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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)

**ANNOUNCEMENT
CONTINUING CONNECTED TRANSACTIONS AND
REVISED ANNUAL CAPS OF 2021**

BACKGROUND

References are made to the announcements of the Bank dated 30 October 2018 and 25 March 2020, in relation to, among other things, the renewal of the Land Use Rights and Properties Leasing Framework Agreement (the “**Land Use Rights and Properties Leasing Framework Agreement**”) dated 2 September 2016 and the Comprehensive Services Framework Agreement (the “**Comprehensive Services Framework Agreement**”) dated 6 September 2016 for another three years to 31 December 2021, the revised annual caps of several sub-items under the Comprehensive Services Framework Agreement, and providing agent sales (distribution) services of precious metals by the Bank to China Post Group and its associates. Pursuant to the Comprehensive Services Framework Agreement, China Post Group and/or its associates and the Bank may provide services or goods to each other. Pursuant to the Land Use Rights and Properties Leasing Framework Agreement, China Post Group and/or its associates and the Bank may lease assets (including certain properties and ancillary equipment) to each other.

The Bank expects that for the year ending 31 December 2021, the amounts from (i) leasing of certain properties and ancillary equipment by China Post Group and/or its associates to the Bank will be changed, and (ii) leasing of certain properties and ancillary equipment by the Bank to China Post Group and/or its associates will be newly added under the Land Use Rights and Properties Leasing Framework Agreement; the amounts from (iii) sales of philatelic items and provision of mailing services by China Post Group and/or its associates to the Bank, (iv) sales of goods other than philatelic items by China Post Group and/or its associates to the Bank, (v) provision of marketing services of corporate deposits and other businesses by China Post Group and/or its associates to the Bank, (vi) provision of labor services by China Post Group and/or its associates to the Bank, and (vii) provision of bancassurance services by the Bank to China Post Group and/or its associates, (viii) provision of agent sales (distribution) services of precious metals by the Bank to China Post Group and its associates will be changed, (ix) sales of production materials and other goods by the Bank to China Post Group and its associates, and (x) provision of labor services by

the Bank to China Post Group and its associates will be newly added under the Comprehensive Services Framework Agreement. Therefore, the Board proposed to revise the annual cap of item (i) above for the year ending 31 December 2021 under the Land Use Rights and Properties Leasing Framework Agreement, set up the annual cap of item (ii) above for the year ending 31 December 2021; revise the annual caps of items (iii) to (viii) above for the year ending 31 December 2021 under the Comprehensive Services Framework Agreement, as well as set up the annual caps of items (ix) to (x) above for the year ending 31 December 2021.

LAND USE RIGHTS AND PROPERTIES LEASING FRAMEWORK AGREEMENT AND PROPOSED REVISED ANNUAL CAPS

Details of the Land Use Rights and Properties Leasing Framework Agreement are as follows:

- Date : 2 September 2016
- Parties : The Bank and China Post Group
- Term : According to the agreement, the expiration date will be automatically extended if both parties have no objection and comply with the requirements of the regulatory rules at place in which the shares of the Bank are listed, for a further extension period of three years. The current period is from 1 January 2019 to 31 December 2021.

(i) Leasing of Certain Properties and Ancillary Equipment by China Post Group and/or Its Associates to the Bank

Pursuant to the Land Use Rights and Properties Leasing Framework Agreement, China Post Group and/or its associates have agreed to lease certain of their land use rights, properties and ancillary equipment to the Bank.

Reasons for the Transactions

The Bank leases certain properties and ancillary equipment of China Post Group and/or its associates for the Bank's outlets or office purposes. Leasing of the aforesaid properties and ancillary equipment meets the Bank's business needs and relocation would cause unnecessary suspension of business and expenses.

Pricing Policies

The Bank leases certain properties and ancillary equipment of China Post Group and/or its associates at rental rates with reference to the (1) leased floor area, geographical location and surrounding areas; (2) prevailing market rental rates of the same or similar properties in the same area; and (3) estimated changes in prevailing market rental rates in the future. Market rental rates are the rates for the leasing of similar assets by independent third parties in the same or adjacent area on normal commercial terms.

