandatory general offer.**

As at the date of this announcement, First Call Investments (a company wholly-owned by Mr. Zhu) and Deep Prime (a company wholly-owned by Mrs. Zhu) are interested in 1,000,000 Shares and 4,348,000 Shares, representing approximately 0.04% and 0.18% of the issued share capital of the Company, respectively. Since Sheen Light is also controlled by Mr. Zhu, the Sheen Light Acquisition constitutes a special deal under Rule 25 of the Takeovers Code, which requires the consent of the Executive. As the Sheen Light Acquisition is not capable of being extended to all

Shareholders, and the benefit conferred on Mr. Zhu cannot be quantified, the Executive may, if considered appropriate, grant such consent and such consent will be conditional upon, among other things, the Independent Financial Adviser publicly stating in its opinion that the terms of the Sheen Light Acquisition are fair and reasonable and the approval of the Independent Shareholders voting by way of a poll at the EGM. An application will be made to the Executive for consent to proceed with the Sheen Light Acquisition under Rule 25 of the Takeovers Code.

### **IMPLICATIONS UNDER THE LISTING RULES**

The Acquisition constitutes a very substantial acquisition for the Company under Rule 14.06(5) of the Listing Rules as one or more of the relevant percentage ratios under Rule 14.07 of the Listing Rules for the Acquisition are over 100%. Accordingly, the Acquisition is subject to the reporting, announcement and Shareholders' approval requirements under the Listing Rules.

As disclosed above under the section headed "Implications under the Takeovers Code", although the issue of the Consideration Shares to the Vendor would result in a significant change in the make-up of the concert party group (the concert party group comprises Jade Passion and the Vendor and their respective shareholders) and the balance of the group (being the balance between Jade Passion and the Vendor) will change significantly under Note 1 to Rule 26.1 of the Takeovers Code, obliging the Vendor, unless the Whitewash Waiver is granted by the Executive and approved by the Independent Shareholders, to make a mandatory general offer to the Shareholders for all the issued Shares other than those already owned or agreed to be acquired by the Vendor and parties acting in concert with it, the Acquisition will not result in a change in control (as defined under the Takeovers Code) of the Company. Accordingly, the Acquisition does not constitute a reverse takeover under Rule 14.06(6) of the Listing Rules.

### **THE LISTING COMMITTEE'S DECISION**

The Listing Committee has determined that the Acquisition is an extreme very substantial acquisition which is not subject to reverse takeover rules. Enhanced disclosure comparable to the standard for listing documents for new listing applicants will be required in the Circular. Reorient Financial Markets Limited (a wholly-owned subsidiary of the Company) and J.P. Morgan have been appointed as financial advisers to the Company to provide financial advice in relation to the Acquisition. J.P. Morgan will also conduct due diligence with reference to Practice Note 21 to the Listing Rules as clarified under the Stock Exchange's Guidance Letter HKEx-GL78-14.

### **INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER**

Pursuant to the Takeovers Code, the Independent Board Committee comprising Mr. Ko Chun Shun, Johnson, a non-executive Director, and Mr. Lin Lijun, Mr. Qi Daqing and Mr. Chu Chung Yue, Howard, being the independent non-executive Directors, has been established to advise the Independent Shareholders in relation to the Acquisition, the Specific Mandate, the Whitewash Waiver and the Sheen Light Acquisition. Given that (i) Mr. Yu Feng, the Chairman and a non-executive Director, is a 70.15% shareholder of Yunfeng Financial Holdings Limited which is a 91% shareholder of Key Imagination and that Key Imagination is a 73.21% shareholder of Jade Passion; (ii) Ms. Hai, Olivia Ou, a non-executive Director, was involved in the discussions and negotiations on behalf of the Company with the Vendor in relation to the Acquisition; (iii) Mr. Huang Youlong, a non-executive Director, is the sole shareholder of Asia Newpower Group Inc., being the sole shareholder of Gold Ocean Investments Group Inc. which is in turn a 26.79% shareholder of Jade Passion; and (iv) Dr. Wong Yau Kar, David, *BBS, JP*, an independent non-executive Director, is the Chairman of the MPFA and that the obtaining of the prior written consent of the MPFA to the proposed change of the substantial shareholders of MMT in its capacity as the approved trustee of

the MASS Mandatory Provident Fund Scheme and the written approval of the MPFA to the proposed revised offering documents of the MASS Mandatory Provident Fund Scheme is one of the Conditions, Mr. Yu Feng, Ms. Hai, Olivia Ou, Mr. Huang Youlong and Dr. Wong Yau Kar, David, *BBS, JP* have not been included in the Independent Board Committee.

An Independent Financial Adviser will be appointed to advise the Independent Board Committee and the Independent Shareholders in relation to the Acquisition, the Specific Mandate, the Whitewash Waiver and the Sheen Light Acquisition. An announcement will be made upon the appointment of the Independent Financial Adviser.

## **THE EGM**

The EGM will be held to consider and, if thought fit, pass the resolutions to approve, among other things: (i) the Share Purchase Agreement and the transactions contemplated thereunder; (ii) the Specific Mandate under which the Consideration Shares will be allotted and issued in accordance with the Share Purchase Agreement; (iii) the Whitewash Waiver; (iv) the Sheen Light Acquisition; (v) the appointment of the Directors to be nominated by the Vendor; and (vi) those Proposed Continuing Connected Transactions that require independent Shareholders' approval under the Listing Rules (if any).

The resolutions at the EGM will be voted on by the Independent Shareholders by way of poll.

As at the date of this announcement, (i) the Vendor and its associates do not hold any Shares; (ii) Jade Passion (a company owned as to approximately 73.21% by Key Imagination) is interested in 1,342,976,000 Shares, representing approximately 55.42% of the issued share capital of the Company; and (iii) First Call Investments (a company wholly-owned by Mr. Zhu) and Deep Prime (a company wholly-owned by Mrs. Zhu) are interested in 1,000,000 Shares and 4,348,000 Shares, representing approximately 0.04% and 0.18% of the issued share capital of the Company, respectively. Since (i) Key Imagination is a party to the Shareholders Agreement and hence a party acting in concert with the Vendor and (ii) Sheen Light (a company owned as to 51% by Mr. Zhu) is a party to the Share Purchase Agreement, Jade Passion, First Call Investments and Deep Prime will abstain from voting on the resolutions to approve (i) the Share Purchase Agreement and the transactions contemplated thereunder; (ii) the Specific Mandate under which the Consideration Shares will be allotted and issued in accordance with the Share Purchase Agreement; (iii) the Whitewash Waiver; (iv) the Sheen Light Acquisition; (v) the appointment of the Directors to be nominated by the Vendor; and (vi) the Proposed Continuing Connected Transactions that require independent Shareholders' approval under the Listing Rules (if any).

The Circular is required to be dispatched to the Shareholders within 15 business days from the date of the announcement according to Rule 14.60(7) of the Listing Rules or within 21 days from the date of this announcement pursuant to Rule 8.2 of the Takeovers Code, whichever is the earlier. As the Acquisition is classified as an extreme very substantial acquisition and enhanced disclosure comparable to the standard for listing documents for new listing applicants will be required in the Circular, the Company is currently unable to estimate with certainty the date of dispatch of the Circular. The Company will make an application to the Executive for the Executive's consent to extend the deadline for the dispatch of the Circular under Rule 8.2 of the Takeovers Code. The Company shall issue a further announcement to notify the Shareholders of the expected date of dispatch of the Circular.

## **Lock-up Undertaking**

Key Imagination, an indirect controlling shareholder of the Company which holds 73.21% of Jade



Passion, which in turn holds approximately 55.42% of the Company as at the date of this announcement, has undertaken to the Vendor that prior to Completion or the termination of the Share Purchase Agreement, whichever is earlier, it will not dispose of any Shares held by it or its affiliates or any voting interest of such Shares.

## **WARNING**

**The Acquisition is subject to a number of Conditions, including, but not limited to, approvals by the HKIA, the SFC, the MPFA and the AMCM and approval of the Acquisition, the Whitewash Waiver and the Sheen Light Acquisition by the Independent Shareholders, which may or may not be fulfilled. Shareholders and potential investors of the Company should exercise caution when they deal or contemplate dealing in the Shares or other securities of the Company.**

## **THE ACQUISITION**

The Board is pleased to announce that on 17 August 2017 (after trading hours), the Company and the Other Investors (as the Purchasers) and MassMutual International LLC (as the Vendor), entered into the Share Purchase Agreement pursuant to which (i) the Company has conditionally agreed to acquire, and the Vendor has conditionally agreed to sell, 537,600,000 shares in the Target Company (representing 60% of the issued share capital of the Target Company), and (ii) the Other Investors have conditionally agreed to acquire, and the Vendor has conditionally agreed to sell, 358,400,000 shares in the Target Company (representing 40% of the issued share capital of the Target Company).

## **SHARE PURCHASE AGREEMENT**

### **Date**

17 August 2017

### **Parties**

- (1) the Company;
- (2) the Other Investors; and
- (3) MassMutual International LLC.

### **The Acquisition**

The Company and the Other Investors have conditionally agreed to acquire, and the Vendor has conditionally agreed to sell, the Company Target Shares and the Other Investors Target Shares, respectively, free from all Encumbrances, together with all rights attaching to them. The Company and the Other Investors shall not be obliged to complete the purchase of any of the Company Target Shares or the Other Investors Target Shares, respectively, unless the sale and purchase of all the Company Target Shares and the Other Investors Target Shares are completed simultaneously.

The following table sets out the number and percentage of the Target Shares to be acquired by each Purchaser and the shareholding of each Purchaser in the Target Company immediately after Completion:

<b>Name of Purchaser</b>	<b>Number of Target Shares to be acquired</b>	<b>Percentage of total Target Shares to be acquired and shareholding percentage in the Target Company immediately after Completion</b>
Company	537,600,000	60.0%
Meyu International	87,808,000	9.8%
City-Scape	67,200,000	7.5%
API (Hong Kong)	44,800,000	5.0%
Sheen Light	44,800,000	5.0%
SINA	44,800,000	5.0%
Harvest Billion	43,904,000	4.9%
Giant Investment (HK)	25,088,000	2.8%

### **Conditions Precedent**

The obligations of each party to effect the transactions contemplated by the Share Purchase Agreement at Completion shall be subject to the fulfilment at or prior to Completion of the following Conditions:

- (a) no order (whether temporary, preliminary or permanent) of any governmental authority or law having been issued or made prior to Completion which has the effect of making unlawful or otherwise prohibiting or restricting in any material respect the transactions from taking place as contemplated in the Share Purchase Agreement;
- (b) all consents required by applicable law to be obtained from any governmental authority to consummate the transactions contemplated by the Share Purchase Agreement having been received, made or obtained;
- (c) the Executive granting the Whitewash Waiver (and such grant not being subsequently revoked or withdrawn) and any condition attached to the Whitewash Waiver having been satisfied;
- (d) the Stock Exchange granting the approval for the listing of, and permission to deal in, the Consideration Shares on the Stock Exchange (and such approval not being subsequently revoked or withdrawn);
- (e) the Independent Shareholders having approved the Share Purchase Agreement, the Acquisition, the allotment and issue of the Consideration Shares, the granting of the Specific Mandate and the Whitewash Waiver;

- (f) the Independent Shareholders having approved the appointment of the Directors to be nominated by the Vendor and, where required under the Listing Rules, the transactions contemplated under, and where applicable, the proposed annual caps for, each of the Proposed Continuing Connected Transactions, in each case, in accordance with the Listing Rules; and
- (g) the Independent Shareholders having approved the Sheen Light Acquisition and the consent of the Executive having been obtained to proceed with the Sheen Light Acquisition in accordance with Rule 25 of the Takeovers Code.

The Conditions set out in paragraphs (c), (d) and (e) cannot be waived. In addition, the Condition set out in paragraph (g) cannot be waived in respect of the Sheen Light Acquisition. If the Executive does not consent to the Sheen Light Acquisition, and/or the approval of the Independent Shareholders is not obtained, the Sheen Light Acquisition will not proceed. The Vendor may, in its sole discretion, sell the number of the relevant Other Investors Target Shares to an Alternative Purchaser (as defined below). For further details, please refer to the paragraph headed “Replacement of Other Investors” of this announcement.

The obligation of the Vendor to effect the transactions contemplated by the Share Purchase Agreement at Completion shall be subject to the fulfilment or waiver by the Vendor in writing at or prior to Completion of the following additional Conditions:

- (h) each of the warranties in respect of the Company contained in the Share Purchase Agreement being true and correct, without giving effect to any materiality qualifications therein, on and as of Completion, except (other than in respect of certain fundamental warranties), in respect of certain warranties, where any failure of such warranties to be true and correct, individually or in the aggregate, would not reasonably be likely to have a material adverse effect;
- (i) with respect to each of the Other Investors, each of the warranties given by it under the Share Purchase Agreement being true and correct, without giving effect to certain materiality qualifications therein, on and as of Completion, except (other than in respect of certain fundamental warranties), in respect of certain warranties, where any failure of such warranties to be true and correct, individually or in the aggregate, would not reasonably be likely to materially impede or delay it from performing its obligations under the Share Purchase Agreement and each transaction document to which it is a party or consummating the transactions;
- (j) each Purchaser having performed in all material respects all of its obligations under the Share Purchase Agreement which are required to be performed by it at or prior to Completion;
- (k) counterparts to each of the transaction documents to be executed by the Company or its affiliates or any other Purchaser having been duly executed by the Company or its affiliates or each such other Purchaser, as applicable, and delivered to the Vendor;
- (l) evidence reasonably satisfactory to the Vendor that the Directors to be nominated by the Vendor having been validly appointed as directors of the Company by an extraordinary general meeting of the Shareholders and that the composition of the Board, as at Completion, is consistent with the requirements set forth in the Shareholders Agreement;
- (m) since the date of the Share Purchase Agreement, no material adverse effect in respect of the Company has occurred; and

- (n) the current listing of the Shares on the Main Board of the Stock Exchange not having been withdrawn, such Shares continuing to be traded on the Stock Exchange on and prior to Completion (save for any suspension in trading (i) not exceeding five (5) consecutive trading days, whether or not such suspension is required by the Company, or (ii) in connection with the announcement of the Acquisition; provided that, in each case, (a) such suspension is not directed by the Stock Exchange in connection with Rule 6.01 of the Listing Rules or by the SFC in connection with section 8 of Appendix 12 to the Listing Rules, (b) the trading of the Shares has resumed for at least the five (5) consecutive trading day-period immediately prior to Completion, and (c) neither the Stock Exchange nor the SFC having indicated that it will object to such continued listing for any reason).

