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POSTAL SAVINGS BANK OF CHINA CO., LTD.

中國郵政儲蓄銀行股份有限公司

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

(Stock Code: 1658)

(Stock Code of Preference Shares: 4612)

**PROPOSED NON-PUBLIC ISSUANCE OF A SHARES
GRANT OF AUTHORIZATION TO THE BOARD OF
DIRECTORS AND ITS AUTHORIZED PERSONS TO HANDLE
THE SPECIFIC MATTERS RELATING TO
THE NON-PUBLIC ISSUANCE OF A SHARES
SHARE SUBSCRIPTION CONTRACT WITH CONDITIONS
PRECEDENT
AND
CONNECTED TRANSACTION – CHINA POST GROUP
SUBSCRIPTION**

This announcement is made by Postal Savings Bank of China Co., Ltd. (the “**Bank**”) pursuant to Rule 13.09, Rule 13.28 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and the Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong).

The Board of Directors of the Bank held a meeting in Beijing on November 30, 2020. The meeting considered and approved (among other things) the proposals regarding the Proposed Non-public Issuance of A Shares by the Bank and the China Post Group Subscription.

I. PROPOSED NON-PUBLIC ISSUANCE OF A SHARES

In accordance with the requirements of the Company Law of the People's Republic of China, the Securities Law of the People's Republic of China, the Administrative Measures for the Issuance of Securities by Listed Companies, the Implementation Rules for Non-public Issuance of Shares by Listed Companies, the Interim Measures for the Equity Management of Commercial Banks and other related laws, regulations and normative documents, after self-examination on the actual operation and relevant matters of the Bank item by item, it is considered that the Bank meets the requirements for the Non-public Issuance of A Shares.

According to the requirements of the Company Law of the People's Republic of China, the Securities Law of the People's Republic of China, the Administrative Measures for the Issuance of Securities by Listed Companies, the Implementation Rules for Non-public Issuance of Shares by Listed Companies and other relevant laws, regulations and normative documents, the Bank proposed the A Share Non-public Issuance Plan. The details are as follows:

A. Non-public Issuance Plan

(I) Class and nominal value of securities to be issued

The A Shares to be issued under the Non-public Issuance is the Bank's domestically listed Ordinary Shares denominated in RMB with a nominal value of RMB1.00 per Share.

(II) Method and time of issuance

The Shares will be issued to the target subscriber by way of non-public offering. The Bank will issue Shares at an appropriate time within the validity period upon obtaining the approval documents of the CSRC in respect of the Non-public Issuance.

(III) Amount and use of proceeds

The proceeds from the Non-public Issuance of A Shares shall not exceed RMB30 billion (inclusive, and the same applies below) which, after deducting the relevant issuance expenses, will be fully used to replenish the core tier 1 capital of the Bank. The amount of the Non-public Issuance of RMB30 billion was determined in accordance with regulatory capital requirements in order to meet the Bank's needs for replenishing core tier 1 capital and supporting the sustained and healthy development of our business, with reference to the core tier 1 capital adequacy ratio of the Bank (as of September 30, 2020, the core tier 1 capital adequacy ratio of the Bank was 9.51%) and based on the results of an arm's length negotiation between the Bank and China Post Group. The amount of proceeds will depend on the final issuance plan approved by the relevant regulatory authorities.

(IV) Target subscriber and subscription method

The target subscriber for the Non-public Issuance is China Post Group, the controlling Shareholder of the Bank. The proposed subscription amount by China Post Group shall not exceed RMB30 billion, and the subscription amount will be determined in accordance with the amount of proceeds approved by regulatory authorities. China Post Group will subscribe for the A Shares to be issued under the Non-public Issuance in cash.

(V) Issue price and pricing principles

The pricing benchmark date of the Non-public Issuance is November 30, 2020 (i.e. the date of announcement of the Bank's Board resolution that approved the Non-public Issuance). The price of Shares to be issued under the Non-public Issuance shall not be lower than the higher of the following:

- (1) 80% of the average trading price (rounded up to the nearest two decimal places) of the RMB-denominated Ordinary Shares of the Bank for the 20 trading days preceding the pricing benchmark date (excluding the pricing benchmark date). The average trading price of the RMB-denominated Ordinary Shares for the 20 trading days preceding the pricing benchmark date is equal to the total trading amount of the RMB-denominated Ordinary Shares of the Bank for the 20 trading days preceding the pricing benchmark date divided by the total trading volume of the RMB-denominated Ordinary Shares for the 20 trading days preceding the pricing benchmark date. In the event that there are ex-right or ex-dividend activities causing adjustment to the share prices during the 20 trading days, the trading prices for the trading days before such adjustment shall be calculated on the basis of the adjusted price caused by the ex-right or ex-dividend activities;
- (2) the latest audited net assets per Share of the Bank attributable to the ordinary Shareholders of the parent company before the issuance. In the event that the Bank distributes dividends, grants bonus shares, allots shares, converts capital reserve to share capital or carries out ex-right or ex-dividend activities during the period commencing from the balance sheet date of the latest audited financial reports before the issuance to the Issuance date, adjustments shall be made to the abovementioned net assets per Share accordingly.

