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**新華人壽保險股份有限公司**

**NEW CHINA LIFE INSURANCE COMPANY LTD.**

*(A joint stock company incorporated in the People's Republic of China with limited liability)*

**(Stock Code: 01336)**

**DISCLOSEABLE TRANSACTION  
DISPOSAL OF APPROXIMATELY 3.46%  
EQUITY INTERESTS IN UNITED PIPELINE**

**DISPOSAL OF APPROXIMATELY 3.46% EQUITY INTERESTS IN UNITED PIPELINE**

The Board announced that, after consideration and approval by the Board on 26 September 2022, the Company proposed to enter into the Equity Transfer Agreement with PipeChina, pursuant to which the Company proposed to dispose and PipeChina proposed to acquire all approximately 3.46% equity interest in United Pipeline held by the Company. The consideration for the Equity Transfer is expected to be approximately RMB9,070 million. The transaction shall perform the examination and approval procedures according to national laws and regulations and the final consideration shall be determined based on the appraisal value approved or filed in accordance with national laws and regulations.

**LISTING RULES IMPLICATIONS**

As the highest applicable percentage ratio (as defined in Chapter 14 of the Listing Rules) in respect of the Equity Transfer exceeds 5% but is less than 25%, the Equity Transfer constitutes a discloseable transaction under Chapter 14 of the Listing Rules, and is subject to the announcement and reporting requirements but exempted from shareholders' approval requirement.

The appraisal value for 100% shareholders' interest in United Pipeline was determined under the income approach. Since United Pipeline does not constitute a subsidiary of the Company before or after the Equity Transfer, the appraisal will not constitute the profit forecast under the Rules 14.61, 14.60A and 14.62 of the Listing Rules.

## **BACKGROUND**

The Board announced that, after consideration and approval by the Board on 26 September 2022, the Company proposed to enter into the Equity Transfer Agreement with PipeChina, pursuant to which the Company proposed to dispose and PipeChina proposed to acquire all approximately 3.46% equity interests in United Pipeline held by the Company. The consideration for the Equity Transfer is expected to be approximately RMB9,070 million. The transaction shall perform the examination and approval procedures according to national laws and regulations and the final consideration shall be determined based on the appraisal value approved or filed in accordance with national laws and regulations.

## **EQUITY TRANSFER AGREEMENT**

Major terms of the Equity Transfer Agreement proposed to be entered into are summarized as below:

**Parties:**

- a. Vendor: the Company, and
- b. Purchaser: PipeChina

**Subject matter:**

Pursuant to the Equity Transfer Agreement, the Company conditionally agreed to dispose and PipeChina conditionally agreed to acquire approximately 3.46% equity interests in United Pipeline, corresponding to registered capital of RMB2,771,148,147 of United Pipeline.

**Transfer consideration:**

According to the Equity Transfer Agreement, the final consideration shall be determined based on the appraisal value approved or filed in accordance with national laws and regulations multiply by the disposal percentage of approximately 3.46%. Based on (i) the initial appraisal value of the 100% shareholders' equity of United Pipeline of approximately RMB261,856 million as of the Valuation Benchmark Date (the final appraisal value shall be determined after the approval or filing of the Valuation Report in accordance with national laws and regulations), and (ii) the approximately 3.46% shareholding in United Pipeline by the Company, the corresponding transfer consideration for the Target Equity is expected to be approximately RMB9,070 million.

Both parties agreed that United Pipeline could declare dividends after the Valuation Benchmark Date for the distributable profits of United Pipeline as of the Valuation Benchmark Date (the “**Dividends After the Benchmark Date**”).

**Equity Transfer Interests and gains and losses during the Transition Period:**

The parties agree that, PipeChina shall pay the interests for the period from the Valuation Benchmark Date (exclusive) to the Completion Date (inclusive) (the “**Equity Transfer Interests**”) to the Company at the 5-year loan prime rate (LPR) on the Valuation Benchmark Date based on the transfer consideration of the Target Equity.

The parties agree that the gains and losses during the Transition Period will be attributable to PipeChina.

