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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 ACQUISITION OF OPERATING LEASE ATTACHED AIRCRAFT

THE AIRCRAFT PORTFOLIO SALE AND PURCHASE AGREEMENT

The Board hereby announces that on 4 March 2024 (after trading hours), TP 26, a subsidiary of the Company, entered into the Aircraft Portfolio Sale and Purchase Agreement with the Vendors, pursuant to which, the Vendors agreed to sell and TP 26 agreed to purchase the Aircraft. At completion of the Transaction, the Vendors and TP 26 will concurrently enter into the Lease Transfer Agreement, whereby the Vendors agree to novate its rights and obligations under the Aircraft Lease Agreements from the date of the Lease Transfer Agreement to TP 26 and TP 26 (as the new lessor) agrees to assume all the rights and obligations of the Vendors in and under the Aircraft Lease Agreements from the date of the Lease Transfer Agreement.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios under Rule 14.07 of the Listing Rules for the transactions completed under the Aircraft Portfolio Sale and Purchase Agreement is above 5% but all are below 25%, the Transaction constitutes a discloseable transaction of the Company and is therefore subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

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Date:

4 March 2024

Parties

- (i) TP 26, a subsidiary of the Company, as purchaser; and
- (ii) the Vendors

Aircraft to be Acquired

The Aircraft

Consideration

TP 26 is subject to a confidentiality obligation under which no disclosure with respect to the terms of the Aircraft Portfolio Sale and Purchase Agreement shall be made to any third party, save with the consent of the Vendors. For the Company's compliance with its disclosure obligations normally required under Chapter 14 of the Listing Rules, TP 26 has obtained prior consent from the Vendors to disclose the terms of the Aircraft Portfolio Sale and Purchase Agreement, other than the Consideration.

As an alternative to disclosing the Consideration for the Transaction, the Company will disclose the Market Appraised Value of the Aircraft. The Market Appraised Value is made by an independent appraiser and is approximately USD231.92 million (equivalent to approximately HK\$1,813.61 million). The Consideration is of no material difference from the Market Appraised Value. The Board considers that the Consideration was determined on an arm's length basis, taking into account the Market Appraised Value, and the terms and conditions of the Transaction as a whole and with reference to market conditions.

TP 26 and the Company are unable to access the net book value of the Aircraft and the net profits (both before and after tax) attributable to the Aircraft for the two financial years immediately preceding the Transaction (collectively, the "**Historical Details**") as the Aircraft was owned by the Vendors and operated by the lessees to the respective Aircraft Lease Agreements, whose business is providing scheduled air transportation services. The Historical Details are commercial sensitive and not available to the Company. When assessing the purchase terms of the Aircraft, the Company mainly use the Market Appraised Value, the internal return rate and the prevailing market practice in the aviation industry as reference without any of the Historical Details.

As an alternative to disclosing the net profits (both before and after tax) attributable to the Aircraft for the two financial years immediately preceding the Transaction, the Company will disclose the internal return rate. The internal return rate is one of the main factors considered by the Group when evaluating risks and returns involved in the purchase of aircraft asset portfolios and assessing the reasonableness of premium, the Group would expect a stable internal return rate being no less than 5%, which is consistent with transactions with a similar nature in the market. The Company confirms that there is no deviation from the method adopted by the Group when evaluating the Transaction, and the internal return rate of the Transaction is expected to be above 5%, which falls within the scope of that of the Group's previous similar transactions and market similar transactions.

The Company believes that if the Company was required to disclose the Consideration, sellers in the aircraft industry including the Vendors would not have entered into the Aircraft Portfolio Sale and Purchase Agreement with the Group, and it is also likely that the Group would not be able to enter into similar future transactions with sellers in the aircraft industry including the Vendors. Any such disclosure would therefore not be in the interests of the Company and the Shareholders as a whole.

The Company has therefore applied to the Stock Exchange for, and the Stock Exchange has granted, waivers from strict compliance with Rule 14.58(4), Rule 14.58(6) and Rule 14.58(7) of the Listing Rules in respect of disclosure of the Consideration, the book value of the Aircraft and the net profits (both before and after tax) attributable to the Aircraft for the two financial years immediately preceding the Transaction.

Conditions Precedents

Completion of the Transaction is conditional upon fulfilment or waiver by the relevant parties of certain conditions, including but not limited to, the provision of relevant documentation in form and substance satisfactory to the parties, due execution of a lease novation and amendment agreement and/or ancillary agreements by the parties.

Payment and Delivery Terms

The Consideration will be paid before completion of the purchase of the Aircraft, which is estimated to occur by the end of June 2024.

At completion of the Transactions, the Vendors will concurrently novate the Aircraft Lease Agreements to the Purchaser or its nominee(s) (as the new lessor), who will assume all rights and obligations of the Vendors under the Aircraft Lease Agreements.

Source of Funding

The Consideration was funded through cash on hand, bank loans and cash generated from the business operations of TSFL and TP 26.