Historical Figures, Existing Annual Cap and Revised Annual Cap

The following table sets forth the historical amounts of leasing of certain properties and ancillary equipment by China Post Group and/or its associates to the Bank:

	Historical amounts for the year ended 31 December (in millions of RMB)		
	2018	2019	2020
Leasing of certain properties and ancillary equipment by China Post Group and/or its associates to the Bank	985	1,008	1,000

For the reasons set out below, the Board of the Bank approved the revising of the existing annual cap in 2021 for leasing of certain properties and ancillary equipment by China Post Group and/or its associates to the Bank for the year ending 31 December 2021. The following table sets forth the existing annual cap and revised annual cap for related party transactions for the year ending 31 December 2021:

For the year ending 31 December 2021 (in millions of RMB)	
Existing Annual Cap	Revised Annual Cap
1,450	1,300

Reasons and Basis for Revising the Annual Cap

In revising the above existing annual cap, the Directors have considered the historical figures for the transactions and the following factors: the above transaction is comprised of two parts, namely leasing of properties and equipment. As for leasing of properties, the transaction amount of 2021 is predicted based on factors including the above pricing policy, unchanged total area of the leasing properties nationwide, stable economic environment of the area where the leasing properties are located as well as the reasonably predicted market price. The leasing price is evaluated by a third party appraiser. As for leasing of equipment, historical transaction amount, market prices and expected future business development are key factors taken into consideration. Since the historical amounts are gradually becoming stable, and the Bank appropriately adjust the forecasted annual cap of 2021 while guaranteeing the steady operation of the Bank.

(ii) Leasing of Certain Properties and Ancillary Equipment by the Bank to China Post Group and/or Its Associates

Pursuant to the Land Use Rights and Properties Leasing Framework Agreement, the Bank has agreed to lease certain of their land use rights, properties and ancillary equipment to China Post Group and/or its associates.

Reasons for the Transactions

China Post Group and/or its associates lease the properties and ancillary equipment of the Bank for outlets or office purposes. Leasing of the aforesaid properties and ancillary equipment is conducive to increasing the rental income of the Bank and optimizing the resources allocation.

Pricing Policies

China Post Group and/or its associates leases certain properties and ancillary equipment of the Bank at rental rates which shall be determined with reference to the (1) leased floor area, geographical location and surrounding areas; (2) prevailing market rental rates of the same or similar properties in the same area; and (3) estimated changes in prevailing market rental rates in the future. Market rental rates are the rates for the leasing of similar assets by independent third parties in the same or adjacent area on normal commercial terms.

Historical Figures and Revised Annual Cap

	Historical amounts for the year ended 31 December (in millions of RMB)			Proposed annual cap for the year ended 31 December (in millions of RMB)
	2018	2019	2020	2021
Leasing of certain properties and ancillary equipment by the Bank to China Post Group and/or its associates	84	85	82	200

Reasons and Basis for Revising the Annual Cap

In revising the above annual cap, the Directors have considered the historical figures for the similar transactions and the following factors: the above transaction is comprised of two parts, namely leasing of properties and equipment. As for leasing of properties, the transaction amount of 2021 is predicted based on factors including the above pricing policy, unchanged total area of the leasing properties nationwide, stable economic environment of the area where the leasing properties are located as well as the reasonably predicted market price. The leasing price is evaluated by a third party appraiser. As for leasing of equipment, historical transaction amount, market prices and expected future business development are key factors taken into consideration.

COMPREHENSIVE SERVICES FRAMEWORK AGREEMENT AND PROPOSED REVISED ANNUAL CAPS

Details of the Comprehensive Services Framework Agreement are as follows:

- Date** : 6 September 2016
- Parties** : The Bank and China Post Group
- Term** : According to the agreement, the expiration date will be automatically extended if both parties have no objection and comply with the requirements of the regulatory rules at place in which the shares of the Bank are listed, for a further extension period of three years. The current period is from 1 January 2019 to 31 December 2021.

(iii) Sales of Philatelic Items and Provision of Mailing Services by China Post Group and/or Its Associates to the Bank

Pursuant to the Comprehensive Services Framework Agreement, China Post Group and/or its associates may sell items such as regular stamp albums, customized souvenirs that contain issued stamps, and provide general post and EMS mailing services to the Bank. The philatelic items (including stamp albums) will be used for marketing of the Bank.