**Payment arrangement:**

- a. The transfer consideration of the Target Equity and Equity Transfer Interests shall be paid by PipeChina to the Company on the first business date after the Completion Date, after deducting the Dividends After the Benchmark Date (if any);
- b. The Dividends After the Benchmark Date, if any, shall be paid to the Company by United Pipeline on the first business date after the Completion Date.

**Conditions precedent:**

The completion of the Equity Transfer is subject to the satisfaction of the following conditions or the exemption by the competent party:

- a. As at the date of signing the Equity Transfer Agreement, the representations, undertakings and warranties made by the parties on the Completion Date of the Equity Transfer Agreement are true, accurate and complete in all material respects, and without misleadings, false representations and omissions in all material respects;
- b. The parties to the Equity Transfer Agreement have approved the Equity Transfer, the Equity Transfer Agreement and related documents according to their internal organizational documents;
- c. The Company shall issue an undertaking letter, undertaking to cooperate with PipeChina to handle the industrial and commercial change registration and filing procedures related to the transfer of the equity interest in United Pipeline;

- d. The Valuation Report under the Equity Transfer Agreement has undergone the approval or filing procedures in accordance with national laws and regulations;
- e. The Equity Transfer has obtained the approval by the state-owned assets supervision authority on the transfer of the Target Equity by the way of non-public agreement (including but not limited to the approval in writing or any other forms of approval or waiver);
- f. In addition to the industrial and commercial change registration of United Pipeline, the Equity Transfer has also obtained the applicable approval, license, filing and registration from the relevant government departments in the PRC.

After entering into the Equity Transfer Agreement and determination of the final consideration by the Company and PipeChina, the Company will make further announcement in respect of any significant changes in the Equity Transfer, if any.

## **GENERAL INFORMATION**

### **The Company**

The Company is a joint stock limited company incorporated in the PRC, and its H Shares and A Shares are listed on the Stock Exchange (stock code: 01336) and the Shanghai Stock Exchange (stock code: 601336), respectively. As one of the leading life insurance companies in the PRC, the Company is primarily engaged in life insurance, health insurance, accident and casualty insurance, insurance consulting and funds utilization in the PRC.

### **PipeChina**

PipeChina was established on 6 December 2019 with registered capital of RMB500 billion. It is a central state-owned enterprise regulated by the State-owned Assets Supervision and Administration Commission of the State Council. PipeChina is engaged in the investment, construction and operation of infrastructure such as oil and gas trunk pipelines, gas storages and LNG receiving stations, intensive transportation of crude oil, refined oil and natural gas, interconnection of oil and gas trunk pipeline networks and connection with social pipelines, as well as operation and scheduling of national oil and gas pipeline network. It is the largest oil and gas pipeline network builder and operator in the PRC. As at the date of this announcement, the State-owned Assets Supervision and Administration Commission of the State Council is the actual controller of PipeChina.

To the best knowledge and belief after all reasonable enquiries of the Directors, PipeChina and its ultimate beneficial owner are independent of the Company and its connected persons.

## **United Pipeline**

United Pipeline is established in 2015 with registered capital of RMB80 billion. It is mainly engaged in management of the west-east natural gas transmission system, China-Russia east line, Ulan line, Zhongwu line and other pipelines. As at the date of this announcement, United Pipeline is held by the Company and PipeChina as to approximately 3.46% and approximately 96.54% of equity interests, respectively.

According to the draft Valuation Report, the value of total shareholders' equity of United Pipeline on the Valuation Benchmark Date was approximately RMB261,856 million. The audited net assets of United Pipeline as at 31 December 2020 and 31 December 2021 were RMB204,087,755,315 and RMB220,643,976,293, respectively. The audited profits before and after tax of United Pipeline for the two years ended 31 December 2020 and 2021 are set out below:

	<b>For the year ended 31 December 2020 (Audited) RMB'000</b>	<b>For the year ended 31 December 2021 (Audited) RMB'000</b>
Profit before tax	22,464,474	25,284,288
Profit after tax	17,947,571	19,648,193

## **FINANCIAL IMPACT OF THE EQUITY TRANSFER**

The Company is expected to record the revenue of approximately RMB570 million from the Equity Transfer, which is the difference between the proceeds from the Equity Transfer and the proceeds from Target Equity acquisition.

