**Code of A shares: 601166 Abbreviation of A Shares: Industrial Bank Code: TEMP 2018-08**

**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 Related Parties

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 April 24, 2018, the 8th Meeting of the 9th Board of Directors reviewed and passed the Proposal on Offer of Related Transaction Quota to Related Affiliates, which agreed to offer PICC Group and its related affiliates (hereinafter called as "PICC Series") RMB 54 billion of credit related transaction quota and RMB 25.6 billion of non-credit related transaction quota, with the term of validity till April 30, 2021; RMB 15 billion of credit related transaction quota and RMB 530 million of non-credit related transaction quota are given to China National Tobacco Corporation and its affiliates (hereafter referred to as "China Tobacco Series") until April 30, 2021; RMB 18 billion of credit related transaction quota and RMB 19.2 billion of non-credit related transaction quota to Fujian Yango Group Co., Ltd. and its affiliates (hereafter referred to as "Yango Series") until April 30, 2021; RMB 10 billion of credit related transaction quota and RMB 38.5 billion of non-credit related transaction quota to Fujian Investment & Development Group Co., Ltd. and its affiliates (hereafter referred to as "Fujian Investment Group Series") until August 28, 2019; RMB 12.3 billion of credit related transaction quota and RMB 16.2 billion of non-credit related transaction quota to Xiamen International Bank Co., Ltd. and its affiliates (hereafter referred to as "Xiamen International Bank Series") until August 28, 2019.

**(II) Voting challenge:**

Related Director Fu Anping avoided the voting involving PICC Group and its affiliates; related Director Han Jingwen avoided the voting involving China National Tobacco Corporation and its affiliates; Director Lin Tengjiao avoided the voting involving Fujian Yango Group Co., Ltd. and its affiliates;

 **(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.

**(IV)** The above related transaction still needs to be submitted to the general meeting of the Company for review; related shareholders will avoid the voting for the proposal on reviewing this related transaction in the general meeting of the Company.

**I. Overview of Related Transaction**

The 8th Meeting of the 9th Board of Directors reviewed and passed the Proposal on Offer of Related Transaction Quota to Part of Related Affiliates, which agreed to:

1. Grant PICC Series' related legal persons a credit related transaction quota of RMB 54 billion, with single-transaction approval for added credit extension and business category, and the authorization to eligible approvers for performing according to business authorization regulations regarding annual credit and fund, which will be included in the general control of credit related transaction quota of PICC Group; RMB 25.6 billion of non-credit related transaction quota, wherein: the annual transaction amount of customized wealth management for clients is not more than RMB 10 billion, the annual transaction amount of credit asset transfer is not more than RMB 4.5 billion, the annual transaction amount of capital business is not more than RMB 9 billion, and the annual transaction amount of business, such as insurance service, commissioned insurance product sales, investment in insurance asset management products, asset custody business and bond underwriting shall not exceed RMB 2.1 billion. Term of validity ends on April 30, 2021.

2. Offer RMB 4.76 billion of non-credit related transaction quota to China Tobacco Series on the basis of the Proposal on Giving China National Tobacco Corporation Related Transaction Quota reviewed and approved by the 18th Meeting of the 8th Board of Directors of the Company. After the change, the China Tobacco Series was given RMB 15 billion of credit related transaction quota for various short, medium and long-term business types; the approved credit extension business is incorporated into the quota for management and newly-added credit extension business is approved on a case-by-case basis; RMB 5.3 billion of non-credit related transaction quota was offered, wherein: the annual transaction amount of structured deposits and public wealth management shall not exceed RMB 4,56 million and that of entrusted loan, property leasing, bond underwriting and credit asset transfer shall not be more than RMB 740 million. Term of validity ends on April 30, 2021.