Reasons for the Transactions

The Bank purchases philatelic items including stamps and stamp albums from China Post Group and/or its associates for marketing and gifts for customers in the ordinary and usual course of business. Meanwhile, the Bank has also been using the delivery services provided by China Post Group and/or its associates in the ordinary and usual course of business.

Pricing Policies

The Bank purchases philatelic items from China Post Group and/or its associates or use their mailing services at the same or better prices than those at which the independent third party consumers purchase such philatelic items or obtain such mailing services from China Post Group and/or its associates in the open market.

Historical Figures, Existing Annual Cap and Revised Annual Cap

The following table sets forth the historical amounts of sales of philatelic items and provision of mailing services by China Post Group and/or its associates to the Bank:

**Historical amounts for the year ended
31 December (in millions of RMB)**

	2018	2019	2020
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Sales of philatelic items and provision of mailing services by China Post Group and/or its associates to the Bank	149	188	171
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For the reasons set out below, the Board of the Bank approved the revising of the existing annual cap in 2021 for sales of philatelic items and provision of mailing services by China Post Group and/or its associates to the Bank for the year ending 31 December 2021. The following table sets forth the existing annual cap and revised annual cap for related transactions for the year ending 31 December 2021:

For the year ending 31 December 2021 (in millions of RMB)	
Existing Annual Cap	Revised Annual Cap
710	400

Reasons and Basis for Revising Annual Cap

In revising of the above annual cap, the Directors have considered historical transaction data and the business development plan of the Bank. For the purpose of ensuring the coordinated business development in the future and the stable operation of the Bank, the Directors made appropriate adjustment to the annual cap of 2021.

(iv) Sales of Goods Other Than Philatelic Items by China Post Group and/or Its Associates to the Bank

Pursuant to the Comprehensive Services Framework Agreement, China Post Group and/or its associates may sell certain goods other than philatelic items to the Bank, mainly including items for reward points redemption by the customers, promotional items, and other materials related to banking business.

Reasons for the Transactions

The Bank purchases certain goods other than philatelic items from China Post Group and/or its associates in the ordinary and usual course of business, principally including promotional items and other materials related to banking business (including goods required on business premises such as workwear and fire safety equipment, and office supplies such as office stationery, newspaper, magazines and books, of which China Post Group or its associates is entrusted with the centralized procurement) as well as items for reward points redemption by the customers.

Pricing Policies

The Bank purchases certain goods other than philatelic items from China Post Group and/or its associates on the same terms as those on which the independent third party consumers purchase such goods in the open market from China Post Group and/or its associates.

Historical Figures, Existing Annual Cap and Revised Annual Cap

The following table sets forth the historical amounts of sales of goods other than philatelic items by China Post Group and/or its associates to the Bank:

	Historical amounts for the year ended 31 December (in millions of RMB)		
	2018	2019	2020
Sales of goods other than philatelic items by China Post Group and/or its associates to the Bank	152	248	394

For the reasons set out below, the Board of the Bank approved the revising of the existing annual cap in 2021 for sales of goods other than philatelic items by China Post Group and/or its associates to the Bank for the year ending 31 December 2021. The following table sets forth the existing annual cap and revised annual cap for related transactions for the year ending 31 December 2021:

For the year ending 31 December 2021 (in millions of RMB)	
Existing Annual Cap	Revised Annual Cap
1,700	1,000

Reasons and Basis for Revising Annual Cap

The transactions of sales of goods other than philatelic items by China Post Group and/or its associates to the Bank mainly include the purchase of items for reward points redemption and the purchase of promotional items by the Bank from China Post Group and/or its associates. In revising of the above existing annual cap, the Directors have considered historical transaction data and the business development plan of the Bank. For the purpose of ensuring the coordinated business development in the future and the stable operation of the Bank, the Directors made appropriate adjustment to the annual cap of 2021.

(v) **Provision of Marketing Services of Corporate Deposits and Other Businesses by China Post Group and/or Its Associates to the Bank**

Pursuant to the Comprehensive Services Framework Agreement, China Post Group and/or its associates may provide marketing services of corporate deposits and other businesses to the Bank, mainly including marketing services for corporate deposits, credit business and credit cards.

