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AIA Group Limited
友邦保險控股有限公司
(Incorporated in Hong Kong with limited liability)
Stock Code: 1299

DISCLOSEABLE TRANSACTION

**PROPOSED INVESTMENT IN
CHINA POST LIFE INSURANCE CO., LTD.**

**AIA CAPTURES FURTHER SIGNIFICANT GROWTH OPPORTUNITIES IN CHINA
THROUGH A UNIQUE INVESTMENT IN CHINA POST LIFE
HELPING MILLIONS MORE CHINESE FAMILIES
LIVE HEALTHIER, LONGER, BETTER LIVES**

Hong Kong, 29 June 2021 - AIA Group Limited (the “Company”, and together with its subsidiaries, “AIA” or the “Group”) announces that it has agreed to invest RMB12,033 million (US\$1,860 million)¹ through its wholly-owned subsidiary, AIA Company Limited (“AIA Co.”), for a 24.99 per cent equity stake, post investment, in China Post Life Insurance Co., Ltd. (“China Post Life”), subject to securing all necessary regulatory approvals (the “Transaction”). The investment will be financed on an all-cash basis from internal resources.

China Post Life is a subsidiary of China Post Group Co., Ltd. (“China Post”) and is the leading bank-affiliated² life insurer focused on bringing financial protection to the mass and emerging mass-affluent market in China. Through its distribution partnership with Postal Savings Bank of China Co., Ltd. (“PSBC”), it has access to the largest retail financial distribution network of around 40,000 financial outlets nationwide and more than 600 million retail customers. China Post Life currently distributes in 21 provinces, covering 80 per cent of the PSBC network.

The total value of the proposed investment represents a valuation of 1.34x China Post Life book value³ on a pre-money basis⁴ as of 31 December 2020. Value of new business (“VONB”) for China Post Life was RMB1,866 million (US\$269 million)⁵ for the full year 2020.

The Group’s operation of AIA Life Insurance Company Limited (“AIA China”), its wholly-owned life insurer in China, will remain entirely independent of this investment. AIA China will continue its focus on high-quality growth, including geographical expansion, through its highly-differentiated Premier Agency model. It will continue to provide high-quality protection and long-term savings products to the rapidly-growing middle-class and affluent customer segments.

AIA’s investment in China Post Life increases the Group’s exposure to the Chinese life insurance market and the potential from distribution channels and customer segments that are complementary to our existing strategy in China. The Group will dedicate resources from its Group Office to provide targeted technical advice and support to China Post Life. Areas of technical support and cooperation will include product development, technology, investment and risk management expertise, as well as support in expanding and deepening China Post Life’s unique distribution opportunity.

Summary of the Transaction

- On 29 June 2021, the following documents have been entered into in relation to the Transaction: share subscription agreement between AIA Co. and China Post Life (the “Share Subscription Agreement”); investor rights agreement between the Company, AIA Co., China Post Life and China Post; technical assistance agreement between the Company and China Post Life; and business cooperation framework agreement between the Company and China Post (the “Business Cooperation Framework Agreement”) (collectively referred to as the “Transaction Documents”).
- AIA Co. has agreed to pay RMB12,033,579,523 for 7,162,844,954 shares of China Post Life (the “Subscription Price”), on an all-cash basis from internal resources, as set out in the Share Subscription Agreement.

- The Subscription Price was arrived at after arm's length negotiations between AIA Co. and China Post Life and considering the net asset value of China Post Life as at 31 December 2020 and the opportunities for further value creation at China Post Life.
- Based on the audited financial statements³ of China Post Life, its net assets were RMB26,866 million as at 31 December 2020.
- Based on the audited financial statements³ of China Post Life, net profit before and after taxation for the year ended 31 December 2019 was RMB1,532 million and RMB1,688 million⁶, respectively, and net profit before and after taxation for the year ended 31 December 2020 was RMB1,232 million and RMB1,316 million⁶, respectively.
- A dedicated joint team comprising representatives from AIA Group Office and China Post Life will form the Technical Assistance Advisory Committee reporting directly to the board of directors of China Post Life.
- AIA Co. will have the right to nominate one non-executive director to China Post Life's board of directors.
- AIA Co.'s investment in China Post Life will be subject to a statutory lock-up period.
- AIA Co. is entitled to customary shareholder protections.
- AIA and China Post will also explore additional business opportunities under the Business Cooperation Framework Agreement.

The directors of the Company consider that the terms of the Transaction are fair and reasonable and in the interests of the Company and its shareholders as a whole and have approved the Transaction.

Information Pack

An information pack is available on AIA's website:

<https://www.aia.com/en/investor-relations/results-presentations/other-presentations.html>

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Goldman Sachs is acting as adviser to AIA with respect to the Transaction. Debevoise & Plimpton and Jun He Law Offices are acting as legal advisers to AIA on the Transaction.