The obligation of the Company and each of the other Purchasers to effect the transactions contemplated by the Share Purchase Agreement at Completion shall be subject to the fulfilment or waiver by the Company at or prior to Completion of the following additional Conditions:

- (o) each of the warranties in respect of the Target Company contained in the Share Purchase Agreement being true and correct, without giving effect to certain materiality qualifications therein, on and as of Completion, except (other than in respect of certain fundamental warranties), where any failure of such warranties to be true and correct, individually or in the aggregate, would not reasonably be likely to have a material adverse effect;
- (p) the Vendor having performed in all material respects all of its obligations under the Share Purchase Agreement which are required to be performed by it at or prior to Completion;
- (q) counterparts to each of the transaction documents to be executed by the Vendor or its affiliates having been duly executed by the Vendor or its affiliates, as applicable, and delivered to the Company;
- (r) the Target Company having transferred, by way of dividend distribution to the Vendor or otherwise, all of its interest in MassMutual Life Insurance Company K.K., a joint stock corporation incorporated under the laws of Japan;
- (s) the Vendor having delivered to the Company a true and complete copy of the review by the auditor of the Target Company verifying that the Solvency Ratio of the Target Company as of the last calendar day of the month immediately preceding the month in which Condition (b) set out above is satisfied (the “**Solvency Ratio Condition Date**”) is not less than 200%, provided, that, if the Solvency Ratio of the Target Company as of the Solvency Ratio Condition Date is less than 200% pursuant to such Solvency Ratio review, the Vendor shall instead have delivered evidence reasonably satisfactory to the Company that the Vendor has after the Solvency Ratio Condition Date contributed to the Target Company sufficient new capital in cash such that the Solvency Ratio of the Target Company as of the Solvency Ratio Condition Date, but adjusted for such new capital contribution, is not less than 200%, as calculated on the same basis as the Solvency Ratio review;
- (t) evidence reasonably satisfactory to the Company that the Vendor has made a capital contribution to the Target Company of at least HK\$200 million in cash on or prior to 31 December 2017;
- (u) evidence reasonably satisfactory to the Company that the individuals to be nominated by the Company have been validly appointed as directors of the Target Company with effect from Completion and that the composition of the board of directors of the Target Company, as at

Completion, is consistent with the requirements set forth in the Investor Rights Agreement; and

- (v) since the date of the Share Purchase Agreement, no material adverse effect in respect of the Target Group has occurred.

In respect of Condition (b) above, the consents from government authorities expected to be required include the following:

- (i) the HKIA not objecting to each person required to serve on the HKIA a notice in writing stating that it proposes to become a controller (as defined under the ICO) of the Target Company as a result of the change of shareholding of the Target Company as contemplated by the Share Purchase Agreement;
- (ii) the HKIA not objecting to or granting the approval for the appointment of the director candidates nominated by the Company and the Vendor as directors of the Target Company;
- (iii) approval of the Massachusetts Commissioner of Insurance, where required pursuant to the Massachusetts Insurance Code as determined by the commissioner;
- (iv) the SFC having approved (a) if required, the proposed change of controlling shareholders of each of the Target Company and MMT as contemplated by the Share Purchase Agreement with respect to the Target Company and MMT as key operators of the MASS Mandatory Provident Fund Scheme and any corresponding approved pooled investment fund, and (b) the revised offering documents of the MASS Mandatory Provident Fund Scheme;
- (v) the SFC having approved (a) the proposed change of controlling shareholders of the Target Company as contemplated by the Share Purchase Agreement with respect to the Target Company as an issuer of a number of investment linked assurance schemes and (b) the revised offering documents of those investment linked assurance schemes;
- (vi) the MPFA having (a) given its prior written consent to the proposed change of substantial shareholders of MMT as contemplated by the Share Purchase Agreement in its capacity as the approved trustee of the MASS Mandatory Provident Fund Scheme, and (b) given its written approval to the proposed revised offering documents of the MASS Mandatory Provident Fund Scheme;
- (vii) the SFC having approved each of the Vendor and MMLIC as substantial shareholders of Yunfeng Securities Limited, Reorient Financial Markets Limited, and Cannon Investment Advisors (HK) Limited; and
- (viii) the AMCM granting consent to the change of shareholding of the Target Company as contemplated by the Share Purchase Agreement.

Apart from those set out in paragraph (i) to (viii) above, in respect of Condition (b) above, the Company and the Vendor are not aware of any other consents required to be obtained from any government authorities to consummate the transactions contemplated by the Share Purchase Agreement.

## **Replacement of Other Investors**

In the event that any governmental authority raises any objection to any of the Other Investors becoming a shareholder of the Target Company and/or the Independent Shareholders not having approved the Sheen Light Acquisition and/or the consent of the Executive not having been obtained to proceed with the Sheen Light Acquisition such that the Conditions set out in paragraphs (b) and/or (g) above (as the case may be) cannot or are not reasonably expected to be satisfied on or prior to the Long Stop Date, the Vendor, the Company and the Other Investors agreed that (A) the acquisition with respect only to such Other Investor shall be terminated if the Vendor and the Company, in the sole discretion of the Vendor and the Company, respectively, mutually so agree in writing, and (B) the Vendor may, in its sole discretion, sell the number of Other Investors Target Shares which such Other Investor has agreed to acquire to such other person (the “**Alternative Purchaser**”) as mutually agreed in writing by the Vendor and the Company in each such party’s sole discretion, and the Vendor and such Alternative Purchaser, at each such person’s sole discretion, shall enter into a share purchase agreement on substantially the same terms and conditions (except any term or condition which is not applicable or as otherwise determined by the Vendor, the Company and such Alternative Purchaser) as the Share Purchase Agreement.

In addition, in the event that all the Conditions have been satisfied or waived (other than those Conditions that by their nature are to be satisfied by actions taken at Completion), and any Other Investor fails to consummate the transactions contemplated by the Share Purchase Agreement in accordance with the terms thereof, (a) the Company shall use its reasonable best efforts to promptly identify an Alternative Purchaser, (b) the Vendor may, in its sole discretion, sell the number of Other Investors Target Shares which such Other Investor has agreed to acquire to such Alternative Purchaser as may be mutually agreed in writing by the Vendor and the Company in each such party’s sole discretion, (c) the Vendor and such Alternative Purchaser, at each such person’s sole discretion, shall enter into a share purchase agreement on substantially the same terms and conditions (except any term or condition which is not applicable or as otherwise determined by the Vendor, the Company and such Alternative Purchaser) as the Share Purchase Agreement, provided that in the event the Vendor and an Alternative Purchaser enter into any such share purchase agreement, the Company and the non-defaulting Other Investors shall be obliged to complete the transactions contemplated by the Share Purchase Agreement contemporaneously with the sale of the applicable Other Investors Target Shares to such Alternative Purchaser, and (d) upon the entry into the share purchase agreement with the Alternative Purchaser pursuant to (c) above, the acquisition only with respect to such Other Investor shall be terminated.

In each of the above circumstances, if the acquisition of the relevant Other Investors Target Shares by an Alternative Purchaser constitutes a special deal for the purpose of Rule 25 of the Takeovers Code, such acquisition shall be subject to the obtaining of the approval of the Independent Shareholders and the consent of the Executive in accordance with Rule 25 of the Takeovers Code.

## Consideration

The following table sets out the consideration payable by each Purchaser and the manner in which they will be settled:

Name of Purchaser	Consideration Payable (HK\$)	Settlement
Company	7,860,000,000	HK\$2,660,000,000 either by an installment note or in cash and HK\$5,200,000,000 by issue of the Consideration Shares
Meyu International	1,283,800,000	Cash
City-Scape	982,500,000	Cash
API (Hong Kong)	655,000,000	Cash
Sheen Light	655,000,000	Cash
SINA	655,000,000	Cash
Harvest Billion	641,900,000	Cash
Giant Investment (HK)	366,800,000	Cash
TOTAL	13,100,000,000	

### *Consideration Payable by the Company*

The consideration for the sale and purchase of the Company Target Shares is HK\$7,860 million, of which HK\$5,200 million will be satisfied by the issue of the Consideration Shares, being an aggregate of 800,000,000 Shares, to the Vendor at the Issue Price of HK\$6.50 per Consideration Share. The remaining HK\$2,660 million will be paid by way of the Company issuing an interest-free single installment note of principal amount of HK\$2,660 million (in an equivalent amount in US dollars), subject to the Company and the Vendor agreeing upon the installment note arrangement and the form of the installment note and the Company obtaining a standby letter of credit on the terms and conditions set out in the Share Purchase Agreement. If the Company and the Vendor have not agreed to the structure of the installment note arrangement and the form of the installment note within 60 days following the date of the Share Purchase Agreement or the Company is unable to obtain a standby letter of credit on the terms and conditions set out in the Share Purchase Agreement, the remaining HK\$2,660 million will be paid in cash in an equivalent amount in US dollars, out of the internal resources of the Company.

If the Company pays the remaining HK\$2,660 million by way of installment note, the single installment note to be issued to the Vendor by the Company will be interest-free, non-transferrable, non-assignable and will be repaid in full in one single installment in US dollars at the fixed exchange rate of US\$1.00 to HK\$7.8238 on a maturity date of 15 January 2020, subject to early prepayment upon the occurrence of certain events if so requested by the Vendor by giving the Company 60 days'

advance notice. In connection with the standby letter of credit, the Company will be required to deposit HK\$2,660 million (in an equivalent amount in US dollars) with the Selected Bank at Completion, which amount will be pledged to the Selected Bank as security for the Selected Bank to issue a standby letter of credit of the same amount to the Vendor. If the Company defaults in payment when the installment note is due, the Vendor will have the right to draw on the letter of credit. Any amount drawn on the letter of credit will be set off against the Company's liability under the single installment note. The deposit of HK\$2,660 million (in an equivalent amount in US dollars) will be paid out of the internal resources of the Company. The Company will be liable to pay a default penalty at the rate of 5% per annum above LIBOR if it defaults on repayment of the installment note.

If the installment note is issued, the Company estimates that there will not be any additional cost to the Company or any material impact on the Company's financial condition for the issuance of the single installment note and the standby letter of credit, taking into account the interest income that can be earned from the deposit with the Selected Bank and reimbursement from the Vendor of fees incurred for obtaining the standby letter of credit (if any).

The Consideration Shares represent approximately 33.01% of the issued share capital of the Company as at the date of this announcement and approximately 24.82% of the issued share capital of the Company as enlarged by the issue of the Consideration Shares. The Consideration Shares will be allotted and issued under the Specific Mandate to be obtained from the Shareholders at the EGM by an ordinary resolution. The Company will apply to the Listing Committee for the listing of, and permission to deal in, the Consideration Shares to be allotted and issued pursuant to the Share Purchase Agreement. Based on the current shareholding structure of the Company, the Company will continue to be able to satisfy the public float requirement under the Listing Rules following the issue of the Consideration Shares.

The total consideration for all the Target Shares is HK\$13,100 million and the consideration payable by each Purchaser is proportionate to the percentage interest that it will acquire in the Target Company. The consideration for the Target Shares was determined and agreed after arm's length negotiations among the parties to the agreement and with reference to various relevant factors, including, among other things, the value of the assets and business of the Target Company with reference to its Embedded Value and net assets value, prospects, market position, synergies and other factors set out under the heading "Reasons for and Benefits of the Proposed Acquisition" as well as valuation of public insurance companies in Hong Kong.

### **Issue Price**

The Issue Price of HK\$6.50 per Consideration Share represents:

- (i) a premium of approximately 3.50% over the closing price of HK\$6.28 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a premium of approximately 13.12% over the average of the closing price of the Shares as quoted on the Stock Exchange for the five consecutive trading days up to and including the Last Trading Day of approximately HK\$5.746 per Share;
- (iii) a premium of approximately 16.05% over the average of the closing price of the Shares as quoted on the Stock Exchange for the ten consecutive trading days up to and including the Last Trading Day of approximately HK\$5.601 per Share;



- (iv) a premium of approximately 27.73% over the average of the closing price of the Shares as quoted on the Stock Exchange for the thirty consecutive trading days up to and including the Last Trading Day of approximately HK\$5.089 per Share; and
- (v) a premium of approximately 255.2% to the audited consolidated net asset value of the Company of approximately HK\$1.83 per Share as at 31 December 2016 (based on the number of issued Shares as at the date of this announcement).

The Issue Price was determined after arm's length negotiation between the Company and the Vendor, taking into account various factors, including historical share prices during negotiations, prospects and potential of the enlarged Group, and growing fintech market potential.

### **Ranking of the Consideration Shares**

The Consideration Shares, when issued, will rank *pari passu* in all respects among themselves and with all the Shares in issue as at the date of allotment and issue of the Consideration Shares.

### **Completion**

Completion is scheduled to take place on the third Business Day after the date on which all the Conditions are satisfied or waived, or any other date as the Company and the Vendor may agree in writing.

### **Financial and other impact**

Upon Completion, the Target Company will become a non-wholly-owned subsidiary of the Company and the financial results, assets and liabilities of the Target Group will be consolidated into the financial statements of the Company. It is expected the Target Group, as subsidiaries of the Group, will provide a stable source of revenue to the Group and will be accretive to the Company's net asset value per Share.

As an authorized insurer in Hong Kong, the Target Company is required to meet certain regulatory capital adequacy requirements. The Company and the Other Investors, as shareholders of the Target Company after Completion, may need to inject additional capital into the Target Company to support its business growth. Any injection of additional capital is likely to be pro rata to the shareholding of each shareholder of the Target Company after Completion. The Company will prepare a business plan of the Target Company and consider the capital needs of the Target Company. To the extent that the Target Company requires any additional capital injection after Completion and the Company and the Other Investors agree to make such capital injection, the Company will make a further announcement or include such information in the Circular.