The basis for determining the issue price of the Non-public Issuance of the Bank is fairly determined in accordance with past cases and the guidance of relevant regulatory authorities. The basis for determining the issue price of the Non-public Issuance is in line with the pricing practices of large state-owned banks for non-public issuance (issue price was determined based on the audited net assets per Share). The Board of the Bank believes that the basis for determining the issue price is fair and reasonable.

(VI) Number of Shares to be issued

The maximum number of the Shares to be issued under the Non-public Issuance is calculated based on the net assets per Share of the Bank attributable to ordinary Shareholders of the parent company (excluded dividend) most recently disclosed (the audited net assets per Share of the Bank in 2019 was RMB5.75 per Share, and the net assets per Share after ex-dividend is RMB5.55 per Share). The number of Shares to be issued under the Non-public Issuance shall not exceed 5,405,405,405

(inclusive, and the same applies below). The final number of Shares to be issued will be determined based on the latest audited relevant data before the issuance and the aforesaid pricing method, as well as the amount of proceeds and maximum number of Shares to be issued approved by the relevant regulatory authorities.

The maximum number of Shares to be subscribed for by China Post Group equals to its proposed subscription amount divided by the issue price calculated based on the aforesaid pricing method. The maximum number of Shares to be subscribed for is calculated to the nearest integer with digits after the decimal point rounded off. The maximum number of Shares under the Non-public Issuance that China Post Group proposed to subscribe for is 5,405,405,405 Shares.

The maximum number of Shares to be issued under the Non-public Issuance and the maximum number of Shares proposed to be subscribed for by China Post Group will be adjusted accordingly if any ex-rights events of the Bank's Shares such as bonus issue and capitalization of capital reserve occur during the period from the pricing benchmark date to the date of the issuance.

(VII) Lock-up period of Shares to be issued

Pursuant to the relevant requirements of the CSRC, the CBIRC and the Shanghai Stock Exchange, all the Shares subscribed for by China Post Group under the Non-public Issuance shall not be transferred within five years from the date on which it obtains the equity interests.

If the lock-up period for the Shares subscribed for and the transfer of Shares upon expiry of the lock-up period are otherwise regulated by the relevant regulatory authorities, such regulations shall be followed.

Upon expiry of the lock-up period, the Shares subscribed for by China Post Group may be transferred in accordance with the Company Law of the People's Republic of China and other relevant laws and regulations as well as the relevant regulations of the CSRC, the CBIRC and the Shanghai Stock Exchange.

(VIII) Listing venue

The A Shares to be issued under the Non-public Issuance will be listed and traded on the Shanghai Stock Exchange.

(IX) Arrangement of accumulated undistributed profits prior to the completion of the issuance

The accumulated undistributed profits of the Bank prior to the completion of the Non-public Issuance will be shared by the new and old Shareholders after the completion of issuance.

(X) *Validity period of the resolution*

The Non-public Issuance Plan shall be submitted to the Shareholders' general meeting of the Bank for consideration item by item. The resolution of the Non-public Issuance of Shares shall be valid within twelve months from the date when the resolution is considered and approved at the Shareholders' general meeting.

B. Reasons for the Issuance

In order to continue to meet regulatory standards in respect of capital for commercial banks, improve the capital adequacy level and promote the steady and healthy development of businesses, the Bank proposes to non-publicly issue A Shares.

C. Approvals at the Shareholders' General Meeting and from the Regulatory Authorities

Pursuant to the relevant PRC laws and regulations as well as the Hong Kong Listing Rules, the implementation of the Non-public Issuance is subject to, among others, (i) the approval by the Shareholders at the EGM and the Shareholders' Class Meetings; (ii) the approval by the CBIRC; and (iii) the approval by the CSRC. The Non-public Issuance is subject to the final plan to be approved by the aforesaid regulatory authorities. Any of the above conditions shall not be waived, therefore, if any of the above conditions are not fulfilled, the Bank shall not proceed with the Non-public Issuance.

As at the date of this announcement, the Bank has not submitted the application of the Non-public Issuance to the CBIRC or CSRC for approval. In accordance with the applicable laws and regulations of the PRC, the Bank will submit the applications of the Non-public Issuance to the CBIRC and CSRC for approval after the approval of the Non-public Issuance by the Shareholders at the EGM and the Shareholders' Class Meetings.

D. Basic Information of the Target Subscriber

The target subscriber of the Non-public Issuance is China Post Group.