Reasons for the Transactions

The Bank uses the marketing services of corporate deposits and other businesses provided by China Post Group and/or its associates. Since the agency outlets are not permitted to conduct corporate deposit businesses under the relevant rules, agency outlets will direct corporate clients to the Bank's directly-operated outlets.

Pricing Policies

The fees of marketing services of corporate deposits and other businesses provided by China Post Group and/or its associates to the Bank are determined based on arm's length negotiations between the parties with reference to the interest rate payable by the Bank to the corporate clients and the rate of return of such funds for the Bank.

Historical Figures, Existing Annual Cap and Revised Annual Cap

The following table sets forth the historical amounts of provision of marketing services of corporate deposits and other businesses by China Post Group and/or its associates to the Bank:

	Historical amounts for the year ended		
	31 December (in millions of RMB)		
	2018	2019	2020
Provision of marketing services of corporate deposits and other businesses by China Post Group and/or its associates to the Bank	404	423	569

For the reasons set out below, the Board of the Bank approved the revising of the existing annual cap in 2021 for provision of marketing services of corporate deposits and other businesses by China Post Group and/or its associates to the Bank for the year ending 31 December 2021. The following table sets forth the existing annual cap and revised annual cap for related transactions for the year ending 31 December 2021:

For the year ending 31 December 2021	
(in millions of RMB)	
Existing Annual Cap	Revised Annual Cap
2,700	1,500

Reasons and Basis for Revising Annual Cap

The transactions of provision of marketing services of corporate deposits and other businesses by China Post Group and/or its associates to the Bank mainly include the marketing services of corporate deposit business, loan business and credit card business provided by China Post Group to the Bank. In revising of the above existing annual cap, the Directors have considered historical transaction data and the business development plan of the Bank. For the purpose of ensuring the coordinated business development in the future and the stable operation of the Bank, the Directors made appropriate adjustment to the annual cap of 2021.

(vi) Provision of Labor Services by China Post Group and/or Its Associates to the Bank

Pursuant to the Comprehensive Services Framework Agreement, China Post Group and/or its associates provide labor services to the Bank, including transportation and storage of cash, equipment maintenance services, advertising and property management, training and other general commercial services.

Reasons for the Transactions

Pursuant to the Comprehensive Services Framework Agreement, China Post Group and/or its associates provides various banking related labor services and other general business services to the Bank. In particular, banking related labor services include cash transportation and storage, advertising, training and other services, of which the cash transportation and storage services are provided by China Post Group and/or its associates or through independent third parties engaged by it/them.

Pricing Policies

The fees of the labor services provided by China Post Group and/or its associates to the Bank are determined according to the following principles:

- In respect of the cash transportation and storage services provided by independent third parties engaged by China Post Group and/or its associates, the Bank and China Post Group and/or its associates share the relevant expenses in proportion to the respective number of outlets using such services.
- In respect of cash transportation and storage services provided by China Post Group and/or its associates, the Bank and China Post Group and/or its associates determine the settlement price with reference to the prevailing market price. In the absence of market price for such services, the Bank and China Post Group and/or its associates share the relevant costs in proportion to the respective number of outlets using such services.
- In respect of the equipment maintenance services provided by independent third parties engaged by China Post Group and/or its associates, the Bank and China Post Group and/or its associates share the relevant expenses in proportion to the respective number of outlets or personnel using such services.
- In respect of the equipment maintenance services provided by China Post Group and/or its associates, the Bank and China Post Group and/or its associates share the relevant costs in proportion to the respective number of outlets using such services.
- The costs of property service, advertising, training and other services are determined by the parties based on arm's length negotiation with reference to the prevailing market price.