### **Termination**

The Share Purchase Agreement may be terminated at any time prior to Completion:

- (a) by written agreement of the Company and the Vendor;
- (b) by either the Company or the Vendor, by giving written notice of such termination to the Vendor or the Company, as applicable, if Completion shall have not occurred on or prior to the Long Stop Date for the reason that the Conditions have not been satisfied or waived; provided, that the right to terminate the Share Purchase Agreement shall not be available to (i) the Company if the failure of Completion to occur by the close of business on the Long Stop

Date is primarily attributable to a failure on the part of the Company or any other Purchaser to perform any of its respective obligations under the Share Purchase Agreement required to be performed by the Company or such other Purchaser, as applicable, at or prior to Completion or (ii) the Vendor if the failure of Completion to occur by the close of business on the Long Stop Date is primarily attributable to a failure on the part of the Vendor to perform any of its obligations under the Share Purchase Agreement required to be performed by the Vendor at or prior to Completion;

- (c) by either the Company or the Vendor, by giving written notice of such termination to the Vendor or the Company, as applicable, if any order of any governmental authority or any law shall have been issued or made which has the effect of making unlawful or otherwise prohibiting or restricting in any material respect the transactions from taking place as contemplated in the Share Purchase Agreement, and such order shall have become permanent, final and non-appealable;
- (d) by the Company:
  - (i) if all Conditions contained in paragraphs (a) to (n) in the section headed “– Conditions Precedent” above have been satisfied (or are capable of being satisfied), the Company has confirmed to the Vendor in writing that all Conditions contained in paragraphs (o) to (v) under the section headed “– Conditions Precedent” above have been satisfied or waived, and the Vendor fails to complete the Completion; and
  - (ii) if the Vendor has breached or failed to perform any of the warranties relating to the Target Company or its covenants, undertakings or agreements set forth in the Share Purchase Agreement, which breach or failure to perform (A) would result in the failure of a Condition set forth in paragraphs (a) to (n) in the section headed “– Conditions Precedent” above, and (B) cannot be cured by the Long Stop Date or if curable by the Long Stop Date, is not cured by the earlier of (x) thirty (30) days following the date of delivery by the Company of written notice of such breach or failure to perform to the Vendor or (y) the Long Stop Date; provided that the Company shall not have the right to terminate the Share Purchase Agreement pursuant to this paragraph (d)(ii) if the Company or any other Purchaser is then in material breach of any of its covenants, undertakings or agreements set forth in the Share Purchase Agreement; and
- (e) by the Vendor:
  - (i) if all Conditions contained in paragraphs (a) to (g) and (o) to (v) in the section headed “– Conditions Precedent” above have been satisfied (or are capable of being satisfied), the Vendor has confirmed to the Company and the other Purchasers in writing that all Conditions contained in paragraphs (h) to (n) in the section headed “– Conditions Precedent” above have been satisfied or waived, and the Company and the other Purchasers fail to complete the Completion; and
  - (ii) if the Company has breached or failed to perform any of the warranties relating to the Company, any other Purchaser has breached or failed to perform any of its warranties or the Company or any other Purchaser has breached or failed to perform its respective covenants, undertakings or agreements set forth in the Share Purchase Agreement, in any such case, which breach or failure to perform (A) would result in the failure of a Condition set forth in paragraphs (a) to (g) and (o) to (v) in the section headed “– Conditions Precedent” above, and (B) cannot be cured by the Long Stop

Date or if curable by the Long Stop Date, is not cured by the earlier of (x) thirty (30) days following the date of delivery by the Vendor of written notice of such breach or failure to perform to the Company or the relevant other Purchaser, as applicable, or (y) the Long Stop Date; provided further, that the Vendor shall not have the right to terminate the Share Purchase Agreement pursuant to this paragraph (e)(ii) if the Vendor is then in material breach of any of its covenants, undertakings or agreements set forth in the Share Purchase Agreement,

provided that, subject to the terms of the Share Purchase Agreement, the Share Purchase Agreement shall cease to have effect as regards an Other Investor in the event of termination of the Acquisition in respect to it in accordance with the paragraph headed “Replacement of Other Investors” of this announcement, provided further that such termination shall not relieve any other party of its rights and obligations under the Share Purchase Agreement.

### **Specific Mandate**

The Consideration Shares will be allotted and issued under the Specific Mandate to be obtained from the Shareholders at the EGM by an ordinary resolution.

### **Application for Listing of the Consideration Shares**

The Company will apply to the Listing Committee for the listing of, and permission to deal in, the Consideration Shares to be allotted and issued pursuant to the Share Purchase Agreement.

### **CO-INVESTORS AGREEMENT**

The Company has entered into the Co-investors Agreement with the Other Investors on 17 August 2017. Pursuant to the Co-investors Agreement, each of the Company and the Other Investors agree to purchase their respective proportion of Target Shares and pay consideration as provided for in the Share Purchase Agreement and the Company is appointed as a representative of the Company and the Other Investors to handle matters relating to the Share Purchase Agreement and other transaction documents with the Vendor on behalf of the Company and the Other Investors. Furthermore, the Company and the Other Investors agree to share the expenses for the Acquisition (such as fees of professional advisers and funding of retention program to retain senior management and agents of the Target Group post Completion). The Company and the Other Investors also acknowledge that the Target Company may require future capital contribution and there may be dilution to their shareholding in the Target Company if they do not contribute capital as required in the future. The Co-investors Agreement also includes restrictions on the transfer of the Target Shares by the Company and the Co-investors, namely a lock up period of two years post Completion, customary right of first offer, tag-along right and preemptive right.

### **EFFECT OF THE ACQUISITION ON THE SHAREHOLDING STRUCTURE OF THE COMPANY**

As at the date of this announcement, the Company has 2,423,326,394 Shares in issue. The Company adopted a share option scheme on 21 July 2011, a share award scheme on 30 October 2014, and a share award scheme on 12 December 2016, pursuant to which options to subscribe for Shares and Share awards may be granted to selected eligible participants.

As at the date of this announcement, the Company does not have any outstanding convertible securities, options, warrants or other derivatives in issue which are convertible or exchangeable into Shares.

The following table illustrates the shareholding structure of the Company (i) as at the date of this announcement; and (ii) immediately after Completion (assuming there is no change in the issued share capital of the Company since the date of this announcement and up to Completion):

	As at the date of this announcement		Immediately after Completion	
	<i>Number of Shares</i>	<i>%</i>	<i>Number of Shares</i>	<i>%</i>
Jade Passion ( <i>Note 1</i> )	1,342,976,000	55.42	1,342,976,000	41.66
MassMutual International LLC	-	-	800,000,000	24.82
Sub-total of MassMutual International LLC (i.e. the Vendor) and Jade Passion (being a party acting in concert with the Vendor under the Takeovers Code upon and following Completion)	1,342,976,000	55.42	2,142,976,000	66.48
Gainhigh Holdings Limited ( <i>Note 2</i> )	229,180,726	9.46	229,180,726	7.11
Violet Passion Holdings Limited ( <i>Note 3</i> )	167,872,000	6.93	167,872,000	5.21
Other public Shareholders	683,297,668	28.20	683,297,668	21.20
<b>Total</b>	<b><u>2,423,326,394</u></b>	<b><u>100.00</u></b>	<b><u>3,223,326,394</u></b>	<b><u>100.00</u></b>

*Notes:*

- Jade Passion is owned as to 73.21% by Key Imagination Limited and 26.79% by Gold Ocean Investments Group Inc. Key Imagination Limited is owned as to 91% by Yunfeng Financial Holdings Limited and 9% by Perfect Merit Limited. Yunfeng Financial Holdings Limited is owned as to 70.15% by Mr. Yu Feng, the Chairman and a non-executive Director, and 29.85% by Mr. Ma Yun. Perfect Merit Limited is wholly owned by Mr. Huang Xin, an executive Director. Gold Ocean Investments Group Inc. is wholly-owned by Asia Newpower Group Inc., which is wholly-owned by Mr. Huang Youlong, a non-executive Director.
- Gainhigh Holdings Limited is wholly owned by Insula Holdings Limited, which is wholly-owned by Mr. Ko Chun Shun, Johnson, a non-executive Director.
- Violet Passion Holdings Limited is wholly owned by Clear Expert Limited, which is wholly-owned by Ms. Lian Yi. Violet Passion Holdings Limited is not a connected person of the Company and therefore its shareholding is counted towards the public float.
- Certain percentage figures set out in this table are subject to rounding adjustments. Accordingly, figures shown as totals in this table may not be an arithmetic sum of such figures.

As at the date of this announcement, other than the Consideration Shares to be issued to the Vendor pursuant to the Acquisition and the 1,342,976,000 Shares held by Jade Passion, none of the Vendor, Jade Passion nor parties acting in concert with any of them owns or has control or direction over any voting rights and rights over any Shares or any options, warrants or convertible securities in respect of the Shares or has entered into any outstanding derivatives contracts in respect of the securities in the Company.

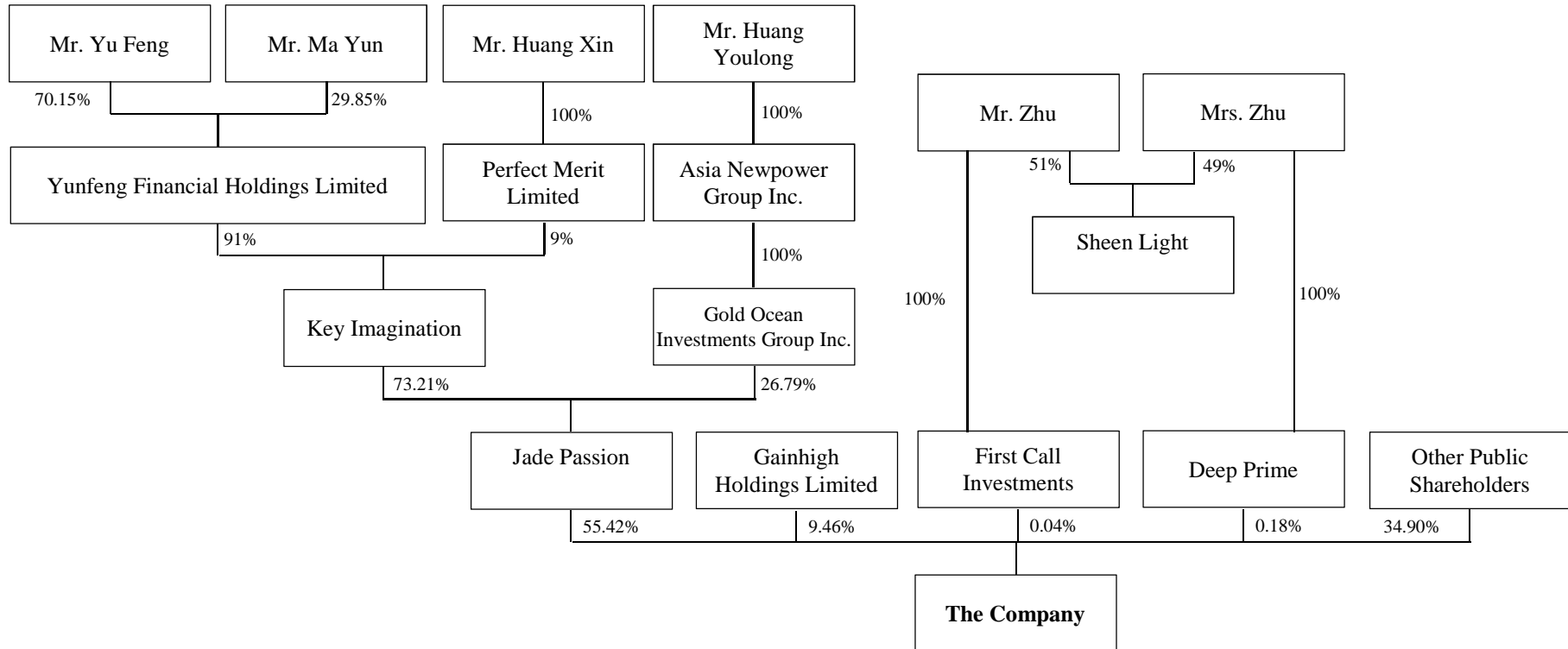
As at the date of this announcement, save for the Acquisition and as disclosed in this announcement, none of the Vendor, Jade Passion nor parties acting in concert with any of them (i) has received any irrevocable commitment to vote for or against the proposed resolutions approving the Acquisition, the Specific Mandate or the Whitewash Waiver at the EGM; (ii) has borrowed or lent any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company; (iii) has any arrangement (whether by way of option, indemnity or otherwise) under Note 8 to Rule 22 of the Takeovers Code in relation to the Shares or shares of the Vendor and which might be material to the Acquisition or the Whitewash Waiver; and (iv) save for the Share Purchase Agreement, has any arrangement or agreement to which the Vendor is a party which relates to the circumstances in which it may or may not invoke or seek to invoke a condition to the Acquisition or the Whitewash Waiver.

Save for the entering into of the Share Purchase Agreement, none of the Vendor, Jade Passion nor parties acting in concert with any of them has dealt for value in any Shares, convertible securities, warrants, options or derivatives in respect of the securities of the Company during the six months period immediately prior to the date of this announcement.

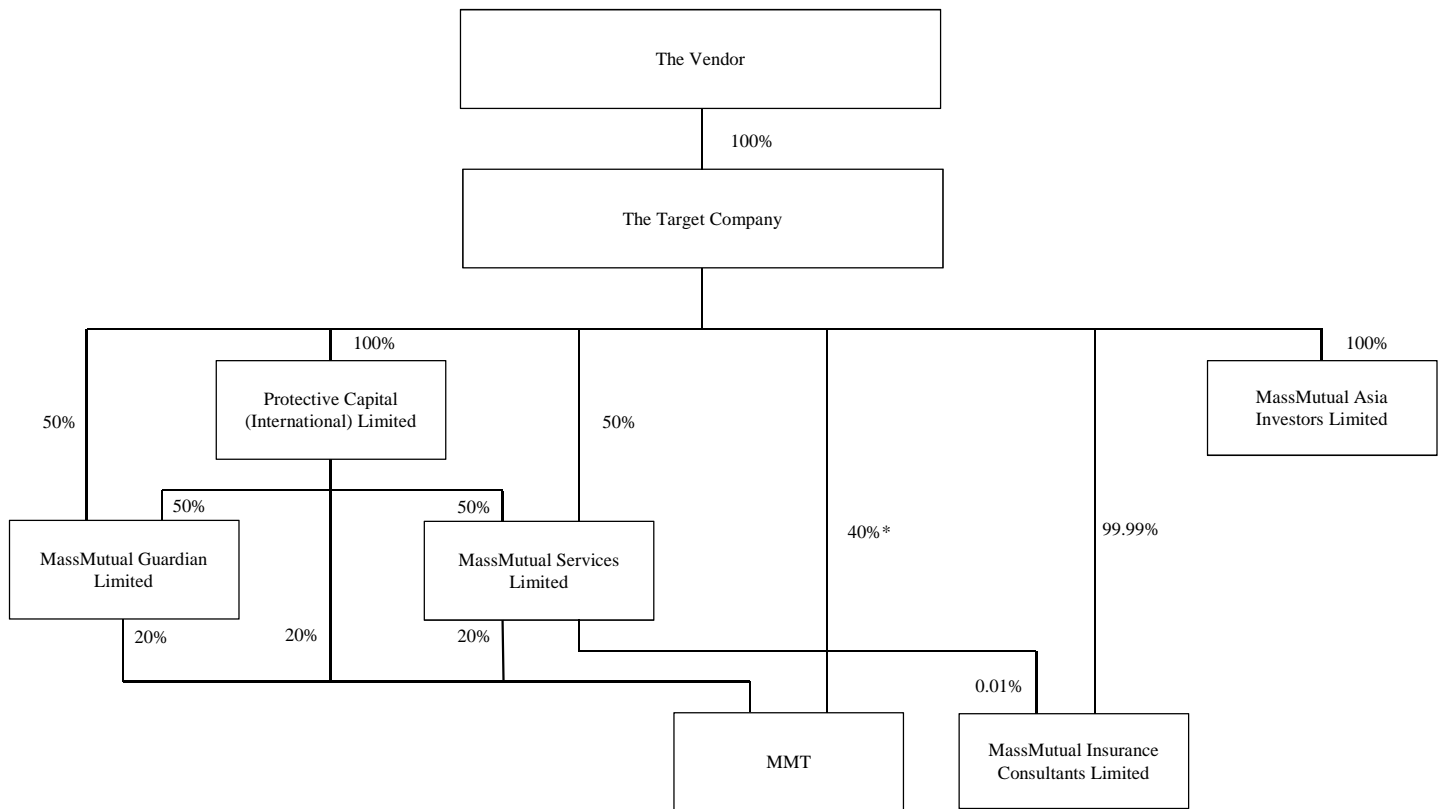
## STRUCTURE OF THE GROUP AND THE TARGET GROUP