China Post Group, a wholly state-owned enterprise incorporated in accordance with the Company Law of the People's Republic of China, was established on October 4, 1995 and restructured and renamed as China Post Group Corporation Limited on December 17, 2019. It engages in various postal businesses in accordance with law, undertakes the obligations of general postal services and provides special postal services entrusted by the government. China Post Group has a registered capital of RMB137.6 billion. Its registered address is No. 3 Financial Street, Xicheng District, Beijing. Its unified social credit code is 911000000000192465 and legal representative is Mr. Liu Aili. China Post Group is principally engaged in domestic and international mail delivery, distribution of publications such as newspapers and journals, stamp issuance, postal remittance,

operation of postal savings business in accordance with the law, confidential correspondence, postal financial business, emerging business such as postal logistics and emails, e-commerce, various postal agency business and other businesses as stipulated by the state.

As at the date of this announcement, China Post Group held 56,690,008,873 A Shares and 80,700,000 H Shares of the Bank with a total of 56,770,708,873 Shares and a shareholding percentage of 65.27%.

E. Effect of the Non-public Issuance of A Shares on the Shareholding Structure of the Bank

The following table sets out the shareholding structure of the Bank as at the date of this announcement and immediately after the completion of the Non-public Issuance (on the assumption that a total of 5,405,405,405 A Shares will be issued under the Non-public Issuance, and there will be no further change in the existing shareholding structure of the Bank until the completion of the Non-public Issuance).

Name of Shareholders	As at the date of this announcement		Immediately after the completion of the Non-public Issuance	
	Number of Shares	As a percentage of total issued Shares	Number of Shares	As a percentage of total issued Shares
A Shares				
– China Post Group	56,690,008,873	65.18%	62,095,414,278	67.21%
– China Post Securities Co., Ltd.	11,874,150	0.01%	11,874,150	0.01%
– Public A Shareholders	10,420,512,177	11.98%	10,420,512,177	11.28%
Total issued A Shares	67,122,395,200	77.17%	72,527,800,605	78.51%
H Shares				
– China Post Group	80,700,000	0.09%	80,700,000	0.09%
– DBS Bank Ltd. ⁽¹⁾	398,460,000	0.46%	398,460,000	0.43%
– Public H Shareholders	19,377,007,000	22.28%	19,377,007,000	20.97%
Total issued H Shares	19,856,167,000	22.83%	19,856,167,000	21.49%
Total issued Shares	86,978,562,200	100%	92,383,967,605	100%

Notes:

- (1) DBS Bank Ltd. is a core connected person (as defined in the Hong Kong Listing Rules) of the Bank, therefore the Shares held by DBS Bank Ltd. shall not be calculated as a part of the public Shares.

- (2) Percentage figures included in this table have been subject to rounding adjustments. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures preceding them.

Based on publicly available information and to the knowledge of the Board of Directors, as at the date of this announcement, the Bank has maintained sufficient public float in compliance with the minimum requirement under Rule 8.08 of the Hong Kong Listing Rules and the waivers granted by The Stock Exchange of Hong Kong at the time of listing.

Based on publicly available information and to the knowledge of the Board, assuming that a total of 5,405,405,405 A Shares will be issued pursuant to the Non-public Issuance and that there are no other changes to the share capital of the Bank prior to the completion of the Non-public Issuance, the public float percentage of the Bank immediately after the Non-public Issuance will continue to satisfy the minimum requirement under Rule 8.08 of the Hong Kong Listing Rules.

F. Whether the Non-public Issuance Leads to Changes in the Controlling Right over the Bank

Upon the completion of the Non-public Issuance, China Post Group will remain the controlling Shareholder and de facto controller of the Bank. Therefore, there will be no change in the controlling right over the Bank.

G. Equity Fund Raising Activities in the Past Twelve Months

Pursuant to the Approval of the Initial Public Issuance of Shares by Postal Savings Bank of China Co., Ltd. (Zheng Jian Xu Ke [2019] No. 1991) issued by the CSRC on October 25, 2019, the Bank completed the initial public issuance of 5,172,164,200 RMB Ordinary Shares on November 28, 2019 and the listing on the Main Board of Shanghai Stock Exchange on December 10, 2019, at an offer price of RMB5.50 per Share, with the closing price at RMB5.61 on December 10, 2019, and the total funds raised amounted to RMB28,446.90 million. After deducting issuance fees, net proceeds totaled RMB28,000.55 million, with net proceeds per Share of approximately RMB5.41, and were used to replenish the Bank's capital. The joint lead underwriters exercised the over-allotment option in full on January 8, 2020, with the closing price at RMB5.85 on January 8, 2020. Based on the offer price of RMB5.50 per Share, the Bank issued an addition of 775,824,000 Shares on the basis of the initial issuance of 5,172,164,200 Shares, increasing total proceeds by RMB4,267.03 million. Together with the proceeds of RMB28,446.90 million from the initial issuance of 5,172,164,200 Shares, the total proceeds raised from this issuance amounted to RMB32,713.94 million. After deducting issuance fees, net proceeds amounted to approximately RMB32,205.98 million, with net proceeds per Share of approximately RMB5.41, and were used to replenish the Bank's capital. For details of the above Initial Public Issuance of A Shares and implementation of the over-allotment option, please refer to the circular dated April 12, 2019 and the announcements dated December 8, 2019 and January 9, 2020 of the Bank.

