**Code of A shares： 601166 Abbreviation of A Shares: Industrial Bank Code: TEMP 2018-09**

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

Industrial Bank Co., Ltd.

Announcement on Related Transaction Involved in Private Offering of Domestic Preferred Stocks

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**

Industrial Bank Co., Ltd. (hereinafter called as “IB” or “the Company”) plans to offer domestic preferred stocks of no more than 300 million shares (hereinafter referred to as "this offering" or "this offering of preferred stocks") to at most 200 qualified investors satisfying the requirements of the Administration Measures of Preferred Stock Pilot and other laws and regulations, at the par value per share of RMB 100. The total fund raised in this offering will not exceed RMB 30 billion.

On April 23, 2018, the Company signed conditionally effective preferred stock subscription agreements with the following affiliate companies of China National Tobacco Corporation. China National Tobacco (Jiangsu) Corporation (hereinafter referred to as “China Tobacco Jiangsu”) plans to subscribe 15,000,000 shares of preferred stocks, amounting to RMB 1.5 billion; China National Tobacco (Henan) Corporation (hereinafter referred to as “China Tobacco Henan”) plans to subscribe 5,000,000 shares of preferred stocks, amounting to RMB 0.5 billion; China National Tobacco (Hunan) Corporation (hereinafter referred to as “China Tobacco Hunan”) plans to subscribe 1,000,000 shares of preferred stocks, amounting to RMB 0.1 billion; Hunan Provincial Tobacco (Zhuzhou) Corporation (hereinafter referred to as “Zhuzhou Tobacco”) plans to subscribe 1,000,000 shares of preferred stocks, amounting to RMB 0.1 billion; Hunan Provincial Tobacco (Hengyang) Corporation (hereinafter referred to as “Hengyang Tobacco”) plans to subscribe 1,000,000 shares of preferred stocks, amounting to RMB 0.1 billion; Hunan Provincial Tobacco (Shaoyang) Corporation (hereinafter referred to as “Shaoyang Tobacco”) plans to subscribe 2,000,000 shares of preferred stocks, amounting to RMB 0.2 billion; Hunan Provincial Tobacco (Yongzhou) Corporation (hereinafter referred to as “Yongzhou Tobacco”) plans to subscribe 1,000,000 shares of preferred stocks, amounting to RMB 0.1 billion; Hunan Provincial Tobacco (Chenzhou) Corporation (hereinafter referred to as “Chenzhou Tobacco”) plans to subscribe 2,000,000 shares of preferred stocks, amounting to RMB 0.2 billion; Hunan Tobacco Redrying Co., Ltd. (hereinafter referred to as “Hunan Tobacco Leaf”) plans to subscribe 2,000,000 shares of preferred stocks, amounting to RMB 0.2 billion; China National Tobacco (Sichuan) Corporation (hereinafter referred to as “China Tobacco Sichuan”) plans to subscribe 15,000,000 shares of preferred stocks, amounting to RMB 1.5 billion; Sichuan Provincial Tobacco (Chengdu) Corporation (hereinafter referred to as “Chengdu Tobacco”) plans to subscribe 5,000,000 shares of preferred stocks, amounting to RMB 0.5 billion; China National Tobacco (Guangxi) Corporation (hereinafter referred to as “China Tobacco Guangxi”) plans to subscribe 5,000,000 shares of preferred stocks, amounting to RMB 0.5 billion; China National Tobacco (Gansu) Corporation (hereinafter referred to as “China Tobacco Gansu”) plans to subscribe 5,000,000 shares of preferred stocks, amounting to RMB 0.5 billion; Gansu Provincial Tobacco (Lanzhou) Corporation (hereinafter referred to as “Lanzhou Tobacco”) plans to subscribe 5,000,000 shares of preferred stocks, amounting to RMB 0.5 billion; Zhongwei Capital Holdings Limited (hereinafter referred to as “Zhongwei Capital”) plans to subscribe 15,000,000 shares of preferred stocks, amounting to RMB 1.5 billion. The final subscription amount will not exceed the total shares approved by authorities for offering.

