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(Incorporated in Hong Kong with limited liability under the Companies Ordinance)

The holding company of Dah Sing Bank, Limited

(Stock code: 2356)

## **CONTINUING CONNECTED TRANSACTIONS**

On 31 December 2019, various agreements with respect to (i) insurance services; (ii) computer and administrative services; and (iii) distribution and agency agreements and other business referral services were entered into between members of the DSFH Group and the Group. As DSFH is the substantial shareholder of the Company, members of the DSFH Group constitute connected persons of the Company under the Listing Rules. The transactions contemplated under each of the agreements, which will be conducted on an on-going basis, also constitute continuing connected transactions under the Listing Rules.

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

The Board (including the independent non-executive Directors) considers that the relevant agreements (and the continuing connected transactions contemplated under them) were entered into on normal commercial terms or on terms no less favourable than those available to independent third parties and were entered into on a continuing and regular basis and in the ordinary and usual course of business of the Company, are fair and reasonable and in the interests of the Company and the Shareholders as a whole, and that the annual caps for each of the continuing connected transactions contemplated under the relevant agreements for each of the three years ending 31 December 2020, 2021 and 2022 are fair and reasonable.

### **1. INTRODUCTION**

On 31 December 2019, various agreements with respect to (i) insurance services; (ii) computer and administrative services; and (iii) distribution and agency agreements and other business referral services were entered into between members of the DSFH Group and the Group. As DSFH is the substantial shareholder of the Company, members of the DSFH Group constitute connected persons of the Company under the Listing Rules. The transactions contemplated under each of the agreements, which will be conducted on an on-going basis, also constitute continuing connected transactions under the Listing Rules.

### **2. PARTIES AND CONNECTION OF THE PARTIES**

The Company is a company incorporated in Hong Kong, whose shares are listed on the Stock Exchange. It is the holding company of various subsidiaries including DSB and BCM, both of which conduct banking business.

- **DSB**

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

- **BCM**

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

The Company, through its respective banking and insurance brokerage subsidiaries, has been conducting continuing connected transactions with DSFH and/or members of the DSFH Group:

- **DSFH**

DSFH is a company incorporated in Hong Kong, whose shares are listed on the Stock Exchange. DSFH is a substantial shareholder of the Company, holding, as at the date of this announcement, approximately 74.37% of the issued share capital of the Company, and is therefore a connected person of the Company pursuant to the Listing Rules. DSFH is the company holding the insurance interests of the DSFH Group, and as at the date of this announcement, is the holding company of certain subsidiaries including DSI (1976), DSIA and MIC, which are engaged in general insurance or insurance-related businesses.

- **DSI (1976)**

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

- **DSIA**

DSIA is a company incorporated in Hong Kong. DSIA is a direct wholly owned subsidiary of DSFH and is an insurance agent in Hong Kong. As DSFH is the Company's substantial shareholder, DSIA is a connected person of the Company pursuant to the Listing Rules.

- **MIC**

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

### 3. **CONTINUING CONNECTED TRANSACTIONS EXEMPT FROM INDEPENDENT SHAREHOLDERS' APPROVAL REQUIREMENT**

The Group has entered into the following continuing connected transactions contemplated under the relevant agreements which are exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

### 3.1 Insurance services provided by DSI (1976) and MIC

On 30 December 2016, the Company entered into a cooperation agreement with DSFH pursuant to which members of the DSFH Group would provide insurance services to DSB and other members of the Group (the "**Existing Cooperation Agreement**"). The Existing Cooperation Agreement is for a fixed term of three years with effect from 1 January 2017 and ending on 31 December 2019 (both days inclusive). The Existing Cooperation Agreement will be terminated upon its maturity. On 31 December 2019, the Company and DSFH entered into a new cooperation agreement (the "**New Cooperation Agreement**") for a fixed term of three years with effect from 1 January 2020 and ending on 31 December 2022 (both days inclusive).

