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 **大新金融集團有限公司**
DAH SING FINANCIAL HOLDINGS LIMITED
(Incorporated in Hong Kong with limited liability
under the Companies Ordinance)
(Stock Code: 440)

 **大新銀行集團有限公司**
DAH SING BANKING GROUP LIMITED
(Incorporated in Hong Kong with limited liability
under the Companies Ordinance)
The holding company of Dah Sing Bank, Limited
(Stock Code: 2356)

TERMINATION OF HONG KONG LIFE INSURANCE DISTRIBUTION AGREEMENT WITH TAHOE LIFE INSURANCE COMPANY LIMITED

The Boards of Dah Sing Financial Holdings Limited (“DSFH”) and Dah Sing Banking Group Limited (“DSBG”) announce that Dah Sing Bank, Limited (“DSB”), a wholly owned subsidiary of DSBG which in turn is a 74.37% owned subsidiary of DSFH, has terminated the Hong Kong Distribution Agreement with effect from 8 July 2022.

The Boards of Directors of DSFH and DSBG announce that DSB, a wholly owned subsidiary of DSBG which in turn is a 74.37% owned subsidiary of DSFH, has terminated the Hong Kong Distribution Agreement between DSB, Tahoe Life Insurance Company Limited (“Tahoe Life”) and Tahoe Services Limited with effect from 8 July 2022.

Reference is made to (i) the announcements of DSFH dated 2 June 2016, 25 August 2016, 22 May 2017, 19 June 2017, 1 September 2017 and 9 November 2017 and the circular to shareholders of DSFH dated 8 August 2016 in relation to the Share Sale Agreement entered into between DSFH, Macau Insurance Company Limited and Everwin Enterprise (Hong Kong) Limited (whose rights and obligations under the Share Sale Agreement were subsequently transferred to and assigned to Thaihot Investment (Bermuda) Company Limited) and (ii) the announcement of DSBG dated 2 June 2016 and the circular to shareholders of DSBG dated 16 July 2016 in relation to connected transactions and continuing connected transactions in relation to the Hong Kong and Macau Distribution Agreements, the announcements of DSBG dated 30 December 2016 and 26 May 2017 in relation to the continuing connected transactions of DSBG and the announcement of DSBG dated 19 June 2017 (the “Announcement”) in relation to, inter alia, the commencement of the Hong Kong Distribution Agreement. Unless otherwise defined, capitalised terms used in this announcement shall have the same meanings as given to them in the Announcement.

Under the Hong Kong Distribution Agreement, DSB, a wholly owned subsidiary of DSBG, was appointed by Dah Sing Life Assurance Company Limited (now known as Tahoe Life) as its non-exclusive insurance agent for distribution of life insurance products in Hong Kong; and Tahoe Life as DSB’s exclusive supplier of life insurance products in Hong Kong for its retail customers each for a period of 15 years. In consideration, DSB was paid an upfront payment in the amount of HK\$1,972,000,000 and Tahoe Life agreed to pay ten equal deferred payments in the amount of HK\$52,800,000 each to DSB, of which four have been received.

As the market is aware, there has been continued adverse publicity relating to Tahoe Life, its intermediate / ultimate holding companies, related companies and/or controllers over more than the past 2 years. In addition, Tahoe Life has ceased underwriting any new business since 8 February 2021, with sales currently suspended indefinitely. Following these developments and breaches by Tahoe Life of the Hong Kong Distribution Agreement, DSB issued today to Tahoe Life a notice to terminate the Hong Kong Distribution Agreement with immediate effect. Prior to the issuance of such notice, DSB had received communications from Tahoe Life disagreeing with the grounds on which DSB is terminating the Hong Kong Distribution Agreement.

Financial effects of the termination of the Hong Kong Distribution Agreement

The upfront payment and deferred payments made to DSB are non-refundable. Prior to the termination of the Hong Kong Distribution Agreement, the accounting treatment for the upfront payment and the paid and unpaid deferred payments was to record them as deferred income for amortisation to income over the contract term.

In the financial years ended 31 December 2019, 2020 and 2021 when the Hong Kong Distribution Agreement was in force, DSBG derived commission income from Tahoe Life in respect of the Hong Kong Distribution Agreement and received from Tahoe Life recovery of expenses incurred by DSBG for the purpose of the Hong Kong Distribution Agreement. The relevant amounts are set out below:

(In HK\$'000)	Year 2019	Year 2020	Year 2021
Commission income			
- From amortisation of upfront payment and the paid and unpaid deferred payments	166,545	167,001	166,545
- Other commission income	144,785	94,842	4,289
Total	<u>311,330</u>	<u>261,843</u>	<u>170,834</u>
Recovery of expenses incurred by DSBG	<u>67,834</u>	<u>56,238</u>	<u>20,966</u>

Following the termination of the Hong Kong Distribution Agreement, the remaining unamortised part of this amount will no longer be amortised, and instead will be recognised net of the annual deferred payment receivable through the income statement of DSBG in the "Other income" line.

The termination of the Hong Kong Distribution Agreement will be accounted for in accordance with the relevant accounting standard requirements in the accounts for the year ending 31 December 2022. The estimated pro forma pre-tax impact on the shareholders' funds of DSBG as at 30 June 2022 is an increase of HK\$1,344 million.

The unamortised balance of the consideration and the deferred payments still to be received by DSB as at 30 June 2022 will be dealt with in the manner represented by the accounting entries below in the accounts for the year ending 31 December 2022, subject to the audit to be performed by DSB's external auditor.

Pro forma as at 30 June 2022 (In HK\$ million)

		DSB
Debit	Other liabilities - Unamortised fee income	1,661
Credit	Other assets - Annual deferred payment receivable	(317)
Credit	Other income	(1,344)

By Order of the Board
DAH SING FINANCIAL HOLDINGS LIMITED
Doris W. N. Wong
Company Secretary

By Order of the Board
DAH SING BANKING GROUP LIMITED
Doris W. N. Wong
Company Secretary

Hong Kong, 8 July 2022

As at the date of this announcement, the Board of DSFH comprises Mr. David Shou-Yeh Wong (Chairman), Mr. Hon-Hing Wong (Derek Wong) (Managing Director and Chief Executive) and Mr. Gary Pak-Ling Wang (Deputy Chief Executive) as Executive Directors; Mr. Junji Mori (Mr. Yuichi Tashita as alternate) as Non-Executive Director; Mr. Robert Tsai-To Sze, Mr. Andrew Kwan-Yuen Leung, Mr. Paul Michael Kennedy, Mr. Paul Franz Winkelmann and Ms. Mariana Suk-Fun Ngan as Independent Non-Executive Directors.

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