### Structure of the Group and the Target Group as of the date of this announcement

#### *The Group*

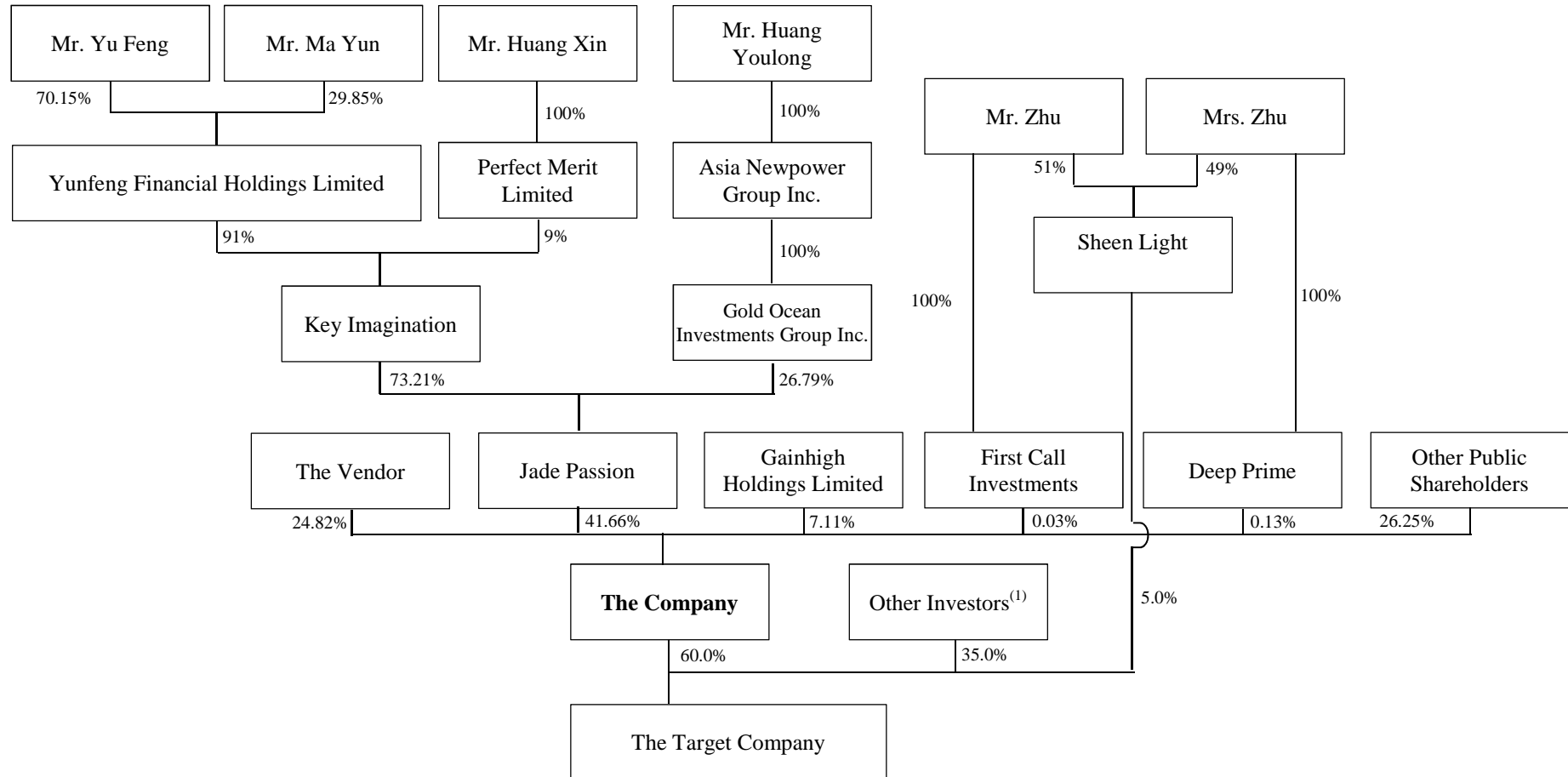


*The Target Group*



\* Keng Puang Tay holds 20% of the shares as nominee on trust for the Target Company.

**Structure of the Group immediately after Completion (assuming there is no change in the issued share capital of the Company since the date of this announcement and up to Completion)**



*Note:*

- The Other Investors Target Shares (other than the Sheen Light Target Shares) will be owned as follows: Meyu International (9.8%), City-Scape (7.5%), API (Hong Kong) (5.0%), SINA (5.0%), Harvest Billion (4.9%) and Giant Investment (HK) (2.8%).



## **INVESTOR RIGHTS AGREEMENT**

At Completion, the Company and the Vendor shall enter into the Investor Rights Agreement providing for certain rights of the Vendor in respect of the Company and the Target Company.

### *Nomination of Directors*

Pursuant to the Investor Rights Agreement, the Vendor may nominate for appointment, removal or replacement of (i) two candidates to act as non-executive Directors of the Board for so long as the Vendor and its affiliates own at least 17.5% of the issued Shares and (ii) one candidate to act as a non-executive Director of the Board for so long as the Vendor and its affiliates own at least 10.0% but less than 17.5% of the issued Shares. The appointment of the Director(s) nominated by the Vendor shall be subject to the approval of the Nomination Committee after a reasonable review process based on reasonable criteria and having regards to the Articles, the Listing Rules and good corporate governance practices. The Board, including the Nomination Committee will evaluate factors, including among other things, experience, qualifications, backgrounds of the candidate nominated by the Vendor when considering whether to approve the appointment. Any Directors so appointed by the Board will be subject to the standard re-election and shareholders' approval requirements under the Articles.

In addition, in the event that no individual nominated by the Vendor remains as a Director and the Vendor and its affiliates own at least 5.0% of the issued Shares, the Company may, in its sole discretion, invite one representative of the Vendor to be a non-voting observer to attend and observe meetings of the Board and the Vendor may, upon the Company's invitation and at its sole discretion, designate one representative as such non-voting observer. There is no agreement between the Company and the Vendor as to whether the Company will exercise its discretion to invite such non-voting observer or as to whether the Vendor will accept such invitation. The Company will exercise its discretion only when it considers such arrangement to be in the interests of the Company and its Shareholders as a whole. The non-voting observer shall not be counted for the purposes of determining a quorum at meetings of the Board. The Vendor belongs to a well-known and long established insurance group. It is believed that the non-voting observer designated by the Vendor will be able to share with the Board his experience and knowledge in the insurance industry and provide the Board with valuable advice. The Vendor acknowledges that the non-voting observer shall be subject to the same non-disclosure, insider trading restrictions and conflicts of interest policies and procedures as and to the same extent as that applicable to the members of the Board from time to time. The Company will require any non-voting observer designated by the Vendor and the Vendor to execute an undertaking pursuant to which the non-voting observer designated by the Vendor shall undertake to comply with such restrictions, policies and procedures and the Vendor shall undertake to use reasonable best efforts to procure such observer to comply with his obligations under such undertaking. The non-voting observer shall not disclose any confidential information that he obtains in the Board meetings to the Vendor. In the event that the non-voting observer breaches the undertaking, the Company will have a contractual right to sue the non-voting observer for such breach and/or seek injunction orders from the courts. The Company believes that the Vendor, being the holding company of the Target Group before the Acquisition, will procure its designated observer to duly observe and comply with his obligations under the undertaking. In light of the benefits that non-voting observer may bring to the Board and that it is at the sole discretion of the Company to invite the Vendor to designate a non-voting observer to attend and observe meetings of the Board, the Company

does not consider that the designation of such observer by the Vendor is prejudicial to the interest of the Shareholders and indeed, the Company considers this arrangement to be fair and reasonable and in the interests of the Company and its Shareholders as a whole. Given the potential benefits and the restrictions that the Vendor and its designated observer will be subject to, the Company accordingly considers that all Shareholders (including the Vendor) are treated fairly and equally.

Article 66 of the Articles provides that general meetings of the Company shall be convened on requisition as provided by the Companies Ordinance. According to the Companies Ordinance, if a company has received requests to do so from members of the company representing at least 5% of the total voting rights of all members having rights to vote at general meetings, the directors of the company are required to call a general meeting to consider the resolutions proposed by such members, including the appointment of persons nominated by such requesting members as Directors. Furthermore, as disclosed above, the appointment of the Director(s) nominated by the Vendor shall be subject to the approval of the Nomination Committee after a reasonable review process based on reasonable criteria and having regards to the Articles, the Listing Rules and good corporate governance practices. An appointment of Director will only be made by the Company if it is in the interest of the Company and the Shareholders as a whole. Any Directors nominated by the Vendor pursuant to the Investor Rights Agreement, if so appointed by the Board, will be subject to the standard re-election and shareholders' approval requirements under the Articles. Therefore, the Vendor's nomination right for appointment of Directors under the Investor Rights Agreement is consistent with those rights available to other Shareholders under the Articles and the Investor Rights Agreement does not grant any additional material rights to the Vendor nor impose material additional obligations on the part of the Company. Accordingly, all Shareholders (including the Vendor) are treated fairly and equally and the Company does not consider that the Vendor's nomination right for appointment of Directors is prejudicial to the interest of the Shareholders.

#### *Nomination of directors of the Target Company*

The Vendor shall be entitled to nominate one candidate to the board of directors of the Target Company for an initial term of three years commencing upon Completion and the Company shall procure the appointment of such nominated director for the initial term. Upon Completion, it is expected that the board of directors of the Target Company shall comprise eight directors, including any independent non-executive directors as required by any applicable law or regulatory authority.

The Vendor belongs to a well-known and long established insurance group and the Target Group is part of the Vendor group. It is believed that a director nominated by the Vendor possessing the appropriate competence and experience in the financial services industry to serve on the board of the Target Company will benefit the Target Company, particularly in terms of business transitional arrangements of the Target Company post Completion and strategic cooperation with the Vendor group. The entitlement to nominate one director, and the obligation of the Company to procure the appointment of such nominated director, to the board of the Target Company will last for an initial term of three years after Completion to help facilitate a smooth transition after Completion. The Company's obligation to procure the appointment of a nominated director by the Vendor is subject to (i) such nominated director being approved or not objected to by the HKIA (as applicable) to serve as a director of the Target Company; (ii) the Directors being satisfied with the competence and experience of

such nominated director after a reasonable review process based on reasonable criteria; and (iii) the Directors fulfilling their fiduciary duties to act in the best interest of the Company and the Shareholders as a whole when making such appointment. The Vendor possesses extensive experience in the Hong Kong insurance industry and is familiar with the regulatory requirements in Hong Kong. The Target Company is an authorised insurer in Hong Kong and the appointment of any director to the board of directors of the Target Company must be approved (or otherwise not objected to) by the HKIA. With its extensive experience in the Hong Kong insurance industry and familiarity with the Hong Kong regulatory requirements, it is believed that the director nominated by the Vendor to the board of directors of the Target Company will meet the criteria for approval by the HKIA. Given the strategic value of such director to the Target Company and the benefits that the director nominated by the Vendor may bring to the Target Company and hence the Company as the holding company of the Target Company, the Company does not consider that the nomination of such director by the Vendor is prejudicial to the interest of the Shareholders and indeed, the Company considers this arrangement to be in the interests of the Company and its Shareholders as a whole. Accordingly, all Shareholders (including the Vendor) are treated fairly and equally.

#### *Preemptive right*

Pursuant to the Investor Rights Agreement, subject to independent Shareholders' approval requirement, the Vendor shall have the right to subscribe for (on a pro rata basis) Shares proposed to be issued by the Company (including any issuance pursuant to a general mandate), except for shares proposed to be issued to employees and officers of the Company pursuant to any employee benefit or stock option plans approved by the Board or the Shareholders.

The Company shall promptly convene a Shareholders' meeting for the approval of such preemptive issuance pursuant to a specific mandate and prepare any Shareholders' circular or other disclosure required in connection with such preemptive issuance, and the Vendor will be required to abstain from voting at general meetings on the relevant resolutions approving the preemptive issuance of Shares to the Vendor.

The Company does not consider the preemptive right to be granted to the Vendor an unfair or unequal preferential or absolute right for the Vendor to acquire Shares. The preemptive right will only be triggered when the Company decides to issue new Shares at which the Company will duly consider if the proposed new Share issue will be in its interests and those of the Shareholders as a whole. In addition, any preemptive issuance of Shares to the Vendor (even if such issuance will not constitute a connected transaction of the Company under the Listing Rules) will be made pursuant to a specific mandate and be subject to independent Shareholders' approval requirement, and the Vendor will be required to abstain from voting on the relevant resolutions. The Company's future fund raising ability will not be restricted as, in the event that the preemptive right is not exercised by the Vendor, or the resolutions concerning the preemptive issuance to the Vendor are not approved by the Shareholders, the Vendor will not have a right to veto the Company's fund raising exercise and the Company may still proceed with any proposed fund raising without the preemptive issuance of Shares to the Vendor. Furthermore, the Vendor will only be given a limited time of 20 days to consider whether to exercise its preemptive right, which is not expected to unduly delay or hinder any future fund raising exercise of the Company. The Company considers the preemptive right to be granted to the Vendor is in the interests of the Company and its Shareholders as a whole as such preemptive right does not restrict the Company's ability in equity fund raising but provides the Company with an opportunity for a reputable and financially strong Shareholder

with significant strategic value to the Group to consider and support future fund raising needs of the Company. Accordingly, the Company considers that the granting of preemptive rights to the Vendor would not contravene the requirement to treat all Shareholders fairly and equally.