#### **Description of the transaction contemplated under the New Cooperation Agreement:**

DSI (1976) underwrites general insurance policies in the name, and for the benefit, of members of the Group and their respective customers including policies covering vehicle, property all risks, public liability, money, electronic equipment, employees' compensation and group/ personal accident. Certain policies are subject to renewal annually.

MIC underwrites general insurance policies in the name, and for the benefit, of BCM and its customers including policies covering medical, personal accident, employees' compensation, vehicle, properties, civil liability and money. Certain policies are subject to renewal annually.

The premiums payable under such insurance policies are payable in arrears on a monthly, yearly or other basis, depending on the type of insurance policy.

Under the New Cooperation Agreement, either party to the agreement may terminate the agreement by giving one month notice in advance to the other party without having to incur a penalty.

#### **Pricing:**

The insurance premiums payable by the Group shall be determined after arm's length negotiation and with reference to quotations sought from third party insurance companies on major types of insurance policies. The terms of the policies including premium rates and insurance coverage offered to the Group by the insurance subsidiaries of DSFH shall be compared against the quotations obtained, which shall be no less favourable than the terms for similar policies available from independent third parties.

#### **Reasons for such transaction:**

The insurance policies are procured by the Group to enable certain of the Company's subsidiaries, namely DSB and BCM, to comply with relevant regulatory requirements in reducing risks to the Group's assets, businesses and operations and/or to provide additional services to the Group's customers. In addition, the Directors consider that the insurance services provided by DSI (1976) and MIC are effective and the fees proposed by DSI (1976) and MIC respectively are comparable to those offered by other insurance companies in the market.

#### **Historical amounts and future caps:**

The actual amount of premiums payable to DSI (1976) and MIC on the general insurance policies for the financial years ended 31 December 2017, 31 December 2018 and the first ten months of 2019 were HK\$7.9 million, HK\$8.7 million and HK\$6.3 million (unaudited), respectively.

The maximum annual aggregate amount of the premiums payable to DSI (1976) and MIC for each of the three financial years ending 31 December 2020, 2021 and 2022 is estimated not to exceed the annual limit of HK\$15.0 million.

(Expressed in millions of HK dollars)

| Transaction                                  | Historical Caps                           |   |  | Historical Figures                                      |   |  | Future Caps                                |  |  |
|--|---|---|--|---|---|--|--|--|--|
|  | Annual cap for the year ended 31 Dec 2017 | Annual cap for the year ended 31 Dec 2018 | Annual cap for the year ending 31 Dec 2019 | Historical annual amount for the year ended 31 Dec 2017 | Historical annual amount for the year ended 31 Dec 2018 | Unaudited historical amount for the period from 1 Jan to 31 Oct 2019 | Annual cap for the year ending 31 Dec 2020 | Annual cap for the year ending 31 Dec 2021 | Annual cap for the year ending 31 Dec 2022 |
| Premium payable to members of the DSFH Group | 21.0<br>(Note)                            | 15.0<br>(Note)                            | 15.0<br>(Note)                             | 7.9   | 8.7   | 6.3  | 15.0                                       | 15.0                                       | 15.0                                       |

Note: The figures represented the revised annual caps taking into account the effects of disposal of DSFH Group's life insurance business in Hong Kong and Macau. Please refer to the announcements of the Company dated 19 June 2017 and 9 November 2017, respectively.

### Basis for such future caps:

The annual monetary caps above in relation to each of the financial years ending 31 December 2020, 2021 and 2022 have been ascertained by reference to the premiums paid in the financial years ended 31 December 2017, 31 December 2018 and the first ten months of 2019 (unaudited) and calculated on the basis of expected market premiums multiplied by the amount of cover required.

In arriving at the above monetary caps, the Directors have considered:

- that the premiums of major policies had increased in recent years principally due to increases in claims;
- the expected growth in the Group's businesses; and
- the increase in the number of employees in the Group.