3. Offer RMB 5.5 billion of credit related transaction quota and RMB 18.6 billion of non-credit related transaction quota to Yango Series on the base of the Proposal on Giving Fujian Yango Group Co., Ltd. Related Transaction Quota reviewed and approved by the 4th Meeting of the 9th Board of Directors of the Company, and reduce RMB 800 million of non-credit related transaction quota in wealth management capital bond investment (bond investment pool mode) from the original approved quota. After the change, Yango Series was given RMB 18 billion of credit related transaction quota for various short, medium and long-term business types undertaken by Fujian Yango Group Co., Ltd. and its affiliates and Fujian Onebank Co., Ltd.; RMB 19.2 billion of non-credit related transaction quota was offered, wherein: the annual transaction amount of structured deposits and public wealth management shall not exceed RMB 16.180 billion, that of capital business is not more than RMB 2 billion, that of credit asset transfer is not more than RMB 150 million, and that of comprehensive services (including commissioned sales, bond underwriting and trust service) shall not be more than RMB 870 million. Term of validity ends on April 30, 2021.

4. Give Fujian Investment Group Series RMB 5 billion of credit related transaction quota and RMB 31.23 billion of non-credit related transaction quota on the base of the Proposal on Giving Fujian Investment & Development Group Co., Ltd. Related Transaction Quota reviewed and approved by 4th Meeting of the 9th Board of Directors of the Company, and reduce RMB 630 million of non-credit related transaction quota in wealth management capital bond investment (bond investment pool mode) from the original approved quota. After the change, Fujian Investment Group Series was given RMB 10 billion of credit related transaction quota for various short, medium and long-term business types; RMB 38.5 billion of non-credit related transaction quota was offered, wherein: the annual transaction amount of structured deposits and public wealth management shall not exceed RMB 38.2 billion, that of capital business is not more than RMB 100 million, and that of comprehensive services (including bond underwriting, private equity service and trust service) shall not be more than RMB 200 million. Term of validity ends on August 28, 2019.

5. Offer RMB 300 million of credit related transaction quota and RMB 11.3 billion of non-credit related transaction quota to Xiamen International Bank on the base of the Proposal on Giving Xiamen International Bank Co., Ltd. Related Transaction Quotation reviewed and approved by the 4th Meeting of the 9th Board of Directors of the Company. After the change, RMB 12.3 billion of credit related transaction quota was given to Xiamen International Bank Series, wherein: RMB 12 billion of internal basic credit quota used for credit extension business between our company and Xiamen International Bank; RMB 300 million of quota for investment in financial products for affiliates subscribing negotiable certificates of deposit (NCDs) and other products; RMB 16.2 billion of non-credit related transaction quota was offered, wherein: the annual transaction amount of capital business shall not be more than RMB 6.5 billion, that of customized wealth management for clients shall not exceed RMB 5.993 billion, that of investment in asset securitization products is not more than RMB 3 billion, and that of businesses (credit asset transfer, asset custody business, commissioned sales and bond underwriting) shall not exceed RMB 707 million. Term of validity ends on August 28, 2019.

After applying for another approval and offering, the related transaction quotas of PICC Series, China Tobacco Series, Yango Series, Fujian Investment Group Series and Xiamen International Bank Series have exceeded 5% of the absolute value of the audited net assets of the company in the nearest period (wherein the transaction quota of China Tobacco Series was calculated together with that of its Preferred Stock Subscription involved in the Proposal on Private Offering of Domestic Preferred Stock to China National Tobacco Corporation’s Affiliates). The above-mentioned transactions have been reviewed by the Audit and Related Transaction Control Committee of the Board of Directors of the Company and approved by the Board of Directors, but are still to be approved by the general meeting.

**II. Introduction to Related Parties**

(I) Basic Information of Related Parties

1. PICC Series

PICC Group was established on August 22, 1996, both of whose controlling shareholder and real controller are the Ministry of Finance, which holds 70.47% of equity. The legal representative of the company is Wu Yan, and its registered capital is RMB 42.424 billion. PICC was listed in the Stock Exchange of Hong Kong Ltd. in December 2012. Its operation scope covers property insurance, life insurance, health insurance, asset management, insurance brokerage, trust, fund and other fields; therefore, it formed an insurance and finance industry cluster, and has deep influence at home and abroad. By the end of December 2017, the total asset of PICC has reached RMB 987,906 million, up by 5.98% compared with the end of last year; the main business revenue was RMB 483,775 million, up by 9.12% compared with the end of last year; the net profit was RMB 23,051 million, with a year-on-year growth of 11.46%.