The above planned subscribed parties do not participate in the quotation of the dividend rate of this preferred stocks offering and they accept the fact that the Company and sponsor institution (main underwriter) determine the final rate based on the procedure and requirements of China Securities Regulatory Commission (CSRC) and other authorities.

**(II) Voting challenge**

China Tobacco and its affiliates are the related legal entities of the Company, and the subscriptions of this offering of preferred stocks by China Tobacco Jiangsu, China Tobacco Henan, China Tobacco Hunan, Zhuzhou Tobacco, Hengyang Tobacco, Shaoyang Tobacco, Yongzhou Tobacco, Chenzhou Tobacco, Hunan Tobacco Leaf, China Tobacco Sichuan, Chengdu Tobacco, China Tobacco Guangxi, China Tobacco Gansu, Lanzhou Tobacco and Zhongwei Capital constitute related transactions. When Board of Directors of the Company reviewed related proposals regarding related transactions involved in the Offering, Related Director Mr. Han Jingwen have avoided the voting.

**(III) Influence of related transactions**

Such related transactions are concluded with conditions not more favorable than those for non-related transactions, of which decision-making procedures conform to relevant regulatory requirements and Articles of Association of Industrial Bank Co., Ltd. (hereinafter referred to as “Articles of Association”) and transaction conditions are fair and reasonable, and will not impair interests of the Company and shareholders, especially medium and small-scale shareholders and affect the independence of the Company.

**I. Overview of Related Transaction**

**(I) Basic information of such related transactions**

The Company plans to offer no more than 0.3 billion shares of domestic preferred stocks to at most 200 qualified investors satisfying the requirements of the Administration Measures of Preferred Stock Pilot and other laws and regulations, at the par value per share of RMB 100. The total fund raised in this offering will not exceed RMB 30 billion.

On April 23, 2018, the Company signed conditionally effective preferred stock subscription agreements with the following affiliate companies of China National Tobacco Corporation. China Tobacco Jiangsu plans to subscribe 15,000,000 shares of preferred stocks, amounting to RMB 1.5 billion; China Tobacco Henan plans to subscribe 5,000,000 shares of preferred stocks, amounting to RMB 0.5 billion; China Tobacco Hunan plans to subscribe 1,000,000 shares of preferred stocks, amounting to RMB 0.1 billion; Zhuzhou Tobacco plans to subscribe 1,000,000 shares of preferred stocks, amounting to RMB 0.1 billion; Hengyang Tobacco plans to subscribe 1,000,000 shares of preferred stocks, amounting to RMB 0.1 billion; Shaoyang Tobacco plans to subscribe 2,000,000 shares of preferred stocks, amounting to RMB 0.2 billion; Yongzhou Tobacco plans to subscribe 1,000,000 shares of preferred stocks, amounting to RMB 0.1 billion; Chenzhou Tobacco plans to subscribe 2,000,000 shares of preferred stocks, amounting to RMB 0.2 billion; Hunan Tobacco Leaf plans to subscribe 2,000,000 shares of preferred stocks, amounting to RMB 0.2 billion; China Tobacco Sichuan plans to subscribe 15,000,000 shares of preferred stocks, amounting to RMB 1.5 billion; Chengdu Tobacco plans to subscribe 5,000,000 shares of preferred stocks, amounting to RMB 0.5 billion; China Tobacco Guangxi plans to subscribe 5,000,000 shares of preferred stocks, amounting to RMB 0.5 billion; China Tobacco Gansu plans to subscribe 5,000,000 shares of preferred stocks, amounting to RMB 0.5 billion; Lanzhou Tobacco plans to subscribe 5,000,000 shares of preferred stocks, amounting to RMB 0.5 billion; Zhongwei Capital plans to subscribe 15,000,000 shares of preferred stocks, amounting to RMB 1.5 billion. The final subscription amount will not exceed the total shares approved by authorities for offering.

The above planned subscribed parties do not participate in the quotation of the dividend rate of this preferred stocks offering and they accept the fact that the Company and sponsor institution (main underwriter) determine the final rate based on the procedure and requirements of CSRC and other authorities.