The Directors believe that the general insurance policies underwritten by DSI (1976) and MIC are provided to the Group on DSI (1976)'s and MIC's normal commercial terms.

### 3.2 Computer and Administrative Services Agreement with DSFH

On 31 December 2016, DSB and BCM entered into a computer and administrative services agreement with DSFH (the "**Existing Services Agreement**"). The Existing Services Agreement is for a fixed term of three years with effect from 1 January 2017 and ending on 31 December 2019. On 31 December 2019, DSB and BCM entered into a new computer and administrative services agreement with DSFH (the "**New Services Agreement**") for a fixed term of three years with effect from 1 January 2020 and ending on 31 December 2022.

#### Description of transaction:

Pursuant to the New Services Agreement, DSB and BCM have agreed to provide members of the DSFH Group with certain computer and administrative services. These services principally consist of the following (collectively, the "**Services**"):

- computer services including data processing, printing and enveloping, system development, technical support, disaster recovery and contract management;
- administrative, company secretarial, internal audit, compliance, operational, risk management, investment custodian and treasury operations; and
- secondment of, and provision of services by, staff to the DSFH Group.

## Pricing:

The administrative and computer service fees shall be charged on a cost-recovery basis. The operating costs of support functions shall be allocated to the respective entities of the DSFH Group based on the level of usage of the Services.

## Reasons for the transaction:

With the stronger pool of resources and functional expertise of DSB which historically has been operating to provide administrative and computer services to other companies within the DSFH Group on a cost-recovery basis, the provision of the Services to the DSFH Group at a fee enables the Group to continue to expand its scale and operational capabilities while costs incurred by the Group in providing the Services are recovered from the DSFH Group.

## Historical amounts and future caps:

As the New Services Agreement is for a fixed term of three years with effect from 1 January 2020, the future cap for this category of continuing connected transaction has been set for each of the financial years ending 31 December 2020, 2021 and 2022. Payment under the New Services Agreement shall be made by cheque(s) or other payment means in arrears.

The actual annual fee payable to DSB by the DSFH Group for the provision of the Services for the financial years ended 31 December 2017, 31 December 2018 and the first ten months of 2019 were HK\$15.3 million, HK\$12.7 million and HK\$11.6 million (unaudited), respectively.

The annual fee payable to DSB and BCM for each of the three financial years ending 31 December 2020, 2021 and 2022 is estimated not to exceed the annual limit of HK\$19.5 million.

*(Expressed in millions of HK dollars)*

| Transaction  | Historical Caps                           |   |  | Historical Figures                                      |   |  | Future Caps                                |  |  |
|--|---|---|--|---|---|--|--|--|--|
|  | Annual cap for the year ended 31 Dec 2017 | Annual cap for the year ended 31 Dec 2018 | Annual cap for the year ending 31 Dec 2019 | Historical annual amount for the year ended 31 Dec 2017 | Historical annual amount for the year ended 31 Dec 2018 | Unaudited historical amount for the period from 1 Jan to 31 Oct 2019 | Annual cap for the year ending 31 Dec 2020 | Annual cap for the year ending 31 Dec 2021 | Annual cap for the year ending 31 Dec 2022 |
| Fee payable by the DSFH Group to DSB and BCM for the provision of the Services | 18.0<br>(Note)                            | 15.0<br>(Note)                            | 15.0<br>(Note)                             | 15.3  | 12.7  | 11.6   | 19.5                                       | 19.5                                       | 19.5                                       |

Note: The figures represented the revised annual caps taking into account the effects of disposal of the DSFH Group's life insurance business in Hong Kong and Macau. Please refer to the announcement of the Company dated 19 June 2017.

## Basis for such future caps:

The fee payable to DSB has been determined by reference to the estimated cost of providing the Services and the fixed fee which has been set for the three financial years ending 31 December 2022.