2. China Tobacco Series

China National Tobacco Corporation is a super large-sized state-owned enterprise established on December 15, 1983, which was registered in Beijing and whose registered capital is up to RMB 57 billion. Its legal representative is Ling Chengxing. It conducts centralized management to "personnel, property, object, production, supply, sales, internal affairs, external affairs and trades" of the whole tobacco industry. It is prominent in the industry and is provided with integrated business system such as research and development, procurement, production and sales. Its state-owned asset is managed by the Ministry of Finance. By the end of June 2017, its total asset has reached RMB 615,864 million, up by 3.36% compared with the end of last year; owner’s equity was RMB 614,165 million with 0.32% asset-liability ratio.

3. Yango Series

(1) Yango Holdings Limited Yango Holdings Limited was incorporated on July 18, 2006. Registered capital: RMB 9.699 billion. Legal representative: Wu Jie. Place of registration: Fuzhou. Main business contains: investment and investment management in information, hotel, tourism, education and other industries; wholesales, sourcing and distribution of construction materials, hardware, electronics, home appliances etc. At present, Yango Holdings Limited’s business has covered such six fields as finance investment, education investment, environment protection, product transaction, property operation and medical industry.

(2) Fujian Yango Group Co., Ltd. Fujian Yango Group Co., Ltd. is the subsidiary of Yango Holdings Limited. Fujian Yango Group Co., Ltd. was incorporated in February 2002. Legal representative: Wu Jie. Place of registration: Fuzhou. After many times of capital increase and equity change, its current registered capital is RMB 7.16 billion. Type of 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, Wu Jie is entitled to 89.34% voting rights of Yango Group, Ltd. and is the actual controller of such company. Lin Tengjiao and Wu Jie are persons acting in concert.

(3) Fujian Onebank Co., Ltd. Fujian Onebank Co., Ltd. is the first privately-owned bank established by Fujian private enterprises (Yonghui Supermarket Co., Ltd. and Yango Holdings Limited) under the approval of China Banking Regulatory Commission (CBRC). It was opened on January 16, 2017 and registered at Pingtan, Fujian, whose legal representative is Chen Dekang and the registered capital is RMB 2.4 billion. Its equity structure: Yonghui Supermarket Co., Ltd. (27.5%), Yango Holdings Limited (26.25%), other six corporations (46.25%). As of the end of December 2017, its total asset has achieved RMB 4.076 billion, in which deposit taking is RMB 1.358 billion, loan granted and advanced cash are RMB 484 million; annual operation income has reached RMB 153 million.

4. Fujian Investment Group Series

Incorporated on April 27, 2009, with the place of registration in Fuzhou, the legal representative of Yan Zheng and a registered capital of RMB 10 billion, Fujian Investment Development Group is a state-owned solely-funded limited liability company approved by the Fujian Provincial People’s Government. The contributor is Fujian Provincial People’s Government and the obligation of contributor is fulfilled by the State Owned Assets Supervision and Administration Commission of the People’s Government of Fujian Province. The operation of state-owned assets is subject to authorization. By the end of September 2017, the total asset of Fujian Investment Development Group had reached RMB 118.611 billion, net asset was RMB 49.938 billion and the asset-liability ratio was 57.90%; from January to September of 2017, the business income was RMB 4.071 billion, the investment profit was RMB 2.116 billion and the net profit was RMB 1.365 billion.