Historical Figures, Existing Annual Cap and Revised Annual Cap

The table below sets forth the historical amounts for provision of labor services by China Post Group and/or its associates to the Bank:

	Historical amounts for the year ended		
	31 December (in millions of RMB)		
	2018	2019	2020
Provision of labor services by China Post Group and/or its associates to the Bank	846	887	856

For the reasons set out below, the Board of the Bank agreed to revise the existing annual cap of 2021 for provision of labor services by China Post Group and/or its associates to the Bank for the year ending 31 December 2021. The table below sets forth the existing annual cap and revised annual cap for relevant transactions for the year ending 31 December 2021:

For the year ending 31 December 2021 (in millions of RMB)
Existing Annual Cap **Revised Annual Cap**

1,500

1,350

Reasons of and Basis for Revising the Annual Cap

The transactions of provision of labor services by China Post Group and/or its associates to the Bank include cash transportation and storage, equipment maintenance, advertising, property service, training and other services to be provided by China Post Group and/or its associates to the Bank. In revising of the above existing annual cap, the Directors have mainly taken into consideration of historical figures of the transactions and business development planning of the Bank. As the historical transaction amount tended to become stable, appropriate adjustment was made to the annual cap of 2021 on the basis of ensuring the coordinated business development in the future and the stable operation of the Bank.

(vii) Provision of Bancassurance Services by the Bank to China Post Group and/or Its Associates

Pursuant to the Comprehensive Services Framework Agreement, the Bank provides bancassurance services to China Post Group and/or its associates.

Reasons for the Transactions

The Bank provides bancassurance services to China Post Group and/or its associates in the ordinary and usual course of business. The Bank sells certain insurance products of China Post Group and/or its associates leveraging the Bank's nationwide network as an agent and charges fees.

Pricing Policies

The Bank provides bancassurance services to China Post Group and/or its associates with reference to the terms of those on which the Bank provides similar services to the independent third parties.

Historical Figures, Existing Annual Cap and Revised Annual Cap

The following table sets forth the historical amounts of provision of bancassurance services by the Bank to China Post Group and/or its associates:

**Historical amounts for the year ended
31 December (in millions of RMB)**

	2018	2019	2020
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Provision of bancassurance services by the Bank to China Post Group and/or its associates	168	203	347
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For the reasons set out below, the Board of the Bank approved the revising of the existing annual cap in 2021 for provision of bancassurance services by the Bank to China Post Group and/or its associates for the year ending 31 December 2021. The following table sets forth the existing annual cap and revised annual cap for related transactions for the year ending 31 December 2021:

For the year ending 31 December (in millions of RMB)	
Existing Annual Cap	Revised Annual Cap
600	1,200

Reasons and Basis for Revising Annual Cap

In revising of the above existing annual cap, the Directors, taking into consideration of the actual amount of RMB310 million in the first quarter of 2021, the estimate of new policy premium growth and changes in the insurance structure, adjusted the annual cap from the original RMB600 million to RMB1,200 million.

(viii) Provision of Agent Sales (Distribution) Services of Precious Metals by the Bank to China Post Group and/or Its Associates

Pursuant to the Comprehensive Services Framework Agreement, the Bank shall provide agent sales (distribution) services of precious metals to China Post Group and/or its associates.

Reasons for the Transactions

The Bank provides agent sales (distribution) services of precious metals to China Post Group and/or its associates in the ordinary and usual course of business. The Bank sells certain precious metal products of China Post Group and/or its associates leveraging the Bank's nationwide network as an agent.

Pricing Policies

The Bank provides agent sales (distribution) services of precious metals to China Post Group and/or its associates with reference to the terms of those on which the Bank provides similar services to the independent third parties.

Historical Figures, Existing Annual Cap and Revised Annual Cap

The following table sets forth the historical amounts of provision of agent sales (distribution) services of precious metals by the Bank to China Post Group and/or its associates:

	Historical amounts for the year ended 31 December (in millions of RMB)		
	2018	2019	2020
Provision of agent sales (distribution) services of precious metals by the Bank to China Post Group and/or its associates	136	204	261

For the reasons set out below, the Board of the Bank approved the revision of the existing annual cap in 2021 for provision of agent sales (distribution) services of precious metals by the Bank to China Post Group and/or its associates for the year ending 31 December 2021. The following table sets forth the existing annual cap and revised annual cap for related transactions for the year ending 31 December 2021:

For the year ending 31 December 2021 (in millions of RMB)	
Existing Annual Cap	Revised Annual Cap
700	600

Reasons and Basis for Revising Annual Cap

In revising the above annual cap, the Directors have considered historical transaction data and the business development plan of the Bank. For the purpose of ensuring the coordinated business development in the future and the stable operation of the Bank, the Directors made appropriate adjustment to the annual cap of 2021.