#### *Information rights*

Pursuant to the Investor Rights Agreement, the Company shall deliver to the Vendor the following information:

- (a) so long as the Vendor holds at least 19.9% or more of the Shares, as promptly as practicable, but in any event within sixty (60) days after the end of each of the first six-month period of each financial year of the Company (each, a “First Six-month Period”), (x) (i) a full set of unaudited consolidated semi-annual financial statements and cash flow statements of the Group prepared in accordance with US GAAP, for each First Six-month Period, or (ii) a full set of unaudited consolidated semi-annual financial statements and cash flow statements of the Group prepared in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting” (or any other financial reporting standard adopted by the Company for its annual financial statements) with a footnote (or such other statement or report) that reconciles such financial statements to US GAAP, in a form reasonably required by the Vendor, provided that the Vendor shall reimburse the Company for the cost of preparing such US GAAP financial statements described under (x)(i) (based on the First Six-month Period financial statements and cash flow statements prepared in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting” (or any other financial reporting standard adopted by the Company for its annual financial statements)) or such reconciliation to US GAAP described under (x)(ii) and the Vendor shall organize the expertise necessary to assist the Company in the preparation of such US GAAP financial statements or reconciliation, as applicable, and (y) such other information as the Vendor may reasonably request for the preparation of its consolidated accounts and cash flow statements provided that the provision of such other information is subject to the Company’s compliance with the Inside Information Provisions and the Company shall not be obligated to provide such other information that it deems in good faith to be a trade secret or similar confidential information;
- (b) so long as the Vendor holds 19.9% or more of the Shares, as promptly as practicable, but in any event within ninety (90) days after the end of each financial year, (x) (i) the audited consolidated financial statements and cash flow statements of the Group for each financial year in accordance with US GAAP, or (ii) the audited consolidated financial statements and cash flow statements of the Group for each financial year in accordance with HKFRS (or any other financial reporting standard adopted by the Company for its annual financial statements) with a footnote (or such other statement or report) that reconciles such financial statements to US GAAP with such reconciliation included in the audit, in a form reasonably required by the Vendor, provided that the Vendor shall reimburse the Company for the cost of preparing such financial statements under (x)(i) (based on the audited consolidated financial statements and cash flow statements prepared in accordance with HKFRS (or any other financial reporting standard adopted by the Company for its annual financial statements)) or such reconciliation to US GAAP described under (x)(ii) and the Vendor shall organize the expertise necessary to assist the Company in the preparation

of such US GAAP financial statements or reconciliation, as applicable, and (y) such other information as the Vendor may reasonably request for the preparation of its consolidated accounts and cash flow statements provided that the provision of such other information is subject to the Company's compliance with the Inside Information Provisions and the Company shall not be obligated to provide such other information that it deems in good faith to be a trade secret or similar confidential information;

- (c) so long as the Vendor holds 10.0% or more, by vote or value as determined for United States Tax purposes, of the Shares, such other information regarding the Company and its subsidiaries as is necessary for the Vendor to comply with its obligations under United States Tax Law; and, provided that (i) the Vendor shall provide reasonable evidence to the Company demonstrating that the provision of such other information is reasonably necessary and, (ii) where applicable, the Company shall be allowed reasonable time to disclose such other information to the public pursuant to the Inside Information Provisions, provided that the Company shall make such disclosure as soon as reasonably practicable (but in any event no later than 20 calendar days) after the date of the Vendor's provision of reasonable evidence under (i) above; and
- (d) such other information relating to the financial condition, business or corporate affairs of the Group as the Vendor may from time to time reasonably request, provided, however, that the provision of such information hereunder is subject to the Company's compliance with the Inside Information Provisions and the Company shall not be obligated to provide information that it deems in good faith to be a trade secret or similar confidential information.

The Company considers that the provision of information to the Vendor under the Investor Rights Agreement is consistent with the general disclosure requirements under the Listing Rules and the applicable laws.

Unaudited and audited consolidated financial statements of the Group that the Vendor will be entitled to receive under paragraphs (a) and (b) above are materially in-line with the reporting and disclosure requirements under Rules 13.49(1) and (6) of the Listing Rules, which require the Company to announce its interim results within two months after half-year end and its full year results within three months after the financial year end. The information to be provided to the Vendor pursuant to the Investor Rights Agreement will only be provided to the Vendor after the Company has complied with the requirement under Rules 13.49(1) and (6) of the Listing Rules and published such information by way of an announcement.

The Company will ensure due and timely compliance with the Inside Information Provision requirements under the Listing Rules and Part XIVA of the SFO in respect of the provision of any other information which the Vendor may request under paragraphs (c) and (d). No inside information will be selectively disseminated to the Vendor under these information rights.

Accordingly, the Company is of the view that all Shareholders are treated fairly and equally and that in connection with the relevant provisions in the Investor Rights Agreement relating to information rights, it will take appropriate and reasonable steps to ensure that it is able to maintain strict confidentiality of inside information until it is announced.

The rights under the Investor Rights Agreement, namely Directors nomination rights, Target Company director nomination rights, preemptive right and information rights, are neither

expressly provided in nor prohibited under the Articles. However, taking into account the effects of such rights as more particularly explained above, the Company considers that such rights do not prejudice the interests of the Shareholders and do not contravene the principle that all of the Shareholders are to be treated fairly and equally.

## **SHAREHOLDERS AGREEMENT**

At Completion, Key Imagination and the Vendor shall enter into the Shareholders Agreement in connection with certain matters relating to the Company.

### *Composition of the Board and the board of directors of the Target Company*

Pursuant to the Shareholders Agreement, Key Imagination shall procure that each of its affiliates (including Jade Passion) will exercise its respective voting rights as a Shareholder and take all such other actions reasonably necessary to vote in favor of all resolutions with respect to the appointment and re-election of the Directors nominated by the Vendor pursuant to the Investor Rights Agreement, and, in the event the number of Directors of the Board is increased following Completion, a number of additional candidate(s) to the Board that is proportional to such increase to the size of the Board (rounded down to the nearest whole number), taking into account any Directors nominated by the Vendor then serving on the Board.

Further, in the event the number of directors of the board of directors of the Target Company is increased during the three year period following Completion, Key Imagination shall procure that the Vendor shall have the opportunity to nominate a number of additional candidate(s) to the board of directors of the Target Company that is proportional to such increase of the size of the board of directors of the Target Company (rounded down to the nearest whole number), taking into account any nominee or nominees of the Vendor then serving on the board of directors of the Target Company, and procure the appointment of such additional nominated director or directors for the remainder of the initial term.

### *Protective provisions*

Pursuant to the Shareholders Agreement, so long as the Vendor and its affiliates continue to beneficially own at least 10.0% of the issued and outstanding Shares, without the prior written consent of the Vendor, Key Imagination shall not, and shall procure that each of its affiliates (including Jade Passion) shall not, vote any Shares in favour of the following actions:

- (i) amendments, modifications or other alterations to the Articles;
- (ii) any “very substantial disposal” (as such term is defined in the Listing Rules);
- (iii) any acquisition (including by merger, consolidation, scheme of arrangement, amalgamation or acquisition of stock or assets or any other business combination) which involves, or would result in the Company or any of its subsidiaries having, any material business activities outside of the financial services industry;
- (iv) any “reverse takeover” (as such term is defined in the Listing Rules), including a spin-off; and

- (v) a withdrawal of the Company's listing from the Stock Exchange or any action or omission that would reasonably be expected to jeopardize the listing status of the Company on the Stock Exchange.

In addition to the foregoing, in the event that and for so long as the Vendor and its affiliates continue to beneficially own at least 17.5% of the issued and outstanding Shares, without the prior written consent of the Vendor, Key Imagination shall not, and shall procure that each of its affiliates (including Jade Passion) shall not, vote any Shares in favor of the following actions:

- (i) any change of the Company's name;
- (ii) approval of any service contract or agreement with any Director with a term exceeding three years or a notice period for termination of more than one year (or paying compensation or other payment equivalents in excess of one year's emoluments);
- (iii) appointment of any auditor of the Company or removal of an auditor of the Company prior to the expiration of such auditor's term of office; and
- (iv) any "very substantial acquisition" (as such term is defined in the Listing Rules).

Save for such matters set out under the paragraphs headed "-- Composition of the Board and the board of directors of the Target Company" and "-- Protective provisions" above, each of Jade Passion and the Vendor shall exercise its voting rights as shareholders of the Company separately and independently from each other.

#### *Lock-up*

Save for any transfer of Shares to its affiliates in accordance with the terms of the Shareholders Agreement, each of Key Imagination and the Vendor shall not, and shall procure its affiliates not to, sell, transfer or otherwise dispose of any of the Shares held by it without the prior written consent of the other for a period of 12 months following Completion.

#### *Right of first offer*

So long as the Vendor and its affiliates beneficially own at least 10.0% of the issued and outstanding Shares, the Vendor shall have a right of first offer with respect to any sale, transfer or disposal of Shares by Jade Passion (other than any Permitted Transfers) pursuant to the Shareholders Agreement. The Vendor's right of first offer will be exercised on a pro rata basis in the event that there are other parties becoming bound by the Shareholders Agreement as a result of transfers of Shares by Key Imagination or the Vendor permitted and in accordance with the terms of the Shareholders Agreement.

#### *Tag-along rights*

So long as the Vendor and its affiliates beneficially own at least 10.0% of the issued and outstanding Shares, the Vendor shall have tag-along rights (on a pro rata basis) with respect to any proposed sale, transfer or disposal by Jade Passion (other than any Permitted Transfer) of 5.0% or more of the issued and outstanding Shares in one transaction or a series of related transactions pursuant to the Shareholders Agreement.

## **EXPECTED CHANGE TO BOARD COMPOSITION**

As of the date of this announcement, the Board comprises ten Directors, including four independent non-executive Directors.

Upon Completion, it is expected that the Board shall comprise nine Directors, including at least three independent non-executive Directors, and the Vendor shall be entitled to nominate two persons to act as non-executive Directors.

The Company will make a further announcement in due course on the details of any proposed change to the Board as required under the Listing Rules. Such details, including the names of any resigning Directors and the names and biographies of the persons to be nominated by the Vendor to act as Directors, shall be included in the Circular.

## **STRATEGIC COOPERATION AGREEMENT**

The Company, API (Hong Kong) and MMLIC, the parent company of the Vendor, shall, before Completion, enter into the Strategic Cooperation Agreement (which will become effective on Completion) to lay down the framework of certain future business cooperation among the parties. In relation to business cooperation between the Company and MMLIC, the Company will make available its financial services platforms and channels for the distribution of asset management products and services that the MassMutual Financial Group may develop from time to time and members of the MassMutual Financial Group will be the Company's preferred partners in new product development. In relation to business cooperation between the Company and Ant Financial Group, the Company will make available its financial services platforms and channels for the distribution of asset management products and services that Ant Financial Group may develop from time to time. In relation to business cooperation between Ant Financial Group and MMLIC, members of the MassMutual Financial Group shall become Ant Financial Group's strategic and non-exclusive partners and providers for life insurance products in the United States and both parties will jointly explore and cooperate with respect to the provision of insurance and wealth management products through digital or online media. Furthermore, the parties to the Strategic Cooperation Agreement will jointly explore and cooperate with respect to digitalizing the insurance process and also on the use of big data analytics in risk-selection and risk-based pricing of insurance products.

The Strategic Cooperation Agreement lays down the framework for future cooperation and further agreements may be entered into when an area of cooperation arises. There is no cash consideration passing to any party pursuant to the Strategic Cooperation Agreement, except that under the terms of the agreement, Barings LLC, an affiliate of MMLIC, shall manage the fixed income investment portfolio of the Target Group for a period of three years after Completion. In this regard, the Target Company intends to enter into the Barings Investment Advisory Agreement which is described under the heading "Proposed Continuing Connected Transactions".

## **PROPOSED CONTINUING CONNECTED TRANSACTIONS**

Upon Completion, the Vendor will become a substantial shareholder of the Company, holding an approximately 24.82% interest in the Company and therefore a connected person of the



Company. Accordingly, any transaction between (1) the Vendor or its associates and; (2) the Group (including the Target Group) will constitute a connected transaction of the Company.

In order to facilitate transition and to minimize any business interruption to the Target Group, the Vendor and MMLIC shall enter into agreements with the Target Company. The transactions under these agreements, when consummated, will become continuing connected transactions of the Company.

The agreements to be entered into are expected to include:

#### *Transitional Services Agreement*

Pursuant to the Transitional Services Agreement, the Vendor shall provide treasury and financial reporting services relating to investment or portfolio management as well as other information technology related services, which services are currently received by the Target Company from the Vendor, for a period of one year after Completion. It is expected that the service fee payable to the Vendor for the provision of such services will not exceed HK\$11,625,000.

#### *Trademark License Agreement*

Pursuant to the Trademark License Agreement, MMLIC shall grant a licence to the Target Group to use certain names and trademarks bearing the characters “MassMutual” for a period of two years after Completion, which period may be extended by one year if the parties so agree. No consideration is payable to MMLIC for the license of names and trademarks under the Trademark License Agreement.

#### *Policies Endorsement Fee Agreement*

The Target Company has previously underwritten a number of life insurance policies which include a claims payment endorsement by MMLIC. MMLIC shall continue to provide such endorsement to the outstanding policies until the policies mature. The Target Company will pay a service fee to MMLIC for maintaining such endorsement and it is expected that such service fee will be charged at the rate of 18 basis points of the account value of the outstanding policies per annum.

It is expected that upon the happening of certain triggering events, including a change of control of the Target Company, the independent Shareholders of the Company not approving the transactions contemplated under the Policies Endorsement Fee Agreement and the Solvency Ratio dropping below a certain agreed level, MMLIC will have the right to require the Target Company to cede to MMLIC the rights and obligations of the Target Company under the life insurance policies which include the claims payment endorsement by MMLIC and the Target Company shall transfer assets (of a value equivalent to the obligations or liabilities of the Target Company 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 the Target Company in good faith if any of the triggering events take place.

### *Barings Investment Advisory Agreement*

Barings LLC is an investment adviser and has been providing investment management services to the Target Company since 2000. Barings LLC is an associate of the Vendor and will therefore become a connected person of the Company upon Completion. The Target Company will continue to engage Barings LLC and intends to enter into the Barings Investment Advisory Agreement, pursuant to which Barings LLC will be engaged to be the Target Company's investment adviser to acquire, manage, service and dispose of investments for the Target Company at fee levels to be agreed by the parties. The Barings Investment Advisory Agreement will have a term of three years post Completion. The assets and the amount of such assets to be managed by Barings LLC pursuant to the Barings Investment Advisory Agreement will be determined by the investment committee of the Target Company. Pursuant to the Strategic Cooperation Agreement, the investment committee of the Target Company post Completion will comprise four members and the Vendor is entitled to nominate one member and all fixed income portfolio investment for the Target Company shall be managed by Barings LLC pursuant to the Barings Investment Advisory Agreement for a period of three years post Completion.

It is expected that the above agreements will be entered into prior to the dispatch of the Circular, but will only become effective on Completion. The Company will issue a further announcement when the agreements are entered into to provide further details of the agreements as well as the Listing Rules implications for the transactions contemplated under these agreements, including proposed annual caps where applicable. Any of the above agreements requiring independent Shareholders' approval under the Listing Rules, together with the proposed annual caps, will be considered and voted on at the EGM.

Apart from the above agreements, MMLIC and the Company shall enter into the Trademark Assignment Agreement, pursuant to which MMLIC shall assign to the Company its rights to the standalone mark “萬通” in Hong Kong, Macau and the PRC, subject to certain limitations of use and disposition. No consideration is payable to MMLIC for the assignment of the mark under the Trademark Assignment Agreement. The transactions under the Trademark Assignment Agreement, when consummated, will constitute an exempt connected transaction of the Company. MMLIC will retain rights in certain other marks that incorporate those characters.