**(II) Such transactions constitute related transactions**

Before this Offering, China Tobacco held 9.68% of A shares of the Company in total together with China National Tobacco (Fujian) Corporation, China National Tobacco (Guangdong) Corporation, Hunan China Tobacco Investment Management Co., Ltd. and Fujian Tobacco Hashare Investment Management Co., Ltd. China Tobacco and its affiliates were related legal entities of the Company.

According to the Administrative Measures on Related Transactions between Commercial Banks and Internal Personnel and Shareholders, the Guideline for Implementation of Related Transactions of Listed Companies of Shanghai Stock Exchange, the Articles of Association and Administrative Measures on Related Transactions of Industrial Bank Co., Ltd., the subscriptions of the privately offered domestic preferred stocks by China Tobacco Jiangsu, China Tobacco Henan, China Tobacco Hunan, Zhuzhou Tobacco, Hengyang Tobacco, Shaoyang Tobacco, Yongzhou Tobacco, Chenzhou Tobacco, Hunan Tobacco Leaf, China Tobacco Sichuan, Chengdu Tobacco, China Tobacco Guangxi, China Tobacco Gansu, Lanzhou Tobacco and Zhongwei Capital constitute related transactions and have gone through corresponding approval procedures.

**(III) Voting of Board of Directors**

On April 24, 2018, the 8th meeting of the 9th Board of Directors was held by the Company in which relevant proposals concerning the Offering were reviewed and passed. When Board of Directors of the Company reviewed related proposals regarding related transactions involved in the Offering, related directors have challenged the voting. Before such related transactions were submitted to Board of Directors for review, such transactions have been reviewed and approved by the Audit and Related Transaction Control Committee under the 9th Board of Directors of the Company.

The Offering still needs to be approved by general meeting. When general meeting of the Company reviews related transactions involved in the Offering, related shareholders will challenge the voting. Furthermore, the Offering may be performed only if it is approved by CBRC and ratified by regulatory authorities such as CSRC.

**(IV) Voting and opinions of independent directors**

Before such related transactions were submitted to the Board of Directors for review, prior endorsement of independent directors of the Company has obtained; when Board of Directors reviewed relevant proposals, all such directors have voted for the said proposals and given independent opinions which agreed the above related transactions.

**II. Basic Information of Related Parties**

**(I) Basic Information**

1. China Tobacco Jiangsu

Name: China National Tobacco (Jiangsu) Corporation

Address: No. 168, Changjiang Road, Nanjing, Jiangsu

Legal representative: Dong Xiuming

Registered capital: RMB 30.706 million

2. China Tobacco Henan

Name: China National Tobacco (Henan) Corporation

Address: No. 15, Commercial Outer Ring, Zhengzhou, Henan

Legal representative: Wu Weidong

Registered capital: RMB 14.722 million

3. China Tobacco Hunan

Name: China National Tobacco (Hunan) Corporation

Address: No. 628, Section I, Furong South Road, Tianxin District, Changsha, Hunan

Legal representative: Fan Jianfeng

Registered capital: RMB 111.97 million

4. Zhuzhou Tobacco

Name: Hunan Provincial Tobacco (Zhuzhou) Corporation

Address: No. 1377, Taizi Road, Lusong District, Zhuzhou, Hunan

Legal representative: Chen Xintian

Registered capital: RMB 71.33 million

5. Hengyang Tobacco

Name: Hunan Provincial Tobacco (Hengyang) Corporation

Address: No.8, Yanan Road, High-tech Industrial Development Zone, Hengyang, Hunan

Legal representative: Qin Jiangshun

Registered capital: RMB 15.7 million

6. Shaoyang Tobacco

Name: Hunan Provincial Tobacco (Shaoyang) Corporation

Address: (No.B-01, Baoqing Science and Technology Industrial Park) Caishen Crossing, Shaoyang Avenue, Shuangqing District, Shaoyang, Hunan

Legal representative: Wang Kun

Registered capital: RMB 19.415 million

7. Yongzhou Tobacco

Name: Hunan Provincial Tobacco (Yongzhou) Corporation

Address: No. 69, Pearl North Road, Lengshuitan District, Yongzhou, Hunan

Legal representative: Xing Qin

Registered capital: RMB 95.4 million

8. Chenzhou Tobacco

Name: Hunan Provincial Tobacco (Chenzhou) Corporation

Address: No. 61, Yanquan North Road, North Lake District, Chenzhou, Hunan

Legal representative: Gao Zhiqiang

Registered capital: RMB 126.16 million

9. China Tobacco Hunan

Name: Hunan Tobacco Redrying Co., Ltd.