(ix) Sales of Production Materials and Other Goods by the Bank to China Post Group and/or Its Associates

Pursuant to the Comprehensive Services Framework Agreement, the Bank sells production materials and other goods to China Post Group and/or its associates, including printed copies of business brochures and other goods.

Reasons for the Transactions

The Bank sells production materials and other goods to China Post Group and/or its associates in the ordinary and usual course of business, such as printed copies of business brochures used in the ordinary and usual course of business and other printed materials.

Pricing Policies

The fees of sales of production materials and other goods by the Bank to China Post Group and/or its associates are determined according to the terms of those on which the Bank provides similar production materials and other goods to the independent third parties.

Historical Figures and Proposed Annual Cap

	Historical amounts for the year ended			Proposed
	31 December (in millions of RMB)			annual cap
	2018	2019	2020	for the year
				ending 31
				December
				(in millions
				of RMB)
				2021
Sales of production materials and other goods by the Bank to China Post Group and/or its associates	2	56	83	200

Reasons of and Basis for Setting up the Annual Cap

In setting the above annual cap, the Directors have considered the historical data of similar transactions and business development planning of the Bank. On the basis of ensuring the coordinated business development in the future and the stable operation of the Bank, the Directors arrived at the annual cap of 2021.

(x) Provision of Labor Services by the Bank to China Post Group and/or Its Associates

Pursuant to the Comprehensive Services Framework Agreement, the Bank may provide labor services to China Post Group and/or its associates, including agent sales service of products of the collective asset management plan, fund depository service, custody service, cash management service, foreign exchange settlement and sale service (for corporate), acquiring service and other general commercial services.

Reasons for the Transactions

The Bank provides labor services to China Post Group and/or its associates in the ordinary and usual course of business. The Bank sells certain products of the collective asset management plan of China Post Group and/or its associates leveraging the Bank's nationwide network as an agent and charges fees, and various business departments of the Bank provide

fund depository service, custody service, cash management service, foreign exchange settlement and sale services (for corporate), acquiring service and other general commercial services and charge fees, which are conducive to the increase in various business income.

Pricing Policies

The fees of the labor services provided by the Bank to China Post Group and/or its associates are determined according to the terms of those on which the Bank provides similar services to the independent third parties.

Historical Figures and Proposed Annual Cap

	Historical amounts for the year ended 31 December (in millions of RMB)			Proposed annual cap for the year ending 31 December (in millions of RMB)
	2018	2019	2020	2021
Provision of labor services by the Bank to China Post Group and/or its associates	94	96	134	300

Reasons of and Basis for Setting up the Annual Cap

In setting the above annual cap, the Directors have considered the historical data of similar transactions and business development planning of the Bank. On the basis of ensuring the coordinated business development in the future and the stable operation of the Bank, the Directors arrived at the annual cap of 2021.

INTERNAL CONTROL MEASURES

The Bank has adopted a series of internal control systems to ensure that the above framework agreements comply with the requirements of the Hong Kong Listing Rules, which mainly include:

- The external auditors of the Bank conduct annual year-end audit, and will express their opinions in accordance with the requirements of the Hong Kong Listing Rules on issues including the pricing policies and the annual caps of the Bank regarding the continuing connected transactions for the financial year and issue relevant letters to the Board of Directors.

- The independent non-executive Directors of the Bank will review and confirm the continuing connected transactions in the Bank's annual report in accordance with the Hong Kong Listing Rules.
- The Bank established a sound management system for connected transactions, improved the operating mechanism for connected transactions and enhanced the management of connected transactions in compliance with the regulatory requirements of The Stock Exchange of Hong Kong Limited and China Banking and Insurance Regulatory Commission and pursuant to the *Measures for the Administration of Connected Party Transactions of Postal Savings Bank of China (2019 Revision)*.

HONG KONG LISTING RULES IMPLICATIONS

China Post Group is the Bank's controlling shareholder and holds approximately 67.37% of the issued ordinary share capital of the Bank as at the date of this announcement. Accordingly, China Post Group and its associates constitute connected persons of the Bank under Chapter 14A of the Hong Kong Listing Rules.

