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中國太平保險控股有限公司

China Taiping Insurance Holdings Company Limited

(Incorporated in Hong Kong with limited liability)

(Stock Code: 966)

DISCLOSEABLE TRANSACTION

THE INVESTMENT IN THE TARGET COMPANY

INVESTMENT

The Board announces that after trading hours on 30 August 2022, TPL, a non-wholly owned subsidiary of the Company, agreed to proceed with the Investment and entered into the related Capital Increase Agreement and Shareholders Agreement with SPI Xinjiang and the Target Company, pursuant to which, TPL conditionally agreed to make a capital contribution of RMB900 million to the Target Company in cash in accordance with the terms and conditions of the Capital Increase Agreement. At the same time, according to the Shareholders Agreement, SPI Xinjiang was granted the Right of First Refusal to acquire the Related Interest from TPL pursuant to the terms and conditions of the Shareholders Agreement, TPL was also granted with Other Rights to acquire the Target Company's equity interest or dispose the Related Interest pursuant to the terms and conditions of the Shareholders Agreement.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios in respect of the Capital Increase exceed 5% but are less than 25%, the Capital Increase constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules.

Pursuant to Rule 14.74(1) of the Listing Rules, the grant of the Right of First Refusal (the exercise of which is not at the Company's discretion) will be classified as if the Right of First Refusal had been exercised. As one or more of the applicable percentage ratios in respect of the exercise of the Right of First Refusal exceed 5% but are less than 25%, the grant of the Right of First Refusal constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules.

Pursuant to Rule 14.24 of the Listing Rules, as the Capital Increase and the deemed exercise of the Right of First Refusal under the Investment constitute one transaction involving both an acquisition and a disposal, the transaction will be classified by reference to the larger of the acquisition or disposal, and subject to the reporting, disclosure and/or shareholder approval requirements applicable to that classification. Accordingly, the Investment is subject to the notification and announcement requirements applicable to discloseable transaction under Chapter 14 of the Listing Rules.

Reference is also made to the Previous Investment agreed between TPL with SPI Xinjiang and CPI Mulei on 31 August 2021, pursuant to which, as the applicable percentage ratios in respect of the Previous Investment were less than 5%, the Previous Investment is therefore exempted from the disclosure requirements under Chapter 14 of the Listing Rules. Since SPI Xinjiang, being the controlling shareholder of the Target Company and CPI Mulei, is a party of both the Previous Investment and the Investment, the Investment shall be aggregated with the Previous Investment in accordance to Rule 14.22 of the Listing Rules. As the applicable percentage ratios in respect of the Previous Investment and the Investment, when aggregated, exceed 5% but are less than 25%, the Investment constitutes a discloseable transaction of the Company under the Listing Rules.

As the Other Rights granted to TPL under the Investment (exercise of which is at the discretion of the TPL), pursuant to Rule 14.75(1) of the Listing Rules, only the premium will be taken into consideration for the purpose of transaction classification. As TPL did not pay any premium for the grant of the Other Rights, such grant of Other Rights will not constitute a notifiable transaction of the Company.

The Board announces that after trading hours on 30 August 2022, TPL, a non-wholly owned subsidiary of the Company, agreed to proceed with the Investment and entered into the related Capital Increase Agreement and Shareholders Agreement with SPI Xinjiang and the Target Company, pursuant to which, TPL conditionally agreed to make a capital contribution of RMB900 million to the Target Company in cash in accordance with the terms and conditions of the Capital Increase Agreement. At the same time, according to the Shareholders Agreement, SPI Xinjiang was granted the Right of First Refusal to acquire the Related Interest from TPL pursuant to the terms and conditions of the Shareholders Agreement, TPL was also granted with Other Rights to acquire the Target Company's equity interest or dispose the Related Interest pursuant to the terms and conditions of the Shareholders Agreement.