Save as disclosed above, the Bank did not conduct any equity fund raising activity or issue any equity securities within the 12 months immediately preceding the date of this announcement.

H. Specific Mandate to Issue A Shares

The Bank will issue the A Shares under the specific mandate to be sought from the Independent Shareholders at the EGM and the Shareholders' Class Meetings.

II. PROPOSAL TO THE SHAREHOLDERS' GENERAL MEETING TO AUTHORIZE THE BOARD OF DIRECTORS AND ITS AUTHORIZED PERSONS TO HANDLE THE SPECIFIC MATTERS RELATING TO THE NON-PUBLIC ISSUANCE OF A SHARES

In accordance with the arrangements of the Non-public Issuance of the A Shares of the Bank and for the purpose of carrying out the Non-public Issuance in an efficient and orderly manner, it will be proposed at the Shareholders' general meeting to authorize the Board, and the Board will then delegate the authority to the Chairman and the President, to individually or jointly, handle the specific matters relating to the Non-public Issuance subject to the framework and principles approved at the Shareholders' general meeting, and in compliance with the requirements of relevant laws, regulations and other normative documents as well as opinions and recommendations of regulatory authorities. These matters include but are not limited to:

- (I) formulating, adjusting, amending, supplementing and implementing the specific plan of the Non-public Issuance, including but not limited to determining or adjusting the time of issuance, size of issuance, issue price and other matters, according to the laws, regulations and other normative documents, as well as the relevant rules and opinions of the regulatory authorities, while taking into consideration of the market environment and the specific conditions of the Bank;
- (II) drafting, amending and signing various applications, relevant reports or materials in relation to the Non-public Issuance and submitting them to relevant government agencies, regulatory authorities, stock exchanges and securities registration and clearing houses (including but not limited to the CSRC, the CBIRC, The Stock Exchange of Hong Kong, Shanghai Stock Exchange, and Shanghai Branch of China Securities Depository and Clearing Corporation Limited), completing the procedures for approval, registration, filing, ratification, permission, listing and other procedures, and handling the information disclosure matters for the Non-public Issuance in accordance with regulatory requirements;
- (III) deciding upon and engaging the intermediary institutions that participate in the Non-public Issuance, as well as amending, supplementing, signing, implementing and terminating any agreement, contract and document related to the Non-public Issuance

(including but not limited to sponsorship and underwriting agreements, intermediary engagement agreements, agreements related to raised funds, subscription agreements entered into with investors, announcements and other disclosure documents);

- (IV) upon the completion of the Non-public Issuance, modifying the relevant provisions in the Articles of Association in accordance with the results of the Non-public Issuance, and reporting to the relevant government agencies and regulatory authorities for approval or filing, and completing the change of industrial and commercial registration, the registration and custody of new Shares and other relevant matters with the industrial and commercial administrative departments and other relevant departments;
- (V) opening a special account for proceeds from the Non-public Issuance of A Shares, and handling the relevant matters in relation to the use of proceeds from the Non-public Issuance;
- (VI) subject to the applicable PRC laws, if there are new requirements on policies in respect of listed companies issuing new shares under the laws, regulations and other normative documents and by relevant regulatory authorities and if there are changes in market conditions, except for those subject to another voting at a Shareholders' general meeting of the Bank and cannot be authorized as required by relevant laws, regulations and other normative documents and the Articles of Association, adjusting the plan of the Non-public Issuance in accordance with relevant rules and requirements of regulatory authorities (including any feedback upon review of the application for the Non-public Issuance) and the market situation, and continuing to handle the matters related to the Non-public Issuance;
- (VII) further analysing and demonstrating the effect of the Non-public Issuance on the current return of the Bank, formulating and modifying relevant compensatory measures and policies, and handling other relevant matters, in the event that the laws, regulations and other normative documents impose new requirements or relevant regulatory authorities require any changes to be made regarding compensating current returns for refinancing; and
- (VIII) handling other matters that are necessary, suitable and appropriate for the Non-public Issuance on behalf of the Bank, subject to the relevant laws and regulations and other normative documents.

The above authorization will be valid for 12 months commencing from the date of approval at the Shareholders' general meeting of the Bank.