### **INFORMATION ON THE TARGET GROUP**

The Target Company 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, and MMT, an indirect wholly-owned subsidiary of the Target Company, is an MPF approved trustee. The Target Company operates in Macau through a branch office and is licensed to sell life insurance products in Macau.

The Target Company holds a 10% interest in MassMutual Life Insurance Company K.K., a joint stock corporation incorporated under the laws of Japan. It is a condition precedent to the Completion of the Share Purchase Agreement that the Target Company shall have transferred all of its interest in MassMutual Life Insurance Company K.K., by way of dividend distribution to the Vendor.

## Financial Information

The following table sets out the key financial information of the Target Company derived from its audited consolidated income statement and consolidated revenue account prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRS”) and the ICO for the two years ended 31 December 2015 and 2016:

	<b>For the year ended 31 December</b>	
	<b>2016 (HK\$ million)</b>	<b>2015 (HK\$ million)</b>
Total premium and fee income reported under the ICO	6,875	5,625
Less: Premium deposits separated out from insurance contracts and recognition of fee income	(3,289)	(2,485)
Premium and fee income recognized in the income statements of HKFRS	3,586	3,140
Net earned premium and fee income ( <i>Note 1</i> )	2,899	3,008
Net investment income and other income ( <i>Note 2</i> )	1,146	632
Reinsurance commission and profit commission	467	19
Total income	4,512	3,659
Net policyholders benefit ( <i>Note 3</i> )	(1,505)	(984)
Commission and related expenses	(1,219)	(1,104)
Management and other expenses ( <i>Note 4</i> )	(455)	(438)
Change in future policyholder benefits and deferred acquisition costs ( <i>Note 5</i> )	(167)	(424)
Total expenses	(3,346)	(2,950)
Profit before tax	1,166	709
Income tax	(47)	(41)
Profit after tax	1,119	668

Notes:

1. Represents premium and fee income less reinsurance premium ceded and increase in unearned revenue liability.
2. Represents the summation of net investment and other income, interest income from bank deposits and other operating income.
3. Represents the summation of net claims, policy benefits and surrenders, interest credited to policyholders’ deposits and dividends to policyholders.
4. Represents the summation of management expenses and investment management and other operating expenses.
5. Represents the summation of the increase in deferred acquisition costs and the increase in future policyholders’ benefits for insurance contracts and investment contracts.

There was no income recognizable from MM Japan in the Target Group's income statements for the two years ended 31 December 2015 and 2016.

The Target Company measures its business volumes by referring to the total premium and fee income ("TPI") reported under the ICO. TPI consists of full amount of single premium, first year regular premium and renewal regular premium before reinsurance, and includes deposits and contributions for contracts. In preparing the financial statements in accordance with HKFRS, the Target Company chooses to unbundle the deposit component of insurance contracts from TPI and such deposit component is credited directly to the policyholders' deposit upon receipt. Therefore, the revenue recognized in the financial statements prepared under HKFRS is less than TPI.

The Target Group considers TPI as important measure of the Group's operating performance and believe they are frequently used by analysts, investors and other interested parties in the evaluation of insurance companies. The Target Group's management also uses TPI as additional measurement tool for purposes of business decision-making. TPI is not measure of operating performance under HKFRS and should not be considered as a substitute for, or superior to, profit before tax in accordance with HKFRS.

### Business Volume

The tables below set forth the TPI of the Target Company by (i) geographical region, (ii) distribution channel and (iii) product type based on internal records of the Target Company.

#### (i) By geographical region

	For the year ended 31 December			
	2016		2015	
	(HK\$ million)	%	(HK\$ million)	%
Hong Kong	6,039	88	4,988	89
Macau	836	12	637	11
	<u>6,875</u>	<u>100</u>	<u>5,625</u>	<u>100</u>

#### (ii) By distribution channel

	For the year ended 31 December					
	2016			2015		
	(HK\$ million)			(HK\$ million)		
	Hong Kong	Macau	Total	Hong Kong	Macau	Total
Tied agency	3,653	715	4,368	3,321	549	3,870
Banks and other financial institution	325	74	399	279	52	331
Brokers and non-tied agency	2,061	47	2,108	1,388	36	1,424
	<u>6,039</u>	<u>836</u>	<u>6,875</u>	<u>4,988</u>	<u>637</u>	<u>5,625</u>

(iii) *By product type*

	For the year ended 31 December					
	2016 (HK\$ million)			2015 (HK\$ million)		
	Hong Kong	Macau	Total	Hong Kong	Macau	Total
Regular premium -First year	1,091	244	1,335	874	180	1,054
Regular premium-Renewal	4,159	544	4,703	3,597	419	4,016
Single premium	789	48	837	517	38	555
	<u>6,039</u>	<u>836</u>	<u>6,875</u>	<u>4,988</u>	<u>637</u>	<u>5,625</u>

**Assets and Liabilities**

The following table sets out the key financial information with respect to the assets and liabilities of the Target Company extracted from its audited consolidated statements of financial position prepared in accordance with HKFRS as at 31 December 2016 and 31 December 2015.

	As at 31 December	
	2016 (HK\$ million)	2015 (HK\$ million)
Investments ( <i>Note 1</i> )	34,959	29,176
Cash and deposits	1,021	1,023
Deferred acquisition costs	7,769	7,429
Other assets	711	649
Total assets	<u>44,460</u>	<u>38,277</u>
Insurance contract provisions	33,014	29,399
Investment contract liabilities	3,651	2,861
Other payable	1,012	794
Total liabilities	<u>37,677</u>	<u>33,054</u>
Net assets	<u>6,783</u>	<u>5,223</u>

Note:

1. Includes investment in unlisted equity securities in MassMutual Life Insurance Company K.K. (“MM Japan”). As at 31 December 2016, the Target Company holds 10% (31 December 2015: 9.46%) equity interests in MM Japan, and the fair value of such equity interests amounted to HK\$1,225 million as at 31 December 2016 (31 December 2015: HK\$866 million).

## Investments

The table below sets forth the asset allocation of the investment portfolio of the Target Company as at 31 December 2015 and 2016 as extracted from the audited financial statements of the Target Company for the years ended 31 December 2015 and 2016.

	As at 31 December	
	2016 (HK\$ million)	2015 (HK\$ million)
Debt securities	21,099	16,410
Mortgage loans	5,037	4,151
Equity securities	1,763	1,170
	<hr/>	<hr/>
	27,899	21,731
Unit trusts	7,060	7,445
	<hr/>	<hr/>
	34,959	29,176

Based on internal records of the Target Company, as at 31 December 2016, 88% (2015: 87%) of the debt securities invested by the Target Company have Standard and Poor's rating of BBB or above or equivalent rating from other reputable rating agencies.

The total amount of equity securities set out above includes investment in MM Japan, and the fair value of the 10% equity interests held by the Target Company in MM Japan as at 31 December 2016 (31 December 2015: 9.46%) amounted to HK\$1,225 million (31 December 2015: HK\$866 million)

The table below sets forth the total investment income of the Target Company based on internal records of the Target Company:

	For the year ended 31 December	
	2016 (HK\$ million)	2015 (HK\$ million)
Interest income and others	993	851
Dividend income	31	57
Net realized/unrealized gain/loss	2	35
	<hr/>	<hr/>
	1,026	943

The investment income excludes income arising from investment link products.

## Regulatory Capital

The table below sets forth a summary of the total available capital and Solvency Ratio of the Target Company.

	<b>As at 31 December 2016</b>	<b>2015</b>
	<b>(HK\$ million)</b>	<b>(HK\$ million)</b>
Total available capital	3,551	2,712
Regulatory minimum capital	1,406	1,200
Solvency Ratio	253%	226%

## Other Key Operational Data

The table below sets forth certain other key operational data of the Target Company.

	<b>As at 31 December 2016</b>	<b>2015</b>
Market position/share (by regular premium income)	10/2%	11/2%
Number of employees	351	339
- <i>Hong Kong</i>	336	326
- <i>Macau</i>	15	13
Number of tied agents	2,993	2,773
- <i>Hong Kong</i>	2,133	2,091
- <i>Macau</i>	860	682
Number of brokers and non-tied agents	459	440
Number of bancassurance partners	6	6
MDRT qualifiers ( <i>Note 1</i> )	144	120
Agent retention rate ( <i>Note 2</i> )	90%	91%

Notes:

1. Million Dollar Round Table (MDRT) is a global professional association of life insurance and financial services professionals that recognizes significant sales achievements and high service standards.
2. Agent retention rate is calculated with reference to the percentage of agents remaining with the Target Company from month to month in the past 12 months.

The Company will engage an external professional party to opine on the Embedded Value and Value of New Business of the Target Company and the report of such external professional party will be included in the Circular.

## **INFORMATION ON THE VENDOR**

The Vendor is a limited liability company formed under the laws of the State of Delaware, the United States of America. The Vendor 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. The sole member of the Vendor is MMLIC. As a mutual life insurance company incorporated in the United States, MMLIC does not have any shareholders.

To the best knowledge, information and belief of the Directors, after having made all reasonable enquiries, the Vendor and its ultimate beneficial owners are not connected persons of the Company and are independent of the Company and its connected persons.

## **INFORMATION ON THE OTHER INVESTORS**

### ***Meyu International***

Meyu International is a company incorporated in Hong Kong with limited liability. Its primary business is investment holding. It is wholly-owned by Ms. Lu Xiaoyun. Ms. Lu is a professional investor in the investment management and asset management sector and has invested in multiple companies in the financial services sector.

### ***City-Scape***

City-Scape is a private limited company organised and existing under the laws of Singapore. It is an investment vehicle managed by GIC's private equity group. GIC is one of the world's leading sovereign wealth funds established in 1981 to manage Singapore's foreign reserves.

### ***API (Hong Kong)***

API (Hong Kong) is a wholly-owned subsidiary of Ant Financial. Ant Financial and its subsidiaries are focused on serving small and micro enterprises as well as consumers. Ant Financial is dedicated to building an open data and technology ecosystem to provide inclusive finance globally, working together with financial institutions and other parties. Businesses operated by Ant Financial and its subsidiaries include payment, wealth management, lending, insurance and credit system.

### ***Sheen Light***

Sheen Light is a privately owned investment company that focuses on investing in enterprises with long-term growth potentials. It was founded in 1997 in Hong Kong by a well-known Mainland entrepreneur Mr. Baoguo Zhu, who serves as Chairman of Joicare Pharmaceutical Industry Group Co., Ltd. and Livzon Pharmaceutical Group Inc. The two companies are publicly traded on China's A-share stock market. Sheen Light is held as to 51% by Mr. Zhu and as to the remaining 49% by Mrs. Zhu.



## **SINA**

SINA is a leading online media company serving China and the global Chinese communities. SINA's digital media network of SINA.com (portal), SINA Mobile (mobile portal and mobile apps) and Weibo (social media) enables Internet users to access professional media and user generated content in multi-media formats from personal computers and mobile devices and share their interests with friends and acquaintances.

## ***Harvest Billion***

Harvest Billion is an investment company found by Mr. Chen Yihong in Hong Kong for undertaking the principal overseas investments of Mr. Chen. Mr. Chen Yihong is the chairman of China Dongxiang (Group) Co., Ltd., a company listed on the Main Board of the Stock Exchange (Stock Code: 3818) and has been committed to sports equipment retail, fashion and other investment businesses in China, Hong Kong and Macau. Mr. Chen founded China Dongxiang (Group) Co., Ltd., a leading sports equipment company in China, and acquired the ownership of Kappa (an Italian brand) in China. Mr. Chen has over 20 years' extensive experience in corporate operations and investments.

## ***Giant Investment (HK)***

Giant Investment (HK) is a wholly-owned subsidiary of Giant Network Group Co., Ltd., a company listed on the Shenzhen Stock Exchange (002558.SZ). Giant Network Group Co., Ltd is an integrated Internet company with three core business segments: Internet entertainment, Internet finance and Internet healthcare.

## **RELATIONSHIP BETWEEN OTHER INVESTORS AND THE COMPANY**

API (Hong Kong) is a wholly-owned subsidiary of Ant Financial. Ant Financial is a company established under the laws of the PRC and its majority voting right is indirectly held by Mr. Ma Yun. Mr. Ma Yun holds 29.85% in Yunfeng Financial Holdings Limited, an indirect corporate controlling shareholder of the Company, whilst the remaining 70.15% is held by Mr. Yu Feng, the chairman and a non-executive Director. Mr. Yu Feng and Mr. Ma Yun are also the shareholders of Yunfeng Capital, a private equity firm, owned as to 60% by Mr. Yu Feng and 40% by Mr. Ma Yun. GIC, Mr. Zhu, SINA, Mr. Chen Yihong and Mr. Shi Yuzhu (the controlling shareholder of Giant Network Group Co., Ltd.), in each case through their respective investment entities, have invested in funds managed by Yunfeng Capital, in each case a minority economic interest in the relevant fund and Yunfeng Capital is a minority shareholder of Ant Financial. As at the date of this announcement, First Call Investments (a company wholly-owned by Mr. Zhu) and Deep Prime (a company wholly-owned by Mrs. Zhu) are interested in 1,000,000 Shares and 4,348,000 Shares, representing approximately 0.04% and 0.18% of the issued share capital of the Company, respectively.

Save as disclosed above, to the best knowledge, information and belief of the Directors, after having made all reasonable enquiries, each of the Other Investors and their respective ultimate beneficial owners are not connected persons of the Company and are independent of the Company and its connected persons, and that none of the Other Investors are Shareholders.

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

The Group is principally engaged in the provision of financial services, including securities brokerage, wealth management and investment, corporate finance consultancy, ESOP (Employee Stock Ownership Plan) administration, and investment research. The Group has developed and uses fintech to deliver a growing number of its services.

The long term vision of the Group is to leverage its fintech capabilities to develop a financial service ecosystem comprising information technology and online and offline platforms that offer a broad range of financial services and products along with high quality expert advice.

The Target Company is a well-established insurance company in Hong Kong with strong brand recognition. It has a proven profitable track record, with strong cash flows and solvency position. The Directors believe that the Acquisition will be accretive to the Group's net asset value per Share, and that upon completion of the Acquisition, the Target Company, as a subsidiary of the Group, will provide a stable source of revenue to the Group.

The Target Company offers a wide spectrum of insurance and wealth management products as well as MPF products. The Acquisition will provide an opportunity to broaden and enrich the product offering of the Group by extending the Group's existing wealth management and investment services through the introduction of the Target Company's insurance and annuity products, which the Company considers are products that are indispensable in overall financial planning and personal wealth management. The Company considers that a broader product portfolio will generate further growth for the Company.

The Target Company is characterized by its strong distribution capability featured by its well-trained tied-agent team. The Acquisition will allow the Group to combine the efforts of the tied-agent team of the Target Company and the Group's existing team of software engineers in the provision of high quality expert and professional advice, which would enhance customer experience and further strengthen its online to offline (O2O) capabilities. In addition, the Acquisition will also enable internal cross-referrals of existing customers of the Group and the Target Company, thereby facilitating a wider customer reach and further expanding the Company's financial service ecosystem which covers an expansive range of financial products and services.