I. CAPITAL INCREASE AGREEMENT

The principal terms (among others) of the Capital Increase Agreement are summarised below:

Date: 30 August 2022

Parties: TPL;
SPI Xinjiang; and
the Target Company

Investment amount:	<p>TPL will contribute RMB900 million to the Target Company in cash, of which RMB484,266,449.7 will be the registered capital (accounting for 14.1354% of the enlarged capital of the Target Company after the completion of the Capital Increase), while the amount of RMB415,733,550.3 that exceeds the registered capital will be included in the capital reserve of the Target Company. TPL shall pay all investment amount in one lump sum within 10 business days upon the conditions precedent are fully satisfied or waived by the Target Company in writing.</p> <p>The investment amount under the Capital Increase Agreement is determined after arm's length negotiations among TPL, SPI Xinjiang and the Target Company with reference to the valuation amount of the net assets of the Target Company (i.e. RMB5,467 million) as set out in the valuation report of the Target Company made by the independent valuer on the Valuation Benchmark Date.</p>
Use of proceed:	<p>All the investment amount shall be used to repay the Target Company's and/or its related parties' outstanding liabilities with financial institution as agreed, and the Target Company shall provide TPL with all relevant repayment proofs within the agreed period.</p>
Conditions precedent:	<ol style="list-style-type: none"> (1) The Target Company has completed and obtained all internal and external approvals of the Investment, including but not limited to the decisions made by all existing shareholders and the board of directors of the Target Company to approve the Investment and all related transaction documents and terms. (2) The Target Company has completed the filing for recordation of the assessment of state-owned assets of the Investment and has obtained and provided to TPL the filing documents issued by the state-owned assets appraisal and archival filing institution. (3) In respect of the Investment, amendments to the articles of association of the Target Company and the dividend arrangement in relation to TPL, SPI Xinjiang and the Target Company shall, in accordance with the provisions of the legal documents in relation to loans and credit facilities signed between the Target Company and its creditors (including financial institutions, financial leasing companies and other creditors), serve written notices to such banks to fulfill its notification obligations and obtain their consent (if required).

- (4) SPI shall issue a comfort letter to TPL specifying that SPI would ensure that its controlling and actual control over the Target Company and SPI Xinjiang would remain unchanged during TPL's shareholding in the Target Company, and that if TPL needs to withdraw its investment early due to regulatory requirements or specific circumstances agreed, SPI will fully coordinate with the relevant companies and strengthen the management and supervision of the daily operation of the Target Company and SPI Xinjiang, so that no significant operational risks would arise in the Target Company during TPL's shareholding.
- (5) SPI Xinjiang and the Target Company agree and confirm that if the Target Company fails to obtain its internal approval documents, or if the Target Company's creditors fail to issue all aforesaid relevant documents of the creditors, resulting in any loss suffered by the Target Company and/or TPL, SPI Xinjiang and/or the Target Company shall compensate the Target Company and TPL for all their losses, and TPL shall be entitled to demand SPI Xinjiang or the Target Company to bear the liability and demand SPI Xinjiang to bear the obligation of acquiring the equity interests of the Target Company held by TPL.

Post Investment
Amount Payment
Date Events:

SPI Xinjiang and the Target Company shall complete the application documents for the change of business registration in relation to the Investment within 120 calendar days from the Investment Amount Payment Date and complete the change of business registration within 150 business days from the Investment Amount Payment Date, which shall be no later than 1 February 2023, and the directors and supervisors nominated by TPL shall be registered by the industrial and commercial administration as directors and supervisors of the Target Company.

If the Target Company and SPI Xinjiang fail to complete the change of business registration in relation to the Investment within the aforesaid period and deliver the relevant proof to TPL, they shall be required to pay liquidated damages as agreed. If the delay exceeds 60 days, TPL has the right to terminate the Capital Increase Agreement and will not be liable. If the Capital Increase Agreement is terminated for the aforesaid reason, the Target Company shall refund the entire investment amount and compensate TPL for all losses suffered as a result.

II. SHAREHOLDER'S AGREEMENT

The principal terms (among others) of the Shareholder's Agreement are summarised below:

Date: 30 August 2022

Parties:	TPL; SPI Xinjiang; and the Target Company
Directors and supervisors:	From the Investment Amount Payment Date, the Target Company shall have a board of directors consisting of 7 directors and a supervisory board consisting of 5 supervisors, of which TPL shall have the right to nominate 1 director and 1 supervisor.
Dividend:	From the Investment Amount Payment Date, TPL is entitled to the Target Company's profit distribution, and the Target Company's dividends will be allocated to TPL in priority until the amount of dividends that TPL can receive each year reaches the expected dividend target.
Lock-up period:	Within 5 years from the Investment Amount Payment Date, TPL shall not transfer its equity interest in the Target Company except in the cases specified in the Shareholders Agreement, including but not limited to (i) default of the Target Company and/or SPI Xinjiang under the Shareholders Agreement and/or the Capital Increase Agreement; and (ii) transfer of equity interest in the Target Company by TPL to its connected parties/investment entities initiated or controlled by TPL or its connected parties.
SPI Xinjiang's Right of First Refusal:	Upon the expiration of the five-year period from the Investment Amount Payment Date, SPI Xinjiang has the right to issue a notice of transfer to TPL and complete the transfer of the entire equity interests in the Target Company held by TPL within 30 days from the date of expiration of the aforesaid period. No premium is payable for the Right of First Refusal. In the event that SPI Xinjiang exercises its Right of First Refusal, the transfer price shall be based on the fair value negotiated and agreed between TPL and the Target Company, and shall be adjusted accordingly based on, and no more than, the total of the actual investment amount paid by TPL and the unallocated pre-tax income payable.
TPL's pre-emptive rights:	If SPI Xinjiang wishes to transfer all or part of its direct or indirect equity interests in the Target Company to any third party, SPI Xinjiang shall issue a written notice of transfer to TPL stating its wish to make such transfer, the amount of capital and proportion of equity interest it wishes to transfer, the price of such equity interest and the identity of such proposed transferee. TPL has the right to purchase or designate a third party to purchase the equity interest on terms no less favorable than those offered to or by the proposed transferee. No premium is payable in respect of the pre-emptive rights.

TPL's tag-along rights:

If SPI Xinjiang intends to disposal all or part of its equity interests directly or indirectly and TPL does not exercise its pre-emptive rights upon receipt of the notice of transfer pursuant to the Shareholders Agreement, TPL shall be entitled but not obliged to include not more than its proportionate equity interest in such transfer in accordance with the conditions stated in the Shareholders Agreement. No premium is payable in respect of the tag-along rights.

III. SHAREHOLDINGS OF TPL IN THE TARGET COMPANY BEFORE AND AFTER THE COMPLETION OF THE CAPITAL INCREASE

The following is the shareholding structure of TPL in the Target Company as at the date of this announcement and after completion of the Capital Increase:

Name of the shareholders	As at the date of this announcement		After the Completion of the Capital Increase	
	Paid-in capital contribution (RMB)	Shareholding (%)	Paid-in capital contribution (RMB)	Shareholding (%)
SPI Xinjiang	1,760,440,872.0	59.8454%	1,760,440,872.0	51.3860%
Other Shareholders	1,181,208,773.1	40.1546%	1,181,208,773.1	34.4786%
TPL	-	-	484,266,449.7	14.1354%
Total	2,941,649,645.1	100.0000%	3,425,916,094.8	100.0000%

Upon the completion of the Capital Increase, it is expected TPL will hold 14.1354% equity interests in the Target Company, and the Target Company will not become a subsidiary of the Company and its financial results and position will not be consolidated into the financial statements of the Group either.

IV. FINANCIAL INFORMATION OF THE TARGET COMPANY

Based on the audit report of the Target Company prepared based on PRC GAAP, the consolidated financial information of the Target Company for the year ended 31 December 2020 and 31 December 2021 is tabled below:

Items	For the year ended 31 December 2020 (RMB10,000)	For the year ended 31 December 2021 (RMB10,000)
Total assets	1,170,941.5	1,337,344.8
Net assets	475,046.7	485,303.6
Net profit before tax and non-recurring items	35,667.9	50,258.9
Net profit after tax and non-recurring items	31,250.3	44,162.1

V. REASONS FOR AND BENEFITS OF THE TRANSACTIONS

SPI is a large state-owned backbone enterprise directly managed by the central government. Its business covers electricity, heat, coal, aluminium, logistics, finance, environmental protection, photovoltaic and power plant services, etc. It is also one of the largest new energy companies in the world. The Target Company is a key new energy subsidiary of SPI Xinjiang with good operating conditions and financial position. After the completion of the Investment, the Group will continue to expand the cooperation between the Group and SPI in the field of carbon neutrality, and the two parties will cooperate in various strategies such as insurance and investment to enhance the interests of shareholders of both parties.

The investment amount will be funded by the internal resources of TPL.

The Directors are of the view that the transactions contemplated under the Investment are conducted on normal commercial terms, and the terms of the Capital Increase Agreement and the Shareholders Agreement are fair and reasonable and in the interests of TPL, the Company and the shareholders of the Company as a whole.

