**Code of A shares: 601166 Abbreviation of A Shares: Industrial Bank Code: TEMP 2017-20**

**Code of Preferred Stock: 360005, 360012 Abbreviation of Preferred Stock: Industrial Preferred 1, Industrial Preferred 2**

Industrial Bank Co., Ltd.

Announcement on Related Transaction with

Fujian Yango Group Co., Ltd. Series

The board of Directors of the Company and all directors guarantee there’s no false account, misleading statement or material omissions of the announcement, and will be jointly and severally be responsible for the truthfulness, accuracy and integrity of the announcement.

**Prompt of Important Content:**

**(I) Transaction Content:**

On August 29, 2017, the 4th Meeting of the 9th Board of Directors of the Company reviewed and passed the Proposal on Offer of Related Transaction Quota to Fujian Yango Group Co., Ltd. series, agreed to give Fujian Yango Group Co., Ltd. and its affiliated companies (hereinafter called as "Yango Series") RMB 12.5 billion of credit related translation quota and RMB 1.4 billion of non-credit related translation quota; the term of validity is 2 years.

**(II) Voting Challenge:** this transaction is a related transaction, the related director of the Company --- Mr. Lin Tengjiao --- avoided the voting.

**(III) Influence of Related Transaction:** the said related transactions are reasonable transactions during daily business operation of the Company and have no significant influence on operation activities and financial conditions of the Company as well as the independence of the Company.

**I. Overview of Related Transaction**

The 4th Meeting of the 9th Board of Directors of the Company reviewed and passed the Proposal on Offer of Related Transaction Quota to Fujian Yango Group Co., Ltd. series, in which the company agreed to grant Yango Series RMB 12.5 billion of credit related transaction quota, including: (1) RMB 12 billion (exposure line of RMB 9 billion) of internal basic credit quota used for all kinds of short-term, medium-term and long-term business in line with regulatory requirement, in which the traditional and quasi-credit exposure of real estate sector is not more than RMB 8 billion and the traditional and quasi-credit exposure of sectors other than real estate is not more than RMB 1.5 billion; (2) The bond investment quota is RMB 500 million used by subsidiary companies to invest in privately offered bonds. The company agreed to grant Yango Series RMB 1.4 billion of non-credit related transaction quota, wherein: the annual amount of principal accrued in wealth management capital bond investment (bond investment pool mode) is not more than RMB 800 million, the annual amount of principal accrued in credit asset transfer is not more than RMB 100 million, the accumulative accruals of bond underwriting, private equity fund service and other business is not more than RMB 500 million/ The term of validity is 2 years.

The related transaction quota granted to Yango Series this time is not more than 5% of the absolute value of the audited net assets of the company in the nearest period, so the quota only has to be audited by the Board of Directors, reviewed by the Related Transaction Control Committee and approved by the Board of Directors without the need to be deliberated by the general meeting.

**II. Introduction of Related Parties**

(I) Basic Information of Related Parties

Fujian Yango Group Co., Ltd. was incorporated in February 2002. Legal representative: Wu Jie. Place of registration: Fuzhou. Registered capital: RMB 7.16 billion. Equity structure: Wu Jie (45.46%), Lin Xueying (10.66%), Yango Holdings Limited. (43.88%). According to the *Acting-in-Concert Agreement* signed between Wu Jie and Lin Tengjiao, the actual controller of Yango Holdings, Wu Jie is entitled to 89.34% voting rights of Fujian Yango Group Co., Ltd. and is the actual controller of such company. Lin Tengjiao and Wu Jia are persons acting in concert. As at December 31, 2016, the total asset of Fujian Yango Group was RMB 133.16 billion, the owner’s equity was RMB 23.833 billion; from January to December of 2016, the business income was RMB 28.35 billion, the net profit was RMB 1.509 billion.

Fujian Yango Group Co., Ltd. is the subsidiary of Yango Holdings Limited. Yango Holdings Limited was incorporated on July 18, 2006. Registered capital: RMB 2.19 billion. Legal representative: Wu Jie. Place of registration: Fuzhou. Main business: investment and investment management in information, hotel, tourism, education and other industries; wholesales, sourcing and distribution of construction materials, hardware, electronics and home appliances.