III. SHARE SUBSCRIPTION CONTRACT WITH CONDITIONS PRECEDENT

On November 30, 2020, the Bank and China Post Group entered into the Share Subscription Contract. The main contents are as follows:

(I) Subscription number and amount

The proposed subscription amount by China Post Group shall not exceed RMB30 billion, and the subscription amount will be determined in accordance with the scale of proceeds finally approved by regulatory authorities. The maximum number of the Shares to be issued under the Non-public Issuance is calculated based on the audited net assets per Share of the Bank attributable to ordinary Shareholders of the parent company (excluded dividend) most recently disclosed (at the end of 2019). The number of Shares to be issued under the Non-public Issuance shall not exceed 5,405,405,405. The final number of Shares to be issued will be determined based on the latest audited relevant data before the issuance and the aforesaid pricing method, as well as the size of proceeds and maximum number of Shares to be issued approved by the relevant regulatory authorities.

The maximum number of Shares proposed to be subscribed for by China Post Group equals to its proposed subscription amount divided by the issue price calculated based on the aforesaid pricing method. The maximum number of Shares to be subscribed for is calculated to the nearest integer with digits after the decimal point rounded off. The maximum number of Shares under the Non-public Issuance that China Post Group proposed to subscribe for is 5,405,405,405 Shares.

The maximum number of Shares to be issued under the Non-public Issuance and the maximum number of Shares proposed to be subscribed for by China Post Group will be adjusted accordingly if any ex-right events such as bonus issue and capitalization of capital reserve occur during the period from the pricing benchmark date to the date of the issuance (being the payment date stated in the payment notice sent by the Bank to China Post Group, the same below).

(II) Pricing principles

The pricing benchmark date of the Non-public Issuance is November 30, 2020 (i.e. the date of announcement of the Board resolution approving the Non-public Issuance). The issue price of Shares to be issued under the Non-public Issuance shall not be lower than the higher of the following:

1. 80% of the average trading price of the RMB-denominated Ordinary Shares of the Bank for the 20 trading days preceding the pricing benchmark date (excluding the pricing benchmark date) (rounding up to the nearest two decimal places). The average trading price of the RMB-denominated Ordinary Shares for the 20 trading days preceding the pricing benchmark date is equal to the total trading value of the RMB-denominated Ordinary Shares of the Bank for the 20 trading days preceding the pricing benchmark date divided by the total trading volume of the RMB-denominated Ordinary Shares for the 20 trading days preceding the pricing benchmark date. In the event that any ex-right or ex-dividend activities causes any

adjustment to the share prices during the 20 trading days, the trading prices for the trading days before such adjustment shall be calculated on the basis of the adjusted price caused by the ex-right or ex-dividend activities.

2. the latest audited net assets per Share of the Bank attributable to the ordinary Shareholders of the parent company before the issuance. In the event that the Bank distributes dividends, grants bonus shares, allots shares, converts capital reserve into share capital or carries out any other ex-right or ex-dividend activities during the period commencing from the balance sheet date of the latest audited financial reports before the issuance to the issuance date, adjustments shall be made to the above net assets per Share accordingly.
3. Subscription price: According to the above pricing principles, the subscription price per Share of the Shares to be subscribed for by China Post Group under the Non-public Issuance of A Shares (the “**Subscription Price per Share**”) is RMB5.55 per Share.
4. Price adjustment mechanism: If any ex-right and ex-dividend activities such as dividend distribution, bonus issue and capitalization of capital reserve occur on the Shares of the Bank during the period commencing from the pricing benchmark date to the issuance date, adjustments shall be made to the Subscription Price per Share of the Non-public Issuance accordingly.

(III) Formation and execution of contract

1. The Share Subscription Contract shall be formed upon the signing by the legal representatives or authorized representatives of both parties and affixed with the official seals of both parties.
2. The terms such as the representations and warranties, the liability for breach of contract and confidentiality, compensation for breach of contract, dispute resolution, notifications and others of both parties under the Share Subscription Contract, that are related to the rights and obligations to be enjoyed or performed before the conditions precedent of the Share Subscription Contract are met, will take effect after it is entered into, and shall continue to be effective after the Share Subscription Contract is fully or partially fulfilled or terminated; other terms will become effective on the day when all the following conditions are met:
 - (1) The Board of the Bank and the Shareholders' general meeting have passed resolutions to approve all matters related to the Non-public Issuance;
 - (2) The Non-public Issuance of the Bank and other administrative licensing matters related to the Non-public Issuance have been approved by the CBIRC;
 - (3) The Non-public Issuance of the Bank has been approved by the CSRC;

- (4) China Post Group has obtained the approval of the competent regulatory authority to participate in the Non-public Issuance of Shares (if necessary);
 - (5) The Non-public Issuance has obtained other necessary approvals (if any) from the regulatory authorities with review and approval authority.
3. Both parties agree that if any of the above conditions precedent is not fulfilled and the purpose of the Share Subscription Contract cannot be realized, the Share Subscription Contract will be automatically terminated. In addition, when both parties unanimously agree to terminate the Share Subscription Contract, the Share Subscription Contract can be terminated in writing.
 4. If a party violates the Share Subscription Contract or violates its warranties or promise, which causes heavy losses to the observant party if it continues to observe the Share Subscription Contract, the observant party has the right to unilaterally terminate the Share Subscription Contract.