5. Xiamen International Bank

Incorporated on August 31, 1985 and headquartered in Xiamen, Xiamen International Bank Co., Ltd. is the first domestic Sino-foreign joint-venture bank, and was transformed from a limited liability company to a company limited by shares, and from a Sino-foreign joint-venture bank to a Chinese-funded commercial bank in 2013. The legal representative of the company is Weng Ruotong, and its registration place is Xiamen. As of the end of December 2017, the total asset of Xiamen International Bank has achieved RMB 709.553 billion, increased by 25.91% from last year; deposit taking is RMB 470.601 billion, up by 16.41% compared with the end of last year; loan granted and advanced cash are RMB 278.963 billion, 33.40% higher than that of last year; annual after-tax profit has reached RMB 4.531 billion, up by 7.22% from the previous year.

(II) Related Relationship with Listed Companies

The People’s Insurance Company (Group) of China Limited, PICC Property and Casualty Company Limited and PICC Life Insurance Company Limited held 12.90% of equity, thus were related legal entities of the Company.

China National Tobacco Corporation held 9.68% of equity of the Company in total together with Fujian Tobacco Hashare Investment Management Co., Ltd., Hunan China Tobacco Investment Management Co., Ltd., China National Tobacco (Fujian) Corporation, and China National Tobacco (Guangdong) Corporation, which thus were related legal entities of the Company.

Yango Holdings Co., Ltd. now holds 2.39% of the company's total equity and its Chairman Mr. Lin Tengjiao is appointed as Director under the Company's recommendation, the reviewing of Board of Directors, election of General Meeting and the approval of CBRC. The affiliates of Yango Holdings Limited, Fujian Yango Group Co., Ltd. which is directly, indirectly or jointly controlled or significantly impacted on by Mr. Lin Tengjiao and his close relatives and Fujian Onebank Co., Ltd. are related legal entities of the Company.

Fujian Investment & Development Group Co., Ltd. now holds 0.75% of the company's total equity. Considering it has appointed Director Mr. Peng Jingguang to the Company while holding our equities, such affiliates of Fujian Investment Group as Fujian Investment & Development Group Co., Ltd. and Fujian Zhongmin Energy Co., Ltd. are still the related legal entities within 12 months after his departure.

Xiamen International Bank does not hold shares of the company. Mr. Peng Jinguang once served as the Supervisor of the Company, during which he also served as the Director of Xiamen International Bank. Within 12 months after his departure, Xiamen International Bank is still the related legal entity.

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

(I) Main Content of Related Transaction

1. PICC Series Grant PICC Series' related legal persons a credit related transaction quota of RMB 54 billion, with single-transaction approval for added credit extension and business category, and the authorization to eligible approvers for performing according to business authorization regulations regarding annual credit and fund, which will be included in the general control of credit related transaction quota of PICC Group; RMB 25.6 billion of non-credit related transaction quota, wherein: the annual transaction amount of customized wealth management for clients is not more than RMB 10 billion, the annual transaction amount of credit asset transfer is not more than RMB 4.5 billion, the annual transaction amount of capital business is not more than RMB 9 billion, and the annual transaction amount of business, such as insurance service, commissioned insurance product sales, investment in insurance asset management products, asset custody business and bond underwriting shall not exceed RMB 2.1 billion. Term of validity ends on April 30, 2021.

2. China Tobacco Series RMB 4.76 billion of non-credit related transaction quota was offered to China Tobacco, wherein: the annual transaction amount of structured deposits and public wealth management shall not exceed RMB 4.56 billion and that of bond underwriting and credit asset transfer shall not be more than RMB 200 million.

After the change, the China Tobacco Series was given RMB 15 billion of credit related transaction quota for various short, medium and long-term business types; the approved credit extension business is incorporated into the quota for management and newly-added credit extension business is approved on a case-by-case basis; RMB 5.3 billion of non-credit related transaction quota was offered, wherein: the annual transaction amount of structured deposits and public wealth management shall not exceed RMB 4,56 million and that of entrusted loan, property leasing, bond underwriting and credit asset transfer shall not be more than RMB 740 million. Term of validity ends on April 30, 2021.