VI. PREVIOUS INVESTMENT

Reference is also made to the Previous Investment agreed to proceed and related Previous Capital Increase Agreement and Previous Shareholders Agreement entered into by TPL with SPI Xinjiang and CPI Mulei on 31 August 2021, according to which, TPL contributed RMB790 million to CPI Mulei in cash, of which RMB553 million was the registered capital (accounting approximately for 49% of the enlarged equity of CPI Mulei after completion of such capital increase), while the amount of RMB237 million that exceeds the registered capital was included in the capital reserve of CPI Mulei. CPI Mulei did not become a subsidiary of the Company after the capital increase pursuant to the Previous Capital Increase Agreement and its financial results and position did not be consolidated into the financial statements of the Group either. In addition, according to the Previous Shareholders Agreement, SPI Xinjiang was granted the right of first refusal to acquire the equity interests of CPI Mulei held by TPL pursuant to the terms and conditions of the Previous Shareholders Agreement, the purchase price shall be no more than the sum of the actual investment amount paid by TPL and the unallocated investment income payable. TPL was also granted with certain rights, the exercise of which are under its discretion, to purchase or sell their respective equity interest of CPI Mulei pursuant to the terms and conditions of the Previous Shareholders Agreement. As at the date of this announcement, the related rights under the Previous Shareholders Agreement have not been exercised, and TPL and SPI Xinjiang also have not paid any premium for the rights granted.

VII. LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios in respect of the Capital Increase exceed 5% but are less than 25%, the Capital Increase constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules.

Pursuant to Rule 14.74(1) of the Listing Rules, the grant of the Right of First Refusal (the exercise of which is not at the Company's discretion) will be classified as if the Right of First Refusal had been exercised. As one or more of the applicable percentage ratios in respect of the exercise of the Right of First Refusal exceed 5% but are less than 25%, the grant of the Right of First Refusal constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules.

Pursuant to Rule 14.24 of the Listing Rules, as the Capital Increase and the deemed exercise of the Right of First Refusal under the Investment constitute one transaction involving both an acquisition and a disposal, the transaction will be classified by reference to the larger of the acquisition or disposal, and subject to the reporting, disclosure and/or shareholder approval requirements applicable to that classification. Accordingly, the Investment is subject to the notification and announcement requirements applicable to discloseable transaction under Chapter 14 of the Listing Rules.

Reference is also made to the Previous Investment agreed between TPL with SPI Xinjiang and CPI Mulei on 31 August 2021, pursuant to which, as the applicable percentage ratios in respect of the Previous Investment were less than 5%, the Previous Investment is therefore exempted from the disclosure requirements under Chapter 14 of the Listing Rules. Since SPI Xinjiang, being the controlling shareholder of the Target Company and CPI Mulei, is a party of both the Previous Investment and the Investment, the Investment shall be aggregated with the Previous Investment in accordance to Rule 14.22 of the Listing Rules. As the applicable percentage ratios in respect of the Previous Investment and the Investment, when aggregated, exceed 5% but are less than 25%, the Investment constitutes a discloseable transaction of the Company under the Listing Rules.

As the Other Rights granted to TPL under the Investment (exercise of which is at the discretion of the TPL), pursuant to Rule 14.75(1) of the Listing Rules, only the premium will be taken into consideration for the purpose of transaction classification. As TPL did not pay any premium for the grant of the Other Rights, such grant of Other Rights will not constitute a notifiable transaction of the Company.

VIII. GENERAL INFORMATION

Information of the Company

The principal activity of the Company is investment holding. The principal activities of the Company's subsidiaries are the underwriting of direct life insurance business in the PRC, Hong Kong Macau and Singapore, direct property and casualty insurance business in the PRC, Hong Kong and overseas, pension and group life business, and all classes of global reinsurance business. The Company's subsidiaries also carry on operations in asset management, insurance intermediary, financial leasing, property investment, health care, rehabilitation and elderly care investment, securities dealing and broking business.

Information of TPL

TPL was incorporated in the PRC with a national license to operate domestic life insurance. TPL is mainly engaged in underwriting direct life insurance contracts in the PRC.

Information of the Target Company

The Target Company is a PRC-incorporated company with limited liability and a key new energy subsidiary of SPI Xinjiang, and is mainly engaged in the development, construction, operation and maintenance of wind power and photovoltaic power generation projects.

Information of SPI Xinjiang

SPI Xinjiang is a company incorporated in PRC with limited liability and is a subsidiary of SPI. It currently focuses on thermal, wind, photovoltaic and hydroelectric power generation, in addition to coal mining and sales and heat power business.