(IV) Payment of subscription price

China Post Group agreed to subscribe for Shares under the Non-public Issuance of the Bank fully in cash.

After the Bank obtains the approval of the CSRC for the Non-public Issuance of Shares and the Share Subscription Contract has come into effect, the Bank shall follow the requirements of the CSRC and relevant regulatory authorities to perform relevant procedures and make announcements. In accordance with the requirements of the payment notice issued by the Bank and the lead underwriter, China Post Group shall remit the lump-sum subscription amount for Shares to be issued under the Non-public Issuance to the account designated by the lead underwriter before the confirmed payment date. After capital verification has been completed by the auditor, the lead underwriter shall deduct related expenses and then transfer such subscription amount to the Bank's special savings account for raised funds.

(V) Lock-up period

China Post Group promises to the Bank and agrees that, China Post Group shall not transfer the Shares it subscribed for within five years from the date of completion of the registration of such Shares in the Shanghai Branch of China Securities Depository and Clearing Corporation Limited. The Shares derived from the Shares subscribed for by China Post Group due to activities by the Bank such as the distribution of dividends and capitalization of capital reserve, shall also comply with the above-mentioned lock-up arrangement. If the lock-up period for the Shares to be subscribed for, the transfer of Shares and Shareholder qualification of the transferee are otherwise regulated by the relevant regulatory authorities, such regulations shall be followed. China Post Group shall, in accordance with relevant laws and regulations and the relevant requirements of

the CSRC, the CBIRC and the Shanghai Stock Exchange, issue relevant lock-up commitments for the Shares subscribed for under the Non-public Issuance at the requests of the Bank, and handle related lock-up matters after the completion of the Non-public Issuance. After the expiry of the above-mentioned lock-up period, the Shares subscribed for by China Post Group shall be transferred and traded in accordance with the laws, administrative regulations and rules of the Shanghai Stock Exchange in effect at that time.

(VI) Liability for breach of contract

1. If any party to the Share Subscription Contract has false statement or misrepresentation, or violates its statement, promise, guarantee, or fails to perform any of its responsibilities and obligations under the Share Subscription Contract, it constitutes a breach of contract. The breaching party shall continue to perform its obligations at the request of the other party, take remedial measures or pay full compensation to the observant party.
2. The compensation in the preceding paragraph includes compensation for direct and indirect losses, but it shall not exceed the losses that may or should be foreseen by the party that violates the Share Subscription Contract when it signs the Share Subscription Contract.
3. From the effective date of the Share Subscription Contract, if China Post Group fails to pay the subscription payment in full when due, it shall pay the Bank a penalty of 1% of the total subscription price. If such penalty is not sufficient to cover all losses, claims and expenses caused to the Bank due to the non-full payment, China Post Group shall compensate the Bank for the shortfall.
4. From the effective date of the Share Subscription Contract, if the Bank fails to issue subscription Shares to China Post Group or fulfill other duties after the payment of the full subscription price by China Post Group in accordance with the provisions of the Contract, the corresponding subscription price shall be returned to China Post Group by the Bank, and China Post Group has the right to claim a penalty of 1% of the total subscription price from the Bank.
5. Upon the establishment of the Share Subscription Contract, if there are major changes in regulatory requirements or capital market conditions, the Contract can be terminated by mutual agreement and does not constitute a breach of contract by either party.

IV. CONNECTED TRANSACTION – CHINA POST GROUP SUBSCRIPTION

A. Principal Terms of the China Post Group Subscription

For the principal terms of the China Post Group Subscription, please refer to “III. Share Subscription Contract with Conditions Precedent”.

B. General Information on the Parties

The Bank is a leading retail bank in China with the largest distribution network, largest customer base and superior asset quality. The principal businesses of the Bank include personal banking, corporate banking and treasury business. The ultimate beneficial owner is the Ministry of Finance of the People’s Republic of China.

The main businesses operated by China Post Group include domestic and international mail delivery and express delivery, distribution of publications such as newspapers, stamp issuance, postal remittance, postal savings business according to the law, confidential correspondence, postal financial business, emerging businesses such as postal logistics and e-mail, e-commerce, various postal agency businesses and other businesses as stipulated by the state. The ultimate beneficial owner is the Ministry of Finance of the People’s Republic of China.