After completion of the Acquisition, the Group will continue its existing financial services business and the Company believes that the Group's existing financial services business (including its wealth management and investment services) and the insurance and annuity businesses of the Target Group will complement and create synergies for each other. In addition, upon Completion, the Vendor will become the second largest shareholder of the Company and the strategic cooperation between the Vendor and the Group pursuant to the Strategic Cooperation Agreement will provide a valuable opportunity to leverage their respective resources and expertise, further enhancing brand recognition, and bring mutual benefits to both the Group and the Vendor.

The Company plans to continue the employment of the Target Group's employees and agency force. It is expected that the senior management team of the Target Group will remain intact after Completion and the new shareholders of the Target Company (including the Company) will fund a retention program after Completion.

Mr. Yu Feng, Mr. Huang Xin and Mr. Huang Youlong have abstained from voting on the relevant Board resolutions to approve, among other things, the Acquisition. Mr. Yu Feng is a 70.15% shareholder of Yunfeng Financial Holdings Limited which is a 91% shareholder of Key Imagination and Mr. Huang Xin is the sole shareholder of Perfect Merit Limited which is a 9% shareholder of Key Imagination. Key Imagination is a 73.21% shareholder of Jade Passion, Mr. Huang Youlong is the sole shareholder of Asia Newpower Group Inc. which is in turn the sole shareholder of Gold Ocean Investments Group Inc. and Gold Ocean Investments Group Inc. is a 26.79% shareholder of Jade Passion, Jade Passion is a party acting in concert with the Vendor. In addition, Dr. Wong Yau Kar, David, *BBS, JP* has volunteered to abstain from voting on the relevant Board resolutions to approve, among other things, the Acquisition to avoid a perception of conflict of interest since he is the Chairman of the MPFA and that the obtaining of the prior written consent of the MPFA to the proposed change of the substantial shareholders of MMT in its capacity as the approved trustee of the MASS Mandatory Provident Fund Scheme and the written approval of the MPFA to the proposed revised offering documents of the MASS Mandatory Provident Fund Scheme is one of the Conditions.

The Directors (excluding the Directors who have abstained from voting as set out above and the members of the Independent Board Committee who will express their opinion after considering the advice of the Independent Financial Adviser) consider that the terms and conditions of the Acquisition are on normal commercial terms and that the Acquisition and the Sheen Light Acquisition (as a special deal for the purpose of Rule 25 of the Takeovers Code) are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

#### **FUND RAISING ACTIVITY OF THE COMPANY IN THE PAST TWELVE-MONTH PERIOD**

The Group has not carried out any fund raising activities during the 12 months immediately preceding the date of this announcement.

#### **WARNING**

**The Acquisition is subject to a number of Conditions, including but not limited to approvals by the HKIA, the SFC, the MPFA and the AMCM and approval of the Acquisition, the Whitewash Waiver and the Sheen Light Acquisition by the Independent Shareholders, which may or may not be fulfilled. Shareholders and potential investors of the Company should exercise caution when they deal or contemplate dealing in the Shares or other securities of the Company.**

#### **IMPLICATIONS UNDER THE TAKEOVERS CODE**

As at the date of this announcement, the Vendor does not hold any Shares. Upon Completion, the Vendor will hold approximately 24.82% of the issued share capital of the Company as enlarged by the issue of the Consideration Shares. As of the date of this announcement, Jade Passion is the single largest shareholder of the Company holding approximately 55.42% of the issued share capital of the Company. Immediately after Completion, Jade Passion will remain the single largest shareholder of the Company holding approximately 41.66% of the issued share capital of the Company as enlarged by the issue of the Consideration Shares and controlling more voting rights in the Company than the Vendor. Accordingly, there is no change in control (as defined under the Takeovers Code) of the Company immediately after Completion.

Whilst the Acquisition will not result in a change in control (as defined under the Takeovers Code) of the Company, the Vendor would, unless the Whitewash Waiver is granted by the Executive and approved by the Independent Shareholders, be obliged to make a mandatory general offer to the Shareholders for all the issued Shares other than those already owned or agreed to be acquired by the Vendor and parties acting in concert with it because under Note 1 to Rule 26.1 of the Takeovers Code, the issue of the Consideration Shares to the Vendor would result in a significant change in the make-up of the concert party group and the balance of the group (being the balance between Jade Passion and the Vendor) will change significantly. The concert party group comprises Jade Passion and the Vendor and their respective shareholders.

In this regard, the Vendor will make an application to the Executive for the Whitewash Waiver. The Whitewash Waiver, if granted by the Executive, will be subject to, among other things, the approval of the Independent Shareholders at the EGM by way of poll. The Executive may or may not grant the Whitewash Waiver. It is a non-waivable Condition of the Share Purchase Agreement that the Whitewash Waiver be granted by the Executive and approved by the Independent Shareholders. If the Whitewash Waiver is not granted by the Executive and approved by the Independent Shareholders, the transactions contemplated under the Share Purchase Agreement will not proceed.

As at the date of this announcement, the Company does not believe that the Acquisition gives rise to any concerns in relation to compliance with other applicable rules or regulations (including the Listing Rules). If a concern should arise after the release of this announcement, the Company will endeavor to resolve the matter to the satisfaction of the relevant authority as soon as possible but in any event before the despatch of the Circular. The Company notes that the Executive may not grant the Whitewash Waiver if the Acquisition does not comply with other applicable rules and regulations.

**If the Whitewash Waiver is granted by the Executive and approved by the Independent Shareholders, the aggregate shareholding of the Vendor, Key Imagination and parties acting in concert with any of them in the Company will exceed 50%. The Vendor, Key Imagination and parties acting in concert with any of them, as a group, may further increase their shareholdings in the Company without incurring further obligations under Rule 26 of the Takeovers Code to make a mandatory general offer.**

As at the date of this announcement, First Call Investments (a company wholly-owned by Mr. Zhu) and Deep Prime (a company wholly-owned by Mrs. Zhu) are interested in 1,000,000 Shares and 4,348,000 Shares, representing approximately 0.04% and 0.18% of the issued share capital of the Company, respectively. Since Sheen Light is also controlled by Mr. Zhu, the Sheen Light Acquisition constitutes a special deal under Rule 25 of the Takeovers Code, which requires the consent of the Executive. As the Sheen Light Acquisition is not capable of being extended to all Shareholders, and the benefit conferred on Mr. Zhu cannot be quantified, the Executive may, if considered appropriate, grant such consent and such consent will be conditional upon, among other things, the Independent Financial Adviser publicly stating in its opinion that the terms of the Sheen Light Acquisition are fair and reasonable and the approval of the Independent Shareholders voting by way of a poll at the EGM. An application will be made to the Executive for consent to proceed with the Sheen Light Acquisition under Rule 25 of the Takeovers Code.

## **IMPLICATIONS UNDER THE LISTING RULES**

The Acquisition constitutes a very substantial acquisition for the Company under Rule 14.06(5) of the Listing Rules as one or more of the relevant percentage ratios under Rule 14.07 of the Listing Rules for the Acquisition are over 100%. Accordingly, the Acquisition is subject to the reporting, announcement and Shareholders' approval requirements under the Listing Rules.

As disclosed above under the section headed "Implications under the Takeovers Code", although the issue of the Consideration Shares to the Vendor would result in a significant change in the make-up of the concert party group (the concert party group comprises Jade Passion and the Vendor and their respective shareholders) and the balance of the group (being the balance between Jade Passion and the Vendor) will change significantly under Note 1 to Rule 26.1 of the Takeovers Code, obliging the Vendor, unless the Whitewash Waiver is granted by the Executive and approved by the Independent Shareholders, to make a mandatory general offer to the Shareholders for all the issued Shares other than those already owned or agreed to be acquired by the Vendor and parties acting in concert with it, the Acquisition will not result in a change in control (as defined under the Takeovers Code) of the Company. Accordingly, the Acquisition does not constitute a reverse takeover under Rule 14.06(6) of the Listing Rules.

## **THE LISTING COMMITTEE'S DECISION**

The Listing Committee has determined that the Acquisition is an extreme very substantial acquisition which is not subject to reverse takeover rules. Enhanced disclosure comparable to the standard for listing documents for new listing applicants will be required in the Circular. Reorient Financial Markets Limited (a wholly-owned subsidiary of the Company) and J.P. Morgan have been appointed as financial advisers to the Company to provide financial advice in relation to the Acquisition. J.P. Morgan will also conduct due diligence with reference to Practice Note 21 to the Listing Rules as clarified under the Stock Exchange's Guidance Letter HKEx-GL78-14.

## **INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER**

Pursuant to the Takeovers Code, the Independent Board Committee comprising Mr. Ko Chun Shun, Johnson, a non-executive Director, and Mr. Lin Lijun, Mr. Qi Daqing and Mr. Chu Chung Yue, Howard, being the independent non-executive Directors, has been established to advise the Independent Shareholders in relation to the Acquisition, the Specific Mandate, the Whitewash Waiver and the Sheen Light Acquisition. Given that (i) Mr. Yu Feng, the Chairman and a non-executive Director, is a 70.15% shareholder of Yunfeng Financial Holdings Limited which is a 91% shareholder of Key Imagination and that Key Imagination is a 73.21% shareholder of Jade Passion; (ii) Ms. Hai, Olivia Ou, a non-executive Director, was involved in the discussions and negotiations on behalf of the Company with the Vendor in relation to the Acquisition; (iii) Mr. Huang Youlong, a non-executive Director, is the sole shareholder of Asia Newpower Group Inc., being the sole shareholder of Gold Ocean Investments Group Inc. which is in turn a 26.79% shareholder of Jade Passion; and (iv) Dr. Wong Yau Kar, David, *BBS, JP*, an independent non-executive Director, is the Chairman of the MPFA and that the obtaining of the prior written consent of the MPFA to the proposed change of the substantial shareholders of MMT in its capacity as the approved trustee of the MASS Mandatory Provident Fund Scheme and the written approval of the MPFA to the

proposed revised offering documents of the MASS Mandatory Provident Fund Scheme is one of the Conditions, Mr. Yu Feng, Ms. Hai, Olivia Ou, Mr. Huang Youlong and Dr. Wong Yau Kar, David, *BBS, JP* have not been included in the Independent Board Committee.

An Independent Financial Adviser will be appointed to advise the Independent Board Committee and the Independent Shareholders in relation to the Acquisition, the Specific Mandate, the Whitewash Waiver and the Sheen Light Acquisition. An announcement will be made upon the appointment of the Independent Financial Adviser.

## **THE EGM**

The EGM will be held to consider and, if thought fit, pass the resolutions to approve, among other things: (i) the Share Purchase Agreement and the transactions contemplated thereunder; (ii) the Specific Mandate under which the Consideration Shares will be allotted and issued in accordance with the Share Purchase Agreement; (iii) the Whitewash Waiver; (iv) the Sheen Light Acquisition; (v) the appointment of the Directors to be nominated by the Vendor; and (vi) the Proposed Continuing Connected Transactions that require independent Shareholders' approval under the Listing Rules (if any).

The resolutions at the EGM will be voted on by the Independent Shareholders by way of poll.

As at the date of this announcement, (i) the Vendor and its associates do not hold any Shares; (ii) Jade Passion (a company owned as to approximately 73.21% by Key Imagination) is interested in 1,342,976,000 Shares, representing approximately 55.42% of the issued share capital of the Company; and (iii) First Call Investments (a company wholly-owned by Mr. Zhu) and Deep Prime (a company wholly-owned by Mrs. Zhu) are interested in 1,000,000 Shares and 4,348,000 Shares, representing approximately 0.04% and 0.18% of the issued share capital of the Company, respectively. Since (i) Key Imagination is a party to the Shareholders Agreement and hence a party acting in concert with the Vendor and (ii) Sheen Light (a company owned as to 51% by Mr. Zhu) is a party to the Share Purchase Agreement, Jade Passion, First Call Investments and Deep Prime will abstain from voting on the resolutions to approve (i) the Share Purchase Agreement and the transactions contemplated thereunder; (ii) the Specific Mandate under which the Consideration Shares will be allotted and issued in accordance with the Share Purchase Agreement; (iii) the Whitewash Waiver; (iv) the Sheen Light Acquisition; (v) the appointment of the Directors to be nominated by the Vendor; and (vi) the Proposed Continuing Connected Transactions that require independent Shareholders' approval under the Listing Rules (if any).

Save as disclosed above, no Shareholder has a material interest in the Share Purchase Agreement and the transactions contemplated thereunder, and therefore no Shareholder (other than Jade Passion, First Call Investments and Deep Prime) is required to abstain from voting on the proposed resolutions to approve (i) the Share Purchase Agreement and the transactions contemplated thereunder; (ii) the Specific Mandate under which the Consideration Shares will be allotted and issued in accordance with the Share Purchase Agreement; (iii) the Whitewash Waiver; (iv) the Sheen Light Acquisition; (v) the appointment of the Directors to be nominated by the Vendor; and (vi) the Proposed Continuing Connected Transactions that require independent Shareholders' approval under the Listing Rules (if any), at the EGM.

## **Lock-up Undertaking**

Key Imagination, an indirect controlling shareholder of the Company which holds 73.21% of Jade Passion, which in turn holds approximately 55.42% of the Company as at the date of this announcement, has undertaken to the Vendor that prior to Completion or the termination of the Share Purchase Agreement, whichever is earlier, it will not dispose of any Shares held by it or its affiliates or any voting interest of such Shares.

## **DELAY IN DISPATCH OF CIRCULAR**

The Company will dispatch a circular in accordance with requirements under the Listing Rules and the Takeovers Code, which will contain, among other things, (i) further details of the Acquisition and the Specific Mandate; (ii) further details of the Whitewash Waiver; (iii) further details of the Sheen Light Acquisition (as a special deal for the purpose of Rule 25 of the Takeovers Code); (iv) financial information of the Group; (v) financial information of the Target Group; (vi) the unaudited pro forma financial information of the Group (including the Target Group) assuming Completion takes place; (vii) the names and biographies of the Directors to be nominated by the Vendor; (viii) further details of the Proposed Continuing Connected Transactions that require independent Shareholders' approval under the Listing Rules (if any); (ix) the recommendation of the Independent Board Committee to the Independent Shareholders in respect of the Acquisition, the Whitewash Waiver and the Sheen Light Acquisition; (x) the letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders on the Acquisition, the Whitewash Waiver and the Sheen Light Acquisition; (xi) the notice of the EGM; and (xii) other information as required under the Listing Rules and the Takeovers Code (as the case may be).

The Circular is required to be dispatched to the Shareholders within 15 business days from the date of the announcement according to Rule 14.60(7) of the Listing Rules or within 21 days from the date of this announcement pursuant to Rule 8.2 of the Takeovers Code, whichever is the earlier. As the Acquisition is classified as an extreme very substantial acquisition and enhanced disclosure comparable to the standard for listing documents for new listing applicants will be required in the Circular, the Company is currently unable to estimate with certainty the date of dispatch of the Circular. The Company will make an application to the Executive for the Executive's consent to extend the deadline for the dispatch of the Circular under Rule 8.2 of the Takeovers Code. The Company will make a further announcement to notify the Shareholders of the expected date of dispatch of the Circular.