(II) Related Relationship with Listed Companies

After the private placement is completed by our company, Yango Holdings Limited holds 2.39% shares of our company. After being elected by the general meeting of our company and approved by China Banking Regulatory Commission (CBRC) on the qualification as a director, Mr. Lin Tengjiao has acted as a director of our company since July 17, 2017. According to relevant provisions in the Administrative Measures on Related Transactions between Commercial Banks and Internal Personnel and Shareholders issued by CBRC, the Guideline for Implementation of Related Transactions of Listed Companies of Shanghai Stock Exchange and the Administrative Measures of Industrial Bank on Related Transactions (revised in December 2016), Yango Holdings Limited, Fujian Yango Group Co., Ltd., and other serial companies of Yango, which are directly, indirectly or jointly controlled or greatly influenced by our director Mr. Lin Tengjiao, are the related legal person of our company.

**III. Main Content and Pricing Policy of Related Transaction**

(I) Main Content of Related Transaction

The company agreed to grant Yango Series RMB 12.5 billion of credit related transaction quota, including: (1) RMB 12 billion (exposure line of RMB 9 billion) of internal basic credit quota used for all kinds of short-term, medium-term and long-term business in line with regulatory requirement, in which the traditional and quasi-credit exposure of real estate sector is not more than RMB 8 billion and the traditional and quasi-credit exposure of sectors other than real estate is not more than RMB 1.5 billion; (2) The bond investment quota is RMB 500 million used by subsidiary companies to invest in privately offered bonds. The company agreed to grant Yango Series RMB 1.4 billion of non-credit related transaction quota, wherein: the annual amount of principal accrued in wealth management capital bond investment (bond investment pool mode) is not more than RMB 800 million, the annual amount of principal accrued in credit asset transfer is not more than RMB 100 million, the accumulative accruals of bond underwriting, private equity fund service and other business is not more than RMB 500 million. The term of validity is 2 years.

(II) Pricing Policy

For related transactions between the Company and Yango Series Related Legal Persons, non-related transaction price of an independent third party will be referenced for the pricing of such transactions. In case of credit related transactions, if related credit conditions are not better than conditions for the same credit of other credit receivers, non-related transaction price of an independent third party will be referenced for related transaction price and settlement method is the same with that of non-related transaction of an independent third party; non-credit related transaction belongs to reasonable transaction during daily business operation of the Company, and for such transactions, general business rules will be followed, and conditions not more favorable than those of similar transactions of non-related parties will be adopted.

**IV. Goal of Related Transaction and Influence of This Related Transaction on Listed Company**

Relevant businesses conducted by the Company and Yango Series Related Legal Persons will facilitate continuous promotion of cooperation between both parties. With regard to the said related transactions, the Company will conclude based on general business rules or terms not more favorable than those applicable to independent third parties during the daily business operation; transaction conditions will be fair and reasonable, in the interest of the Company and all shareholders, subject to relevant regulations requirements of the regulatory department and internal policies of the Company and without prejudice to interests of the Company and minority shareholders, and will not have negative influence on current and future financial conditions of the Company and independence of the Company.

**V. Opinion of Independent Directors**

Independent directors Mr. Paul M. Theil, Mr. Zhu Qing, Mr. Liu Shiping, Mr. Su Xijia and Mr. Lin Hua, expressed the following independent opinions with regard to such related transactions:

1. Procedure. The issue that the company grants related transaction quota to Fujian Yango Group Co., Ltd. series has gone through corresponding review and approval procedure. The related director avoided the voting when the Board of Directors was deliberating the above-mentioned related transaction proposal. The process complies with the requirements of China Banking Regulatory Commission, China Securities Regulatory Commission, Shanghai Stock Exchange and other regulatory departments, as well as other regulations in the Articles of Association of Industrial Bank Co., Ltd. and the Administrative Measures of Industrial Bank on Related Transactions.

2. Fairness. The said related transactions belong to reasonable transactions during the daily business operation of the Company, and for such transactions, general business rules will be followed, and conditions not more favorable than those for similar transactions of non-related parties will be adopted; transaction conditions are fair and reasonable; and such transactions are subject to relevant regulations requirements of the regulatory department and internal policies of the Company and without prejudice to interests of the Company and shareholders (especially minority shareholders), and will not have negative influence on current and future financial conditions of the Company and independence of the listed company.

**VI. Contents of Reference Documents**

1. Resolution of Audit & Related Transaction Control Committee of Board of Directors;

2. Resolution of Board of Directors;

3. Prior approval signed and confirmed by independent directors;

4. Independent Opinion signed and confirmed by independent directors.

Hereby Announced.

Board of Directors of Industrial Bank Co., Ltd.

 August 30, 2017