C. Hong Kong Listing Rules Implications

As of the date of this announcement, China Post Group is the controlling Shareholder and de facto controller of the Bank. Therefore, China Post Group is a related party under the Chapter 14A of the Hong Kong Listing Rules. According to Chapter 14A of the Hong Kong Listing Rules, China Post Group Subscription constitutes a connected transaction of the Bank and is subject to the requirements of reporting, announcement and Independent Shareholders’ approval under Chapter 14A of the Hong Kong Listing Rules.

D. Reasons and Benefits of the China Post Group Subscription

The implementation of the China Post Group Subscription is conducive to the further enriching of the Bank’s capital, strengthening the ability to resist risks, implementing the Bank’s strategy, achieving business objectives and promoting the steady development of business. China Post Group is the subscriber of the Non-public Issuance, which is conducive to stabilizing the Bank’s equity structure, ensuring the Bank’s long-term sustainable and stable development, and promoting the profitability ability.

E. Board Confirmation

The Board (including the Independent Non-executive Directors) believes that the terms of the China Post Group Subscription are fair, reasonable and on normal commercial terms. Entering into the Share Subscription Contract is in the interest of the Bank and the Shareholders as a whole.

Zhang Jinliang, Guo Xinshuang, Zhang Xuewen, Yao Hong, Han Wenbo and Liu Yaogong, each as a Director, has material interests in the China Post Group Subscription and has abstained from voting on the relevant resolutions. Except for the above Directors, no Directors have or are deemed to have material interests in the above transactions. Therefore, no other Director has abstained from voting on relevant resolutions.

V. THE EGM AND SHAREHOLDERS' CLASS MEETINGS

The EGM and Shareholders' Class Meetings of the Bank will be convened to consider and approve, among other things, the Proposed Non-public Issuance of A Shares and the China Post Group Subscription.

An Independent Board Committee comprising the Independent Non-executive Directors was established to advise the Independent Shareholders in respect of the China Post Group Subscription. According to the Hong Kong Listing Rules, the independent financial adviser, Gram Capital (a licensed corporation that can engage in Type 6 (advising on corporate finance) regulated activities under the SFO), has been appointed to advise the Independent Board Committee and the Independent Shareholders on the China Post Group Subscription.

Zhang Jinliang, Guo Xinshuang, Zhang Xuewen, Yao Hong, Han Wenbo, Liu Yaogong, each as a Director, has material interests in the Proposed Non-public Issuance of A Shares and has abstained from voting on the relevant resolutions. Except for the above Directors, no Directors have or are deemed to have material interests in the Non-public Issuance of A Shares. Therefore, no other Director has abstained from voting on relevant resolutions.

China Post Group and its associates (holding a total of approximately 65.28% of the issued Shares of the Bank as at the date of this announcement) shall abstain from voting on the following proposals at the EGM and/or Shareholders' Class Meetings: (1) the proposal regarding the A Share Non-public Issuance Plan by Postal Savings Bank of China; (2) the proposal to Shareholders' general meeting to authorize the Board of Directors and its authorized persons to handle the specific matters relating to the Non-public Issuance of A Shares; (3) the proposal regarding the connected transaction relating to the Non-public Issuance of A Shares of Postal Savings Bank of China; (4) the proposal regarding entering into the Share Subscription Contract with Conditions Precedent between Postal Savings Bank of China and the target subscriber and relevant proposals. Save as disclosed above, to the best of the Directors' knowledge, information and belief, having made all reasonable enquiries,

there are no Shareholders who have material interest in the Proposed Non-public Issuance of A Shares and are required to abstain from voting at the EGM and/or Shareholders' Class Meetings.

A circular containing, among other things, the details of (1) the proposal regarding the A Share Non-public Issuance Plan by Postal Savings Bank of China; (2) the proposal to Shareholders' general meeting to authorize the Board of Directors and its authorized persons to handle the specific matters relating to the Non-public Issuance of A Shares; (3) the proposal regarding the connected transaction relating to the Non-public Issuance of A Shares of Postal Savings Bank of China; (4) the proposal regarding entering into the Share Subscription Contract with Conditions Precedent between Postal Savings Bank of China and the target subscriber and other proposals in relation to the Proposed Non-public Issuance of A Shares will be dispatched to the Shareholders in due course. The Bank expects to dispatch the circular to the Shareholders on or before December 4, 2020.

VI. GENERAL INFORMATION

This announcement is for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for any securities of the Bank.

Investors are cautioned that the Proposed Non-public Issuance of A Shares is subject to (i) approval from Shareholders at the EGM and Shareholders' Class Meeting; and (ii) approvals from the CSRC and other relevant authorities. Since the Proposed Non-public Issuance of A Shares is still subject to the satisfaction of various conditions stated therein, the Non-public Issuance may or may not proceed or become unconditional effective. Investors and potential investors in Shares of the Bank should exercise care, and they should only rely on information published by the Bank, when they deal, or contemplate dealing, in the Shares or other securities of the Bank.