To the best of the knowledge, information and belief of the Directors and having made all reasonable enquiries, as at the date of this announcement, SPI Xinjiang, the Target Company and their respective ultimate beneficial owners are third parties independent of and not connected with the Company and its connected persons.

IX. DEFINITIONS

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

“Board”	the board of Directors
“Capital Increase”	a total of RMB900 million contributed in cash to the Target Company by TPL pursuant to the terms and conditions of the Capital Increase Agreement
“Capital Increase Agreement”	the capital increase agreement entered into by TPL with SPI Xinjiang and the Target Company on 30 August 2022
“Company”	China Taiping Insurance Holdings Company Limited, a company incorporated in Hong Kong with limited liability, the shares of which are listed on the main board of the Stock Exchange
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“CPI Mulei”	CPI Xinjiang Energy Chemical Industry Group Mulei New Energy Co. Ltd* (中電投新疆能源化工集團木壘新能源有限公司), a company incorporated in PRC with limited liability and a subsidiary of SPI Xinjiang as at the date of this announcement
“Director(s)”	the director(s) of the Company

“Group”	the Company together with its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Investment”	the investment made by TPL to the Target Company by a total of RMB900 million in cash as well as the grant of/being granted with certain rights pursuant to the terms and conditions of the Capital Increase Agreement and the Shareholders Agreement
“Investment Amount Payment Date”	the date on which TPL paid all the amount payable under the Investment
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Other Rights”	the rights granted to TPL under the Shareholders Agreement, including the pre-emptive rights and tag-along rights to purchase or sell the equity interest of the Target Company
“PRC”	The People’s Republic of China, for the purpose of this announcement, excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“PRC GAAP”	Generally Accepted Accounting Principles in the PRC
“Previous Capital Increase Agreement”	the capital increase agreement entered into by TPL with SPI Xinjiang and CPI Mulei on 31 August 2021
“Previous Investment”	the previous investment made by TPL to CPI Mulei by a total of RMB790 million in cash as well as the grant of/being granted with certain rights pursuant to the terms and conditions of the Previous Capital Increase Agreement and the Previous Shareholders Agreement
“Previous Shareholders Agreement”	the shareholders agreement entered into by TPL with SPI Xinjiang and CPI Mulei on 31 August 2021
“Related Interest”	14.1354% of the enlarged equity of the Target Company held by TPL after the completion of the Capital Increase
“Right of First Refusal”	the Right of First Refusal granted to SPI Xinjiang under the Shareholders Agreement to acquire the Related Interest from TPL
“RMB”	Renminbi, the lawful currency of the PRC

“Shareholders Agreement”	the shareholders agreement entered into by TPL and SPI Xinjiang with the Target Company on 30 August 2022
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“SPI”	State Power Investment Corporation Limited* (國家電力投資集團有限公司), a company incorporated in PRC with limited liability
“SPI Xinjiang”	SPI Xinjiang Energy Chemical Industry Group Co. Ltd* (國家電投集團新疆能源化工有限責任公司), a company incorporated in PRC with limited liability and a subsidiary of SPI as at the date of this announcement
“Target Company”	CPI Xinjiang Energy Chemical Industry Group Hami Co. Ltd* (中電投新疆能源化工集團哈密有限公司), a company incorporated in PRC with limited liability and a subsidiary of SPI Xinjiang as at the date of this announcement
“TPL”	Taiping Life Insurance Company Limited, a company incorporated in the PRC with limited liability and a subsidiary of the Company owned as to 75.1% by the Company and as to 24.9% by Ageas Insurance International NV as at the date of this announcement
“Valuation Benchmark Date”	31 December 2021
“%”	per cent

By Order of the Board of
China Taiping Insurance Holdings Company Limited
ZHANG Ruohan
Company Secretary

Hong Kong, 30 August 2022

As at the date of this announcement, the Board comprises 11 directors, of which Mr. WANG Sidong, Mr. YIN Zhaojun and Mr. XIAO Xing are executive directors, Mr. GUO Zhaoxu, Mr. HU Xingguo, Ms. ZHANG Cui and Mr. YANG Changgui are non-executive directors, and Mr. ZHU Dajian, Mr. WU Ting Yuk Anthony, Mr. XIE Zhichun and Mrs. LAW FAN Chiu Fun Fanny are independent non-executive directors.

** For identification purpose only*