In arriving at the above monetary caps, the Directors have considered:

- the estimated resources available to the Group in the three financial years ending 31 December 2022 and estimated increase in the cost in providing the Services;
- computer licences and service contracts with external parties, and computer expertise of the Group; and
- discussions made between DSB, BCM and companies within the DSFH Group on estimated service requirements relative to the estimated growth of the businesses of the DSFH Group.

The Board (including the independent non-executive Directors) is of the view that the continuing provision of the Services under the New Services Agreement will be on normal commercial terms, in the ordinary and usual course of business of the Group, is fair and reasonable, and in the interests of the Company and its Shareholders as a whole.

### **3.3 Distribution and agency agreements and other business referral services**

#### **(a) Distribution and Agency Agreements with DSI (1976), DSIA and MIC**

On 30 December 2016, DSI (1976), DSIA and DSIS entered into distribution agreements and underlying agency agreements with DSB for the marketing and distribution of general and life insurance products through the branch network of DSB for a fixed term of three years with effect from 1 January 2017 and ending on 31 December 2019.

On 30 December 2016, MIC and MLIC entered into distribution agreements and underlying agency agreements with BCM for the marketing and distribution of general and life insurance products through BCM's branch network for a fixed term of three years with effect from 1 January 2017 and ending on 31 December 2019.

On 19 June 2017, the Company announced that the distribution and agency agreements entered into between DSIS and DSB were terminated. On 9 November 2017, the Company announced that the distribution and agency agreements entered into between MLIC and BCM were terminated.

To continue the distribution and agency arrangement between members of the Group with members of DSFH, on 31 December 2019,

- (i) DSI (1976) entered into new distribution agreement and underlying agency agreement with DSB for the marketing and distribution of general insurance products through the branch network of DSB for a fixed term of three years with effect from 1 January 2020 and ending on 31 December 2022; and
- (ii) DSIA entered into new distribution agreement and underlying agency agreements with DSB for the marketing and distribution of general insurance products through the branch network of DSB for a fixed term of three years with effect from 1 January 2020 and ending on 31 December 2022; and
- (iii) MIC entered into new distribution agreement and underlying agency agreement with BCM for the marketing and distribution of general insurance products through BCM's branch network for a fixed term of three years with effect from 1 January 2020 and ending on 31 December 2022.

#### **Description of transactions contemplated under the various distribution and agency agreements between the Group and members of the DSFH Group:**

Pursuant to the new distribution agreement entered into by DSI (1976) with DSB (the "**New DSI (1976) Distribution Agreement**"), DSB will market and distribute such general insurance products as agreed between the parties from time to time for the DSFH Group through its branch and other distribution networks.

Pursuant to the New DSI (1976) Distribution Agreement, DSB has entered into a new agency agreement with DSI (1976) (the "**New DSI (1976) Agency Agreement**") in respect of the sale of certain general insurance products in return for commission payments, as agreed between the parties from time to time. Under the terms of the New DSI (1976) Agency Agreement, the commission payable by DSI (1976) to DSB shall, initially, be between 20% and 55% (depending on the product type) of each year's premium received in respect of a new or renewal policy, but which may vary between the parties from time to time.

Pursuant to the new distribution agreement entered into by DSIA with DSB (the "**New DSIA Distribution Agreement**"), DSB will market and distribute such general insurance products as agreed between the parties from time to time through its branch and other distribution networks.

Pursuant to the New DSIA Distribution Agreement, DSB has entered into a new agency agreement with DSIA (the "**New DSIA Agency Agreement**") in respect of the sale of certain general insurance products in return for commission payments, as agreed between the parties from time to time. Under the terms of the New DSIA Agency Agreement, the commission payable by DSIA to DSB shall be 50% of the commission earned by DSIA or at such rate as agreed by both parties from time to time.

Pursuant to the new distribution agreement entered into by MIC with BCM (the "**New MIC Distribution Agreement**"), BCM will market and distribute such general insurance products of MIC as are agreed between the parties from time to time through its branch and other distribution networks.