**Shareholders and potential investors should refer to the Circular for further details of the Acquisition, the Specific Mandate and the transactions contemplated under the Share Purchase Agreement.**

## **DEFINITIONS**

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

“Acquisition”                      the sale and purchase of the Company Target Shares as contemplated under the Share Purchase Agreement

“acting in concert”	has the meaning ascribed to it under the Takeovers Code
“AMCM”	Autoridade Monetária de Macau
“Ant Financial”	Ant Small and Micro Financial Services Group Co., Ltd.* (浙江蚂蚁小微金融服务股份有限公司), a company incorporated in the PRC
“Ant Financial Group”	Ant Financial and its subsidiaries
“API (Hong Kong)”	API (Hong Kong) Investment Limited, a company incorporated in Hong Kong and a wholly-owned subsidiary of Ant Financial, a party to the Share Purchase Agreement
“Articles”	the articles of association of the Company
“associate(s)”	has the meaning ascribed thereto in the Listing Rules
“Barings Investment Advisory Agreement”	the Fourth Amended and Restated Investment Advisory Agreement to be entered into by and between Barings LLC and the Target Company
“Board”	the board of Directors
“Business Day”	any day except a Saturday, Sunday or other day on which commercial banks in Boston, Massachusetts, Hong Kong, Macau, Beijing, PRC or Singapore are authorized or required by applicable Law to close
“Circular”	the shareholders’ circular to be dispatched to the Shareholders to provide additional information regarding, among other things, the Acquisition, the Specific Mandate, the Whitewash Waiver and the Sheen Light Acquisition
“City-Scape”	City-Scape Pte. Ltd., a private limited company organised and existing under the laws of Singapore and a party to the Share Purchase Agreement
“Co-investors Agreement”	the co-investors agreement dated 17 August 2017 entered into between the Company and the Other Investors
“Companies Ordinance”	the Companies Ordinance (Cap. 622 of the Laws of Hong Kong), as it may be amended from time to time
“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)



“Company Target Shares”	the 537,600,000 ordinary shares in the share capital of the Target Company to be acquired by the Company pursuant to the Share Purchase Agreement
“Completion”	the completion of the Acquisition pursuant to the terms and conditions of the Share Purchase Agreement
“Conditions”	the conditions precedent to Completion as described in the section headed “Share Purchase Agreement – Conditions Precedent” of this announcement
“connected person”	has the meaning ascribed thereto in the Listing Rules
“Consideration Shares”	800,000,000 Shares to be issued to the Vendor pursuant to the Share Purchase Agreement
“controlling shareholder”	has the meaning ascribed thereto in the Listing Rules
“Deep Prime”	Deep Prime Limited, a company incorporated in the British Virgin Islands which is wholly-owned by Mrs. Zhu
“Director(s)”	the director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be convened and held to consider, and if thought fit, approve, among other things, the Share Purchase Agreement and transactions contemplated thereunder, the Whitewash Waiver and the Sheen Light Acquisition
“Embedded Value”	an actuarially determined estimate of the economic value of a life insurance business based on a particular set of assumptions as to future experience, excluding any economic value attributable to future new business
“Encumbrance”	any mortgage, charge, security interest, lien, pledge, assignment by way of security, equity, claim, right of pre-emption, option, covenant, restriction, reservation, lease, trust, order, decree, judgment, title defect (including retention of title claim), conflicting claim of ownership or any other encumbrance of any nature whatsoever (whether or not perfected)
“Executive”	the Executive Director of the Corporate Finance Division of the SFC or any of his delegate(s)
“First Call Investments”	First Call Investments Limited, a company incorporated in the British Virgin Islands which is wholly-owned by Mr. Zhu
“Giant Investment (HK)”	Giant Investment (HK) Limited (巨人投資(香港)股份有限公司), a company incorporated in Hong Kong and a party to the Share Purchase Agreement

“Group”	the Company and its subsidiaries
“Harvest Billion”	Harvest Billion International Limited (滿億國際有限公司), a company incorporated in Hong Kong and a party to the Share Purchase Agreement
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“HKIA”	the Hong Kong Insurance Authority, whether the individual appointed under the ICO or the body corporate established under the ICO
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“ICO”	the Insurance Companies Ordinance (Cap. 41 of the Laws of Hong Kong) or the Insurance Ordinance (Cap. 41 of the Laws of Hong Kong), as the case may be, as it may be amended from time to time
“Independent Board Committee”	the independent board committee of the Board comprising Mr. Ko Chun Shun, Johnson, a non-executive Director, and Mr. Lin Lijun, Mr. Qi Daqing and Mr. Chu Chung Yue, Howard, being the independent non-executive Directors established pursuant to the Takeovers Code to consider, and if thought fit, give a recommendation to the Independent Shareholders in respect of the Acquisition, the Whitewash Waiver and the Sheen Light Acquisition
“Independent Financial Adviser”	the independent financial advisers to be appointed to advise the Independent Board Committee and the Independent Shareholders in respect of the Acquisition, the Whitewash Waiver and the Sheen Light Acquisition
“Independent Shareholders”	the Shareholders other than (i) the Vendor and its associates; (ii) any parties acting in concert with the Vendor; (iii) Jade Passion and its shareholders and any parties acting in concert with it; (iv) First Call Investments; (v) Deep Prime; and (vi) any parties involved or interested in the Acquisition, the Whitewash Waiver and/or the Sheen Light Acquisition
“inside information”	has the meaning ascribed thereto in the SFO
“Inside Information Provisions”	has the meaning ascribed thereto in the Listing Rules
“Investor Rights Agreement”	the investor rights agreement to be entered into at Completion between Company and the Vendor
“Issue Price”	the per share price of HK\$6.50 for the issue of each Consideration Share

“Jade Passion”	Jade Passion Limited, a company incorporated under the laws of the British Virgin Islands and a controlling shareholder of the Company
“J.P. Morgan”	J.P. Morgan Securities (Asia Pacific) Limited and/or (where applicable) its relevant affiliates (including J.P. Morgan Securities (Far East) Limited)
“Key Imagination”	Key Imagination Limited, a company incorporated under the laws of the British Virgin Islands and a 73.21% shareholder of Jade Passion
“Last Trading Day”	17 August 2017, being the last trading day for the Shares before the entering into of the Share Purchase Agreement
“LIBOR”	the London interbank offered rate administered by ICE Benchmark Administration Limited (or any other person which takes over the administration of that rate) for deposits in US dollars for a period of one day displayed at 11:00 a.m. (London time) on the relevant calculation date on page LIBOR01 of the Thomson Reuters screen (or any replacement Thomson Reuters page which displays that rate) or on the appropriate page of such other information service which publishes that rate from time to time in place of Thomson Reuters
“Listing Committee”	has the meaning ascribed thereto in the Listing Rules
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Long Stop Date”	19 November 2018, provided that if on 19 November 2018 the Condition set out in paragraph (b) under the section head “Share Purchase Agreement – Conditions Precedent” in this announcement relating to consents from government authority (the “Regulatory Consent Condition”) shall not have been fulfilled but all other Conditions have been fulfilled (other than Conditions to be satisfied at Completion) then the Long Stop Date shall be extended until 18 February 2019 and if the Regulatory Consent Condition is not fulfilled by 18 February 2019, the Long Stop Date will be further extended to such date as the Company and the Vendor shall discuss and agree in good faith;
“MassMutual Financial Group”	MMLIC and its affiliates
“Meyu International”	Meyu International Company Limited (覓優國際有限公司), a company incorporated in Hong Kong and a party to the Share Purchase Agreement

“MM Japan Carve-out”	the transfer by the Target Company of all of its interest in MassMutual Life Insurance Company K.K., by way of dividend distribution to the Vendor, prior to Completion
“MMLIC”	Massachusetts Mutual Life Insurance Company, a mutual life insurance company incorporated in the United States and the sole member of the Vendor
“MMT”	MassMutual Trustees Limited, a company incorporated under the laws of Hong Kong and an indirect subsidiary of the Target Company, which is an MPF approved trustee
“MPF”	mandatory provident fund
“MPFA”	the Mandatory Provident Fund Schemes Authority of Hong Kong
“Mr. Zhu”	Mr. Baoguo Zhu, a 51% shareholder of Sheen Light (one of the Other Investors) and the sole shareholder of First Call Investments
Mrs. Zhu	Ms. Liu Guangxia, the spouse of Mr. Baoguo Zhu, a 49% shareholder of Sheen Light (one of the Other Investors) and the sole shareholder of Deep Prime
“Nomination Committee”	the nomination committee of the Board
“Other Investors”	Meyu International, City-Scape, API (Hong Kong), SINA, Sheen Light, Harvest Billion and Giant Investment (HK)
“Other Investors Target Shares”	the total of 358,400,000 ordinary shares in the share capital of the Target Company to be acquired by the Other Investors pursuant to the Share Purchase Agreement
“Permitted Transfers”	the transfer of the Shares by Jade Passion to (i) a third party pursuant to an on-market sale; (ii) Asia Newpower Group Inc., Gold Ocean Investments Group Inc. or any of their respective affiliates, up to such number of Shares reflecting the attributable interest of Asia Newpower Group Inc. and Gold Ocean Investments Group Inc. (through Jade Passion) in the Company, provided that the direct or indirect interest of Asia Newpower Group Inc., Gold Ocean Investments Group Inc. and their respective affiliates in Jade Passion shall not exceed 26.79% of Jade Passion; (iii) Ant Financial or its controlled affiliates; or (iv) any affiliate of Jade Passion, in each case in accordance with the terms of the Shareholders Agreement
“Policies Endorsement Fee Agreement”	the policies endorsement fee agreement to be entered into by and between MMLIC and the Target Company

“PRC” or “China”	the People’s Republic of China, which for the purpose of this announcement excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Proposed Continuing Connected Transactions”	the proposed continuing connected transactions contemplated under the Transitional Services Agreement, Trademark License Agreement, Policies Endorsement Fee Agreement and Barings Investment Advisory Agreement, as described in the section headed “Proposed Continuing Connected Transactions” of this announcement
“Purchasers”	the Company and the Other Investors
“Selected Bank”	a bank to be mutually agreed between the Company and the Vendor
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong), as it may be amended from time to time
“Share(s)”	ordinary shares in the share capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“Shareholders Agreement”	the shareholders agreement to be entered into at Completion between Key Imagination and the Vendor
“Share Purchase Agreement”	the share purchase agreement dated 17 August 2017 entered into between the Purchasers and the Vendor
“Sheen Light”	Sheen Light Development Limited (信暉發展有限公司), a company incorporated in Hong Kong and a party to the Share Purchase Agreement
“Sheen Light Acquisition”	the sale and purchase of the Sheen Light Target Shares as contemplated under the Share Purchase Agreement
“Sheen Light Target Shares”	the 44,800,000 ordinary shares in the share capital of the Target Company to be acquired by Sheen Light pursuant to the Share Purchase Agreement
“SINA”	SINA Corporation (新浪公司), a company incorporated in the Cayman Islands and a party to the Share Purchase Agreement
“Solvency Ratio”	the ratio expressed as a percentage, of the surplus to the required solvency margin of the Target Company, as determined at the relevant time in accordance with the ICO and its subsidiary legislation and based on standards required by the ICO and methodology consistently applied by the Target Company

“Specific Mandate”	the specific mandate to be granted to the Directors by the Shareholders at the EGM to allot and issue the Consideration Shares to the Vendor
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Strategic Cooperation Agreement”	the strategic cooperation agreement to be entered into by and among the Company, MMLIC and API (Hong Kong)
“substantial shareholder”	has the meaning ascribed thereto in the Listing Rules
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“Target Company”	MassMutual Asia Limited, a limited liability company incorporated under the laws of Hong Kong
“Target Group”	the Target Company and its subsidiaries
“Target Shares”	the 896,000,000 ordinary shares in the share capital of the Target Company, which together comprise the entire issued share capital of the Target Company
“Trademark Assignment Agreement”	the trademark assignment agreement to be entered into by and between the Company and MMLIC
“Trademark License Agreement”	the license agreement to be entered into by and among the Company, the Target Company and MMLIC
“Transitional Services Agreement”	the transitional services agreement to be entered into by and between the Target Company and the Vendor
“US dollars”	United States dollars, the lawful currency of the United States of America
“US GAAP”	the generally accepted accounting principles as applied in the United States
“Value of New Business”	the present value, measured at point of sale, of projected after-tax statutory profits emerging in the future from new business sold in the period less the cost of holding required capital in excess of regulatory reserves to support this business
“Vendor”	MassMutual International LLC

“Whitewash Waiver” the whitewash waiver as may be granted by the Executive pursuant to Note 1 on dispensations from Rule 26 of the Takeovers Code from the obligation of the Vendor to make a mandatory general offer for all the issued Shares other than those already owned or agreed to be acquired by the Vendor and parties acting in concert with it as a result of the Company allotting and issuing the Consideration Shares

“%” per cent.

*\* English name included for identification purposes only.*

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

Hong Kong, 17 August 2017

*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. Ko Chun Shun, Johnson, Ms. Hai, Olivia Ou and Mr. Huang Youlong (who are non-executive directors), and Mr. Lin Lijun, Mr. Qi Daqing, Mr. Chu Chung Yue, Howard and Dr. Wong Yau Kar, David, BBS, JP (who are independent non-executive directors).*

*The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this announcement (other than that relating to the Target Group, the Vendor and parties acting in concert with it) and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this announcement (other than those expressed by the managers of the Vendor) have been arrived at after due and careful consideration and there are no other facts not contained in this announcement the omission of which would make any statement in this announcement misleading.*

*As at the date of this announcement, the board of managers of the Vendor comprises Mr. Roger W. Crandall, Ms. Elizabeth A. Ward, Mr. Adnan O. Ahmed and Mr. Gareth Ross. The managers of the Vendor jointly and severally accept full responsibility for the accuracy of the information contained in this announcement relating to the Target Group, the Vendor and any parties acting in concert with it (other than Key Imagination and its associated companies) and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this announcement (other than those expressed by the Directors) have been arrived at after due and careful consideration and there are no other facts not contained in this announcement the omission of which would make any statement in this announcement misleading.*

*As at the date of this announcement, the sole director of Key Imagination is Mr. Yu Feng. The sole director of Key Imagination accepts full responsibility for the accuracy of the information contained in this announcement relating to Key Imagination and its associated companies (other than the Vendor, the Target Group and the Group) and confirm, having made all*

*reasonable enquiries, that to the best of his knowledge, opinions expressed in this announcement (other than those expressed by the Directors or managers of the Vendor) have been arrived at after due and careful consideration and there are no other facts not contained in this announcement the omission of which would make any statement in this announcement misleading.*