VII. DEFINITIONS

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

“A Share Non-public Issuance Plan”	the A Share Non-public Issuance Plan of the Company to be considered and approved at the EGM and Shareholders' Class Meeting, details of which are set out in this announcement
“A Share(s)”	ordinary share(s) in the share capital of the Bank with a nominal value of RMB1.00 each, which is (are) subscribed for and traded in RMB and listed on the Shanghai Stock Exchange
“A Shareholder(s)”	holder(s) of A Shares

“Articles of Association”	the Articles of Association of Postal Savings Bank of China Co., Ltd., as amended, supplemented or otherwise modified from time to time
“associate(s)”	has the meaning ascribed to it under the Hong Kong Listing Rules
“Bank”	Postal Savings Bank of China Co., Ltd., a joint stock limited liability company incorporated in the PRC in accordance with PRC laws, including its predecessors, branches and sub-branches, directly-operated outlets and agency outlets (to the extent of agency outlets’ operations, risk management and licenses in relation to agency banking businesses they conduct) and subsidiaries (where the context so requires)
“Board” or “Board of Directors”	the Board of Directors of the Bank
“CBIRC”	China Banking and Insurance Regulatory Commission
“China Post Group”	China Post Group Corporation, the controlling Shareholder of the Bank
“China Post Group Subscription”	the subscription of A Shares under the Non-public Issuance pursuant to the Share Subscription Contract, details of which are set out in this announcement
“connected person(s)”	has the meaning ascribed to it under the Hong Kong Listing Rules
“CSRC”	China Securities Regulatory Commission
“Director(s)”	the director(s) of the Bank
“EGM”	the 2020 second EGM to be convened by the Bank regarding the Proposed Non-public Issuance of A Shares, China Post Group Subscription and other matters in due course
“Gram Capital”	Gram Capital limited, a licensed corporation authorised to carry out type 6 (advising on corporate finance) regulated activity under SFO, which has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in relation to the China Post Group Subscription

“H Share(s)”	ordinary share(s) in the share capital of the Bank with a nominal value of RMB1.00 each, which is (are) subscribed for and traded in Hong Kong dollars and listed on The Stock Exchange of Hong Kong
“H Shareholder(s)”	holder(s) of H Shares
“Hong Kong Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended from time to time
“Independent Board Committee”	an independent committee of the Board established for the purpose of making recommendations to the Independent Shareholders in respect of the China Post Group Subscription comprising Mr. Fu Tingmei, Mr. Wen Tiejun, Mr. Chung Shui Ming Timpson, Mr. Hu Xiang and Ms. Pan Yingli, each as an Independent Non-executive Director
“Independent Non-executive Director(s)” or “Independent Director(s)”	the independent non-executive Director(s) of the Bank
“Independent Shareholder(s)”	the Shareholder(s) of the Bank except for China Post Group and its associates
“Proposed Non-public Issuance of A Shares” or “Non-public Issuance”	the non-public issuance of A Shares by the Bank pursuant to the A Share Non-public Issuance Plan
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Share Subscription Contract with Conditions Precedent” or “Share Subscription Contract”	Share Subscription Contract with Conditions Precedent for the Non-public Issuance of A Shares by Postal Savings Bank of China Co., Ltd. entered into between the Bank and China Post Group on November 30, 2020
“Share(s)” or “Ordinary Share(s)”	the A Share(s) and/or H Share(s) of the Bank
“Shareholder(s)”	holder(s) of Shares of the Bank
“Shareholders’ Class Meetings”	A Shareholders’ Class Meeting and H Shareholders’ Class Meeting

“The Stock Exchange of
Hong Kong”

The Stock Exchange of Hong Kong Limited

By order of the Board
Postal Savings Bank of China Co., Ltd.
Du Chunye
Joint Company Secretary

Beijing, PRC
November 30, 2020

As at the date of this announcement, the Board of the Bank comprises Mr. Zhang Jinliang as Chairman and Non-executive Director; Mr. Guo Xinshuang, Mr. Zhang Xuewen and Ms. Yao Hong as Executive Directors; Mr. Han Wenbo, Mr. Liu Yaogong, Mr. Liu Yue and Mr. Ding Xiangming as Non-executive Directors; Mr. Fu Tingmei, Mr. Wen Tiejun, Mr. Chung Shui Ming Timpson, Mr. Hu Xiang and Ms. Pan Yingli as Independent Non-executive Directors.

* *Postal Savings Bank of China Co., Ltd. is not an authorized institution within the meaning of the Banking Ordinance (Chapter 155 of the Laws of Hong Kong), not subject to the supervision of the Hong Kong Monetary Authority, and not authorized to carry on banking and/or deposit-taking business in Hong Kong.*