The proceeds from the Equity Transfer are intended to be used to fund the future investments of the Company.

## **REASONS FOR AND BENEFITS OF THE EQUITY TRANSFER**

The Directors considered that the Equity Transfer will help the Company optimize its asset structure and focus on its principal business. Besides, the Equity Transfer is a good opportunity for the Company to realize the relevant investment, thereby reallocating the resources of the Company to other existing businesses. After the completion of the Equity Transfer, the Company will no longer hold any interests in United Pipeline.

The Directors (including independent non-executive Directors) are of the view that the terms of the Equity Transfer Agreement are fair and reasonable and entered into on normal commercial terms, and the Equity Transfer is in the interests of the Company and shareholders as a whole.

## **LISTING RULES IMPLICATIONS**

As the highest applicable percentage ratio (as defined in Chapter 14 of the Listing Rules) in respect of the Equity Transfer exceeds 5% but is less than 25%, the Equity Transfer constitutes a discloseable transaction under Chapter 14 of the Listing Rules, and is subject to the announcement and reporting requirements but exempted from shareholders' approval requirement.

The appraisal value for 100% shareholders' interest in United Pipeline was determined under the income approach. Since United Pipeline does not constitute a subsidiary of the Company before and after the Equity Transfer, the appraisal will not constitute the profit forecast under the Rules 14.61, 14.60A and 14.62 of the Listing Rules.

## **DEFINITIONS**

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

“A Share(s)”	domestic share(s) of RMB1.00 each in the share capital of the Company which are listed on the Shanghai Stock Exchange and traded in RMB
“Board”	the board of directors of the Company
“Completion Date”	the last day of the month when the Equity Transfer has obtained the approval by the state-owned assets supervision authority on the transfer of the Target Equity by the way of non-public agreement and the approval or filing procedures of the Valuation Report have been completed according to laws and regulations
“Company”	New China Life Insurance Company Ltd., a joint stock limited company duly incorporated in the PRC and the H Shares and the A Shares of which are listed on the Stock Exchange (stock code: 01336) and the Shanghai Stock Exchange (stock code: 601336)
“connected persons”	has the meaning as defined in the Listing Rules
“Director(s)”	the director(s) of the Company
“Equity Transfer”	the equity transfer conducted pursuant to the Equity Transfer Agreement

“Equity Transfer Agreement”	the equity transfer agreement proposed to be entered into between the Company and PipeChina, pursuant to which the Company proposed to dispose and PipeChina proposed to acquire approximately 3.46% equity interests in United Pipeline
“H Shares”	overseas listed foreign share(s) of RMB1.00 each in the share capital of the Company which are listed on the Stock Exchange and traded in Hong Kong dollars
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“PRC”	the People’s Republic of China, excluding for the purpose of this announcement, Hong Kong, Macau Special Administrative Region and Taiwan
“PipeChina”	China Oil & Gas Pipeline Network Corporation, a limited liability company duly incorporated in the PRC in December 2019
“RMB”	Renminbi, the lawful currency of the PRC
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Equity”	approximately 3.46% equity interests in United Pipeline proposed to be disposed by the Company and proposed to be acquired by PipeChina
“Transition Period”	the period from the Valuation Benchmark Date (exclusive) to the Completion Date (inclusive)
“United Pipeline”	National Pipe Network Group United Pipeline Co., Ltd. (國家管網集團聯合管道有限責任公司), a limited company duly incorporated in the PRC in November 2015 and the Company holds approximately 3.46% of its equity interests as at the date of this announcement
“Valuation Benchmark Date”	31 May 2022

“Valuation Report”

the asset valuation report prepared, issued and filed for registration by an independent valuer relating to the Equity Transfer

By Order of the Board  
**New China Life Insurance Company Ltd.**  
**LI Quan**  
*Executive Director*

Beijing, China, 26 September 2022

*As at the date of this announcement, the executive directors of the Company are LI Quan and ZHANG Hong; the non-executive directors are YANG Yi, HE Xingda, YANG Xue, HU Aimin, LI Qiqiang, PENG Yulong and Edouard SCHMID; and the independent non-executive directors are LI Xianglu, ZHENG Wei, CHENG Lie, GENG Jianxin and MA Yiu Tim.*