Listing Rules Implications

AIA Co. and the Company are bound to perform their obligations under the Transaction Documents, including working with China Post Life and China Post to obtain the required regulatory approvals for the Transaction and fulfil other conditions precedent for the completion of the Transaction and payment of the Subscription Price.

Since one or more of the applicable percentage ratios under Rule 14.07 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules") in respect of the Transaction exceed 5 per cent but all of the applicable percentage ratios are below 25 per cent, the Transaction constitutes a discloseable transaction of the Company under the Listing Rules and is subject to the reporting and announcement requirements but is exempt from the shareholders' approval requirement under Chapter 14 of the Listing Rules.

The Company confirms that to the best of its directors' knowledge, information and belief having made all reasonable enquiries, China Post Life, China Post and their respective beneficial owners are third parties independent of and not connected with the Company or any of its connected persons as at the date of this announcement.

Shareholders and Potential Investors to Exercise Caution

The completion of the Transaction is subject to the fulfilment or waiver (as the case may be) of certain conditions precedent set out in the Transaction Documents, including relevant regulatory approvals. Accordingly, there is no guarantee that the Transaction will proceed. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.

This announcement contains forward-looking statements relating to the Company and/or China Post Life, China Post and PSBC that are based on the beliefs of the Company's management as well as assumptions made by and information currently available to the Company's management. These forward-looking statements are, by their nature, subject to significant risks and uncertainties. You are strongly cautioned that reliance on any forward-looking statements involves known and unknown risks and uncertainties. Actual results and events may differ materially from information contained in the forward-looking statements.

About AIA

AIA Group Limited and its subsidiaries (collectively “AIA” or the “Group”) comprise the largest independent publicly listed pan-Asian life insurance group. It has a presence in 18 markets – wholly-owned branches and subsidiaries in Mainland China, Hong Kong SAR⁷, Thailand, Singapore, Malaysia, Australia, Cambodia, Indonesia, Myanmar, the Philippines, South Korea, Sri Lanka, Taiwan (China), Vietnam, Brunei, Macau SAR⁸ and New Zealand, and a 49 per cent joint venture in India.

The business that is now AIA was first established in Shanghai more than a century ago in 1919. It is a market leader in Asia (ex-Japan) based on life insurance premiums and holds leading positions across the majority of its markets. It had total assets of US\$326 billion as of 31 December 2020.

AIA meets the long-term savings and protection needs of individuals by offering a range of products and services including life insurance, accident and health insurance and savings plans. The Group also provides employee benefits, credit life and pension services to corporate clients. Through an extensive network of agents, partners and employees across Asia, AIA serves the holders of more than 38 million individual policies and over 16 million participating members of group insurance schemes.

AIA Group Limited is listed on the Main Board of The Stock Exchange of Hong Kong Limited under the stock code “1299” with American Depositary Receipts (Level 1) traded on the over-the-counter market (ticker symbol: “AAGIY”).

Notes:

1. Unless otherwise specified in this announcement, the translation of Renminbi into United States Dollars is made for illustration purposes only at the rate of RMB6.47 to US\$1. No representation is made that any amounts in Renminbi could have been or could be converted at the specified rate.
2. Bank-affiliated life insurer refers to a life insurer whose main distribution channel is bancassurance and is controlled by, or affiliated with, a large commercial bank in China.
3. On the basis of the generally accepted accounting principles in the People's Republic of China.
4. The total value of the proposed investment represents a valuation of 1.24x pro-forma China Post Life book value on a post-money basis as of 31 December 2020.
5. VONB is stated on China Post Life embedded value basis, translated into United States Dollars based on average spot rates over the period.
6. Includes the impact of tax adjustments relating to tax losses and certain income that is exempt from corporate income tax.
7. Hong Kong SAR refers to Hong Kong Special Administrative Region.
8. Macau SAR refers to Macau Special Administrative Region.

By Order of the Board
Lee Yuan Siong
Executive Director,
Group Chief Executive and President

Hong Kong, 29 June 2021

As at the date of this announcement, the board of directors of the Company comprises:

Independent Non-executive Chairman and Independent Non-executive Director:

Mr. Edmund Sze-Wing TSE

Executive Director, Group Chief Executive and President:

Mr. LEE Yuan Siong

Independent Non-executive Directors:

Mr. Jack Chak-Kwong SO, Mr. Chung-Kong CHOW, Mr. John Barrie HARRISON, Mr. George Yong-Boon YEO, Professor Lawrence Juen-Yee LAU, Ms. Swee-Lian TEO, Dr. Narongchai AKRASANEE, Mr. Cesar Velasquez PURISIMA and Ms. SUN Jie (Jane)