Pursuant to the New MIC Distribution Agreement, BCM has entered into a new agency agreement with MIC (the "**New MIC Agency Agreement**") in respect of the sale of general insurance products in return for commission payments, as agreed between the parties from time to time. Under the terms of the New MIC Agency Agreement, the commission payable by MIC to BCM in respect of general insurance products shall, initially, be between 10% and 50% (depending on the product type) of each year's premium received in respect of new or renewal policies, but which may vary between the parties from time to time.

In respect of each of the New DSI (1976), DSIA and MIC Distribution Agreements (collectively the "**New Distribution Agreements**"), DSI (1976) and DSIA shall each reimburse or pay on behalf of DSB, and MIC shall reimburse or pay on behalf of BCM, agreed expenses including the registration fees for licences for the bank staff to sell insurance, sales incentives, marketing expenses and other costs and expenses related to the performance of the New Distribution Agreements.

Each of the New Distribution Agreements will be on a mutually non-exclusive basis and will be for a three-year fixed term with effect from 1 January 2020 and ending on 31 December 2022. Each of the New DSI (1976), DSIA and MIC Agency Agreements (collectively the "**New Agency Agreements**") will be on a mutually non-exclusive basis for a three-year fixed term with effect from 1 January 2020 and ending on 31 December 2022, save that the provisions relating to the payment of outstanding renewal premiums shall remain in force until payment is received in full.

#### **Pricing:**

The rates of commission receivable by the Group have been determined after arm's length negotiations, having regard to the features and pricing of the insurance products, including premium payable and duration of insurance protection, and the relevant market data.

#### **Reasons for the transaction:**

The New Distribution Agreements and the New Agency Agreements described above, including the commission rates set out in the various sets of such Agreements, are consistent with normal arrangements between banks or other insurance agents and insurance companies in the Hong Kong and Macau markets, and will provide the Group with insurance products and services to be offered to

the customers of the banking subsidiaries of the Group. The distribution of different types of insurance products through the respective bank branches and other distribution networks of DSB and BCM in return for a commission income to be paid by the DSFH Group will also produce fee income which will be of benefit to the Group.

**(b) Business referral services**

On 30 December 2016, the Company entered into a cooperation agreement with DSFH. The cooperation agreement will be on a mutually non-exclusive basis and will be for a three-year fixed term with effect from 1 January 2017 and ending on 31 December 2019. On 31 December 2019, the Company entered into a new cooperation agreement with DSFH (the "**New Business Referral Services Agreement**"), for a fixed term of three years with effect from 1 January 2020 and ending on 31 December 2022. Pursuant to the New Business Referral Services Agreement, the Company shall provide and shall procure members of the Group to, either directly or via their sole agents (if any), provide members of the DSFH Group with business referral and insurance brokerage services in relation to obtaining applications for general insurance policies to be underwritten by members of the DSFH Group. There is no commitment on any member of the Group to refer to member(s) of DSFH Group such transactions of any minimum or maximum number and/or amount. Where concluded between the relevant parties, the terms and conditions for the provision of such business referral services shall be, if required, reduced into individual written agreement(s).

**Pricing:**

The commission receivable by the Group under the New Business Referral Services Agreement shall be determined after arm's length negotiations which shall be consistent with or comparable to the level of fees and charges charged by the Group in providing similar services to independent third party customers.

**Reasons for the transaction:**

The Board believes that such cooperation agreement enables the parties to leverage on the expertise and experience of the other with a view of exploring business opportunities and therefore of benefit to the Group as a whole.

**Historical amounts and future caps:**

During the financial year ended 31 December 2017, the actual aggregate commissions received by, and expenses or fees paid on behalf of and reimbursed to, the Group by (i) DSI (1976), DSIA and MIC; (ii) DSIS in the period from 1 January 2017 to 19 June 2017; and (iii) MLIC in the period from 1 January 2017 to 9 November 2017 were approximately HK\$98.1 million.