3. Yango Series Yango Series was given RMB 5.5 billion of credit related transaction quota for various credit extension business; RMB 18.6 billion of non-credit related transaction quota was offered, wherein: the annual transaction amount of structured deposits and public wealth management shall not exceed RMB 16.18 billion, that of capital business is not more than RMB 2 billion, that of credit asset transfer is not more than RMB 50 million, and that of comprehensive services (including commissioned sales, bond underwriting and trust service) shall not be more than RMB 370 million. Meanwhile reduce RMB 800 million of non-credit related transaction quota in wealth management capital bond investment (bond investment pool mode) from the original approved quota.

After the change, Yango Series was given RMB 18 billion of credit related transaction quota for various short, medium and long-term business types undertaken by Fujian Yango Group Co., Ltd. and its affiliates and Fujian Onebank Co., Ltd.; RMB 19.2 billion of non-credit related transaction quota was offered, wherein: the annual transaction amount of structured deposits and public wealth management shall not exceed RMB 16.180 billion, that of capital business is not more than RMB 2 billion, that of credit asset transfer is not more than RMB 150 million, and that of comprehensive services (including commissioned sales, bond underwriting and trust service) shall not be more than RMB 870 million. Term of validity ends on April 30, 2021.

4. Fujian Investment Group Series Fujian Investment Group Series was given RMB 5 billion of credit related transaction quota for various short, medium and long-term business types; RMB 31.23 billion of non-credit related transaction quota was offered, wherein: the annual transaction amount of structured deposits shall not exceed RMB 31.2 billion, that of asset custody business and private equity service shall not be more than RMB 30 million. Meanwhile reduce RMB 630 million of non-credit related transaction quota in wealth management capital bond investment (bond investment pool mode) from the original approved quota.

After the change, Fujian Investment Group Series was given RMB 10 billion of credit related transaction quota for various short, medium and long-term business types; RMB 38.5 billion of non-credit related transaction quota was offered, wherein: the annual transaction amount of structured deposits and public wealth management shall not exceed RMB 38.2 billion, that of capital business is not more than RMB 100 million, and that of comprehensive services (including bond underwriting, private equity service and trust service) shall not be more than RMB 200 million. Term of validity ends on August 28, 2019.

5. Xiamen International Bank. RMB 300 million of credit related transaction quota was given to Xiamen International Bank for affiliates subscribing negotiable certificates of deposit (NCDs) and other products; RMB 11.3 billion of non-credit related transaction quota was offered, wherein: the annual transaction amount of investment in asset securitization products is not more than RMB 3 billion, that of capital business shall not exceed RMB 2.82 billion, that of customized wealth management for clients is not over RMB 5.479 billion, and that of commissioned sales and other businesses shall not exceed RMB 1 million.

After the change, RMB 12.3 billion of credit related transaction quota was given to Xiamen International Bank Series, wherein: RMB 12 billion of internal basic credit quota used for credit extension business between our company and Xiamen International Bank; RMB 300 million of quota for investment in financial products for affiliates subscribing negotiable certificates of deposit (NCDs) and other products; RMB 16.2 billion of non-credit related transaction quota was offered, wherein: the annual transaction amount of capital business shall not be more than RMB 6.5 billion, that of customized wealth management for clients shall not exceed RMB 5.993 billion, that of investment in asset securitization products is not more than RMB 3 billion, and that of businesses (credit asset transfer, asset custody business, commissioned sales and bond underwriting) shall not exceed RMB 707 million. Term of validity ends on August 28, 2019.

(II) Pricing Policy

For related transactions between the Company with PICC, China Tobacco, Yango, Fujian Investment Group and Xiamen International Bank, the non-related transaction price with 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 with PICC, China Tobacco, Yango, Fujian Investment Group and Xiamen International Bank 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 above related transactions:

1. Procedure. The above related transactions have gone through the review and approval procedure in the Audit and Related Transaction Control Committee of the 9th Board of Directors and the 8th Meeting of the 9th Board of Directors. When the Board of Directors reviewed relevant matters involved in the above-mentioned related transactions, related directors have avoided the voting, and the avoiding and decision-making procedures were in line with relevant regulatory requirements and Articles of Association. This related transaction still needs to be submitted to general meeting of the Company for review.

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.

 April 25, 2018