REASONS FOR ENTERING INTO THE TRANSACTION

The Directors are of the view that completion of the Transaction will not only accelerate expansion and diversification of TSFL's fleet portfolio, but will also grow its customer base as part of its strategy to develop its aircraft leasing business. TSFL also keeps exploring aircraft sources in addition to new order books with manufacturers, secondary markets, and purchase and leasebacks. Portfolio trading will enhance the Group's sourcing flexibility, which is an important tool for TSFL to optimise its asset value through active fleet management going forward.

The Directors consider that the terms of the Aircraft Portfolio Sale and Purchase Agreement are fair and reasonable and in the interest of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios under Rule 14.07 of the Listing Rules for the transactions completed under the Aircraft Portfolio Sale and Purchase Agreement is above 5% but all are below 25%, the Transaction constitutes a discloseable transaction of the Company and is therefore subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

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, finance leasing, property investment, medical health and elderly care investment, securities dealing and broking business.

Information of TP 26

TP 26, a subsidiary of the Group, is a special purpose vehicle established in the PRC, the principal activities of which are financial leasing. As at the date of this announcement, TP 26 is wholly-owned by TSFL.

Information of TSFL

TSFL, a non-wholly owned subsidiary of the Group, is a limited liability company established in the PRC and is principally engaged in finance leasing, transfers or acquisitions of subject assets of finance leases, investment in fixed-income securities, taking in deposits of finance leases from lessees and three-month or longer term deposits from non-banking shareholders, inter-bank lending, borrowings from financial institutions, offshore borrowings, sales and handling of leased assets, and economic consultation and such other businesses as approved by the National Administration of Financial Regulation. As at the date of this announcement, TSFL is owned as to 50% by TPL and China Petrochemical Corporation, respectively.

Information of the Vendors

The Vendors are subsidiaries of ALC. ALC is an aircraft leasing company incorporated in the state of Delaware, the USA, which is principally engaged in purchasing commercial aircraft and leasing them to airlines worldwide. ALC is a company listed on the New York Stock Exchange (NYSE: AL).

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Vendors, ALC and its ultimate beneficial owners are third parties independent of the Company and its connected persons (as defined in the Listing Rules).

DEFINITIONS

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

“Aircraft”	five B737-800 aircraft
“Aircraft Lease Agreement(s)”	the respective aircraft lease agreement(s) previously entered into between the existing lessor of such Aircraft and lessees relating to the lease of the Aircraft

“Aircraft Portfolio Sale and Purchase Agreement”	the aircraft portfolio sale and purchase agreement entered into among the Vendors and TP 26 on 4 March 2024, pursuant to which the Vendors agreed to sell and TP 26 agreed to purchase the Aircraft
“ALC”	Air Lease Corporation
“Board”	the board of Directors
“China Petrochemical Corporation”	中國石油化工集團有限公司(China Petrochemical Corporation*), and formerly known as 中國石油化工集團公司 (China Petrochemical Corporation*), a wholly state-owned enterprise incorporated in the PRC
“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
“Consideration”	the actual consideration payable by TP 26 to the Vendors for the purchase of the Aircraft
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Lease Transfer Agreement”	in respect of each Aircraft, a lease novation and amendment agreement, in respect of the relevant lease applicable to such Aircraft between, among others, the existing lessor of such Aircraft, the new lessor in respect of such Aircraft and the lessee, in form and substance reasonably acceptable to the applicable Vendors and the Purchaser
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“Market Appraised Value”	the full-life base value of the Aircraft obtained from an independent appraiser
“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
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder(s)”	shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary”	has the meaning ascribed to it under the Listing Rules
“TP 26” or “Purchaser”	太平二十六號（天津）航空租賃有限公司(Taiping No.26 (Tianjin) Aviation Leasing Co., Ltd*)

“TPL”	Taiping Life Insurance Company Limited, a company established in the PRC with limited liability and a subsidiary of the Company owned as to 75.1% by the Company as at the date of this announcement
“Transaction”	the transaction contemplated under the Aircraft Portfolio Sale and Purchase Agreement
“TSFL”	太平石化金融租賃有限責任公司 (Taiping & Sinopec Finance Leasing Co. Ltd.*), a limited liability company established in the PRC and a subsidiary of the Company, owned as to 50% by TPL and China Petrochemical Corporation, respectively, as at the date of this announcement
“USA”	The United States of America
“USD”	US dollars, the lawful currency of the USA
“Vendor(s)”	certain subsidiaries of ALC
“%”	per cent

** for identification purpose only*

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

Hong Kong, 4 March 2024

As at the date of this announcement, the Board comprises 10 directors, of which Mr. WANG Sidong, Mr. YIN Zhaojun and Mr. LI Kedong are executive directors, Mr. GUO Zhaoxu, Mr. HU Xingguo and Ms. ZHANG Cui 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.