During the financial year ended 31 December 2018 and the first ten months of 2019, the actual aggregate commissions received by, and expenses or fees paid on behalf of and reimbursed to the Group by DSI (1976), DSIA and MIC were approximately HK\$24.2 million and HK\$20.9 million (unaudited), respectively.

The aggregate commissions to be received by, and expenses to be paid on behalf of and to be reimbursed to, the Group by DSI (1976), DSIA and MIC under the New Distribution Agreements and underlying New Agency Agreements and the aggregate commission income to be received and payment to be made in relation to the transaction contemplated under the New Business Referral Services Agreement for each of the three financial years ending 31 December 2020, 2021 and 2022, in aggregate, is estimated not to exceed the annual limit of HK\$50.0 million.

(Expressed in millions of HK dollars)

| Transaction   | Historical Caps                           |   |  | Historical Figures                                      |   |  | Future Caps                                |  |  |
|---|---|---|--|---|---|--|--|--|--|
|   | Annual cap for the year ended 31 Dec 2017 | Annual cap for the year ended 31 Dec 2018 | Annual cap for the year ending 31 Dec 2019 | Historical annual amount for the year ended 31 Dec 2017 | Historical annual amount for the year ended 31 Dec 2018 | Unaudited historical amount for the period from 1 Jan to 31 Oct 2019 | Annual cap for the year ending 31 Dec 2020 | Annual cap for the year ending 31 Dec 2021 | Annual cap for the year ending 31 Dec 2022 |
| Commissions or fees received by, and expenses paid on behalf of and reimbursed to, the Group by members of DSFH Group under the New Distribution Agreements, the New Agency Agreements and the New Business Referral Services Agreement | 128.0<br>(Note)                           | 50.0<br>(Note)                            | 50.0<br>(Note)                             | 98.1  | 24.2  | 20.9   | 50.0                                       | 50.0                                       | 50.0                                       |

Note: The figures represented the revised annual caps taking into account the effects of disposal of the DSFH Group's life insurance business in Hong Kong and Macau. Please refer to the announcements of the Company dated 19 June 2017 and 9 November 2017, respectively.

#### Basis for such future caps:

The annual monetary caps in relation to commission to be received by and expenses to be paid on behalf of and to be reimbursed to the Group by members of DSFH Group under their respective New Distribution Agreements and New Agency Agreements have been ascertained by reference to the commission paid and expenses paid and reimbursed to the Group for the financial years ended 31 December 2017, 31 December 2018 and the first ten months of 2019, and calculated on the basis of the commission rates multiplied by the estimated premiums receivable on the insurance products to be distributed.

The basis for determining the commission rates on a product basis under the DSI (1976) Agency Agreement and DSIA Agency Agreement in respect of insurance products sold to customers of the Group for the three financial years ending 31 December 2020, 2021 and 2022 shall remain similar as that under the agency agreement between DSB and DSIA entered into on 30 December 2016 for the years ended 31 December 2017 and 2018 and the first ten months of 2019. However, due to projected increases in the volume of products distributed and the introduction of new products or revisions to existing products, the overall aggregate commissions likely to be received are forecast to be significantly higher and consequently such increases are reflected in the table above.

The estimation of the annual fee income on business referral and insurance brokerage services are based on an internal assessment and the anticipated growth in business.

In arriving at the above future caps, the Directors have also considered the Group's strategy to promote insurance products to its customers who are serviced by the respective bank branches and other distribution networks of DSB and BCM. The Directors are of the view that the increasing level of awareness and acceptance of general insurance products by the Group's customers in general will provide the Group with greater opportunities to cross sell its insurance policies, and therefore allow the Group to substantially increase the commission receivable from their sale.