As the highest applicable percentage ratio in respect of the annual caps for the transactions concerning (i) leasing of certain properties and ancillary equipment by China Post Group and/or its associates to the Bank under the Land Use Rights and Properties Leasing Framework Agreement, (iii) sales of philatelic items and provision of mailing services by China Post Group and/or its associates to the Bank, (iv) sales of goods other than philatelic items by China Post Group and/or its associates to the Bank, (v) provision of marketing services of corporate deposits and other businesses by China Post Group and/or its associates to the Bank, (vi) provision of labor services by China Post Group and/or its associates to the Bank, (vii) provision of bancassurance services by the Bank to China Post Group and/or its associates, (viii) provision of agent sales (distribution) services of precious metals by the Bank to China Post Group and/or its associates, (x) provision of labor services by the Bank to China Post Group and/or its associates under the Comprehensive Services Framework Agreement exceeds 0.1%, but does not exceed 5% as specified in Chapter 14A of the Hong Kong Listing Rules, such transactions constitute continuing connected transactions under Chapter 14A of Hong Kong Listing Rules and are subject to the annual reporting, announcement and annual review requirements under Chapter 14A of Hong Kong Listing Rules, but are exempt from the independent shareholders' approval requirements.

As the highest applicable percentage ratio in respect of the annual caps for the transactions concerning (ii) leasing of certain properties and ancillary equipment by the Bank to China Post Group and/or its associates under the Land Use Rights and Properties Leasing Framework Agreement, (ix) sales of production materials and other goods by the Bank to China Post Group and/or its associates under the Comprehensive Services Framework Agreement is less than 0.1%, such transactions are exempted from the reporting, announcement and independent shareholders' approval requirements under the Hong Kong Listing Rules.

BOARD’S CONFIRMATION

The Directors (including independent non-executive Directors) believe that the continuing connected transactions set out in this announcement have been entered into in the Bank’s ordinary and usual course of business on normal commercial terms which are fair and reasonable and in the interests of the Bank and the Shareholders as a whole, and the proposed annual caps (if any) in respect of non-exempt continuing connected transactions are fair and reasonable and in the interests of the Bank and the Shareholders as a whole. For each of the continuing connected transactions, except for Mr. Zhang Jinliang, Mr. Zhang Xuewen, Ms. Yao Hong and Mr. Han Wenbo, none of the Directors has material interest in relation to the continuing connected transactions and is required to abstain from voting on the Board resolutions in relation to the approval of the abovementioned continuing connected transactions. The abovementioned Directors have abstain from voting on the relevant resolutions.

GENERAL INFORMATION OF THE BANK AND CHINA POST GROUP

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.

China Post Group is principally engaged in domestic and international mail delivery and express delivery, distribution of publications such as newspapers, journals and books, stamp issuance, postal remittance, confidential correspondence, postal financial business, postal express delivery, postal logistics, e-commerce, postal agency and other businesses as stipulated by the laws. The ultimate beneficial owner of China Post Group is the Ministry of Finance of the People’s Republic of China.

DEFINITIONS

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

“associates”	shall have the meanings ascribed to them under the Hong Kong Listing Rules
“Bank”	Postal Savings Bank of China Co., Ltd., a joint stock limited liability company established 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”	Board of Directors of the Bank

“China Post Group”	China Post Group Co., Ltd., restructured from the former China Post Group Corporation, is a wholly state-owned company established in accordance with the Company Law of the People’s Republic of China and the Bank’s controlling shareholder
“connected person(s)”	shall have the meanings ascribed to them under the Hong Kong Listing Rules
“Director(s)”	director(s) of the Bank
“independent shareholder(s)”	the Bank’s shareholders other than China Post Group and its associates
“Hong Kong” or “HK”	Hong Kong Special Administrative Region of the PRC
“Hong Kong Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended, supplemented or otherwise modified from time to time
“China” or “PRC”	the People’s Republic of China
“RMB” or “Renminbi”	Renminbi, the lawful currency of the PRC
“Shareholder(s)”	the holder(s) of the Shares of the Bank

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

Beijing, PRC
May 26, 2021

As at the date of this announcement, the Board of the Bank comprises Mr. Zhang Jinliang as Chairman and Non-executive Director; Mr. Zhang Xuewen and Ms. Yao Hong as Executive Directors; Mr. Han Wenbo, 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.*