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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 FOR THE YEARS FROM 2022 TO 2024**

### **BACKGROUND**

Reference is made to the announcement of the Bank dated 28 October 2021, in relation to, among other things, the renewal of the Comprehensive Services Framework Agreement (the “Comprehensive Services Framework Agreement”) dated 28 October 2021, which is effective from 1 January 2022 up to 31 December 2024, and setting the annual caps of several sub-items under the Comprehensive Services Framework Agreement. Pursuant to the Comprehensive Services Framework Agreement, China Post Group and/or its subsidiaries and the Bank may provide services or goods to each other.

With reference to the actual business needs, the Bank expects that it will need to change the amounts of bancassurance services to be provided by the Bank to China Post Group and/or its subsidiaries under the Comprehensive Services Framework Agreement for another three years ending 31 December 2024. Therefore, the Board proposed to revise the annual caps for the bancassurance services to be provided by the Bank to China Post Group and/or its subsidiaries under the Comprehensive Services Framework Agreement for another three years ending 31 December 2024.

## COMPREHENSIVE SERVICES FRAMEWORK AGREEMENT AND PROPOSED REVISED ANNUAL CAPS

Details of the Comprehensive Services Framework Agreement are as follows:

Date	:	28 October 2021
Parties	:	The Bank and China Post Group
Term	:	According to the agreement, the term of the Agreement begins on 1 January 2022 and expires on 31 December 2024, and will be automatically extended for a further extension period of three years 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, but no more than once.

### PROVISION OF BANCASSURANCE SERVICES BY THE BANK TO CHINA POST GROUP AND/OR ITS SUBSIDIARIES

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

#### *Reasons for the Transactions*

The Bank provides bancassurance services to China Post Group and/or its subsidiaries in the ordinary and usual course of business. The Bank sells certain insurance products of China Post Group and/or its subsidiaries 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 subsidiaries 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 subsidiaries:

Provision of bancassurance services by the Bank to China Post Group and/or its subsidiaries	Historical amounts for the year ended 31 December (in millions of RMB)		Historical amounts for the six months ended 30 June (in millions of RMB)
	2020	2021	2022
	347	811	1,168

As at the date of this announcement, the actual transaction amounts for the year have not exceeded the annual caps for the year ending 31 December 2022.

For the reasons set out below, the Board of the Bank approved the revision of the existing annual caps for provision of bancassurance services by the Bank to China Post Group and/or its subsidiaries for another three years ending 31 December 2024. The following table sets forth the existing and revised annual caps for related transactions for another three years ending 31 December 2024:

<b>For the year ending 31 December</b> <i>(in millions of RMB)</i>					
<b>Existing Annual Caps</b>			<b>Revised Annual Caps</b>		
<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>
1,500	1,750	2,000	2,300	3,750	4,700

### ***Reasons and Basis for Revising Annual Caps***

In revising the above existing annual caps, the Directors have considered the historical figures for the transactions as well as the expected developments of China Post Life Insurance Co., Ltd. (“China Post Life Insurance”), which, together with the Bank, is controlled by China Post Group. As China Post Life Insurance has accelerated its value transition, it is expected that the proportion of long-term regular payment businesses in the premium structure will increase constantly from 2022 to 2024, which will drive the growth of the comprehensive fee rate. In addition, it is estimated that the proportion of premium from the directly-operated agency on behalf of China Post Life Insurance Co., Ltd. will gradually increase to more than 20%. Therefore, appropriate adjustment has been made to the annual caps for another three years ending 31 December 2024.

### **INTERNAL CONTROL MEASURES**

The Bank has adopted a series of internal control systems to ensure that the abovementioned framework agreement complies 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 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 has 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 67.38% of the issued ordinary share capital of the Bank as at the date of this announcement. Accordingly, China Post Group and its subsidiaries constitute connected persons of the Bank under Chapter 14A of the Hong Kong Listing Rules, the Comprehensive Services Framework Agreement and the transactions contemplated thereunder constitute continuing connected transactions under Chapter 14A of the Hong Kong Listing Rules.

As the highest applicable percentage ratio in respect of the annual caps for the bancassurance services provided by the Bank to China Post Group and/or its subsidiaries 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 are subject to the annual reporting, announcement and annual review requirements under Chapter 14A of Hong Kong Listing Rules, but are exempted from the independent shareholders' approval requirements.

## **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 the non-exempt continuing connected transactions are fair and reasonable and in the interests of the Bank and the Shareholders as a whole. For the transactions on the provision of bancassurance services by the Bank to China Post Group and/or its subsidiaries, except for Mr. Liu Jianjun, Mr. Zhang Xuewen, Ms. Yao Hong, Mr. Han Wenbo, Mr. Chen Donghao and Mr. Wei Qiang, none of the Directors has material interests 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 abstained from voting on the resolution.

## **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 has conducted diversified operations with postal, delivery logistics, finance and e-commerce as its main businesses in accordance with national regulations, and it is principally engaged in domestic and international mail delivery and parcel express delivery, distribution of publications such as newspapers, journals and books, stamp issuance, postal remittance, confidential correspondence, postal financial business, postal logistics, e-commerce, postal agency and other businesses as stipulated by the state.

## DEFINITIONS

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

“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, having the meanings ascribed to them under the Hong Kong Listing Rules
“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  
22 August 2022

*As at the date of this announcement, the Board of the Bank comprises Mr. Liu Jianjun, Mr. Zhang Xuewen and Ms. Yao Hong as Executive Directors; Mr. Han Wenbo, Mr. Chen Donghao, Mr. Wei Qiang, 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.*