The Board (including the independent non-executive Directors) confirms that the commission rates, and expenses to be paid and reimbursed will be on normal commercial terms, in line with market rates for insurance products of similar types, and the income fee on business referral services will either be on normal commercial terms or, if there are insufficient comparable transactions to judge whether they are on normal commercial terms, then they will be on terms no less favourable than those available to independent third parties. The Board considers that the transactions contemplated under the relevant agreements are in the ordinary and usual course of business of the Group, are fair and reasonable, and in the interests of the Company and its Shareholders as a whole.

#### 4. LISTING RULES IMPLICATIONS

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

#### 5. BOARD CONFIRMATION

- 5.1 Pursuant to Rule 14A.68(8) of the Listing Rules, Messrs. David Shou-Yeh Wong, Hon-Hing Wong (Derek Wong), Gary Pak-Ling Wang and Robert Tsai-To Sze, all being directors of the Board of the Company having a connected relationship with DSFH Group, have abstained from voting on the board resolutions relating to the entering of the relevant agreements (and the respective caps). The resolutions were voted by the Directors who are not connected to the transactions.
- 5.2 The Board (including the independent non-executive Directors) considers that the above-mentioned agreements (and the transactions contemplated under the relevant agreements) were entered into on normal commercial terms or on terms no less favourable than those available to independent third parties and were entered into on a continuing and regular basis and in the ordinary and usual course of business of the Company, are fair and reasonable and in the interests of the Company and the Shareholders as a whole, and that the annual caps for each of the continuing connected transactions contemplated under the relevant agreements for each of the three financial years ending 31 December 2020, 2021 and 2022 are fair and reasonable.

#### 6. DEFINITIONS

Unless the context otherwise requires, the following terms shall have the meanings set out below for the purposes of this announcement:

|                       |  |
|-----------------------|--|
| "BCM"                 | Banco Comercial de Macau, S.A.   |
| "Board"               | the board of Directors of the Company  |
| "Company"             | Dah Sing Banking Group Limited, a company incorporated in Hong Kong, whose shares are listed on the Stock Exchange |
| "connected person(s)" | has the meaning ascribed to it under the Listing Rules   |
| "DSB"                 | Dah Sing Bank, Limited   |
| "Directors"           | the directors of the Company   |
| "DSFH"                | Dah Sing Financial Holdings Limited  |
| "DSFH Group"          | DSFH and its subsidiaries (but excluding the Group)  |
| "DSI (1976)"          | Dah Sing Insurance Company (1976) Limited  |
| "DSIA"                | Dah Sing Insurance Agency Limited  |

|                           |   |
|---------------------------|---|
| "DSIS"                    | Dah Sing Insurance Services Limited, which ceased to be a subsidiary of DSFH after it was sold by DSFH to Tahoe Investment Group Co., Ltd. on 19 June 2017, and has been subsequently renamed as Tahoe Insurance Services Limited               |
| "Group"                   | the Company and its subsidiaries  |
| "Hong Kong"               | Hong Kong Special Administrative Region of the People's Republic of China   |
| "Listing Rules"           | the Rules Governing the Listing of Securities on the Stock Exchange   |
| "Macau"                   | Macau Special Administrative Region of the People's Republic of China   |
| "MIC"                     | Macau Insurance Company Limited   |
| "MLIC"                    | Macau Life Insurance Company Limited, which ceased to be subsidiary of DSFH after it was sold by DSFH to Tahoe Investment Group Co., Ltd. on 9 November 2017, and has been subsequently renamed as Tahoe Life Insurance Company (Macau) Limited |
| "MOP"                     | Macao Pataca, the lawful currency of Macao  |
| "Percentage Ratios"       | the percentage ratios set out in Rule 14.07 of the Listing Rules, (i.e. "assets ratio", "profits ratio", "revenue ratio", "consideration ratio" and "equity capital ratio", as such terms are defined in the Listing Rules)                     |
| "Shareholders"            | the shareholders of the Company   |
| "Stock Exchange"          | The Stock Exchange of Hong Kong Limited   |
| "substantial shareholder" | has the meaning ascribed to it under the Listing Rules  |

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

Hong Kong, 31 December 2019

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