Address: 4F-5F, Building 2, No.316 Nanling Avenue, Beihu District, Chenzhou, Hunan

Legal representative: Caojian

Registered capital: RMB 2,288,132,100

10. China Tobacco Sichuan

Name: China National Tobacco (Sichuan) Corporation

Address: Unit 1, Building 1, No.936 Century City Road, High-tech District, Chengdu, Sichuan

Legal representative: Li Enhua

Registered capital: RMB 62.4 million

11. Chengdu Tobacco

Name: Sichuan Provincial Tobacco (Chengdu) Corporation

Address: No.1, Huaishu Street, Qingyang District, Chengdu, Sichuan

Legal representative: Zhou Dewen

Registered capital: RMB 43,503,600

12. China Tobacco Guangxi

Name: China National Tobacco (Guangxi) Corporation

Address: No.25 Camellia Garden Road, Qingxiu District, Nanning, Guangxi Zhuang Autonomous Region

Legal representative: Wang Quan

Registered capital: RMB 20,802,000

13. China Tobacco Gansu

Name: China National Tobacco (Gansu) Corporation

Address: No.715 Donggang West Road, Lanzhou, Gansu

Legal representative: Shi Zengjian

Registered capital: RMB 102.9 million

14. Lanzhou Tobacco

Name: Gansu Provincial Tobacco (Lanzhou) Corporation

Address: No.715 Donggang West Road, Chengguan District, Lanzhou, Gansu

Legal representative: Xiang Yang

Registered capital: RMB 58.2 million

15. Zhongwei Capital

Name: Zhongwei Capital Holdings Limited

Address: No.1 Zhizhai North Street, Pinggu District, Beijing

Legal representative: Hao Heguo

Registered capital: RMB 14 billion

**(II) Basic Information of Related Parties**

Before this Offering, China Tobacco held 9.68% of A shares of the Company in total together with China National Tobacco (Fujian) Corporation, China National Tobacco (Guangdong) Corporation, Hunan China Tobacco Investment Management Co., Ltd. and Fujian Tobacco Hashare Investment Management Co., Ltd. China Tobacco and its affiliates were related legal entities of the Company.

According to the Administrative Measures on Related Transactions between Commercial Banks and Internal Personnel and Shareholders, the Guideline for Implementation of Related Transactions of Listed Companies of Shanghai Stock Exchange, the Articles of Association and Administrative Measures on Related Transactions of Industrial Bank Co., Ltd., the subscription of the preferred stocks of the company by China Tobacco Jiangsu, China Tobacco Henan, China Tobacco Hunan, Zhuzhou Tobacco, Hengyang Tobacco, Shaoyang Tobacco, Yongzhou Tobacco, Chenzhou Tobacco, Hunan Tobacco Leaf, China Tobacco Sichuan, Chengdu Tobacco, China Tobacco Guangxi, China Tobacco Gansu, Lanzhou Tobacco and Zhongwei Capital constitutes related transactions and needs to go through corresponding approval procedures. This related transaction will not cause the addition of new related parties.

**III. Pricing Policy & Grounds for Related Transactions**

**(I) Pricing method**

1. Par value and price

The preferred stocks are offered at the par value per share of RMB 100.

2. Dividend rate and confirmation principle

The preferred shares issued this time shall be subject to an interest period every five years starting from the payment deadline, and the dividend yield shall be the same within each period.

The dividend rate of the first interest period shall be determined by the Board of Directors of the Company in accordance with the authorization of the General Meeting of Shareholders, combined with the national policy, market conditions, company specific conditions and investor requirements, etc. at the time of issuance, by means of inquiry or others approved by authorities. And it will not be higher than the average annual Return on Equity Weighted Average (ROEWA) of the common shareholders of the Company in the last two fiscal years before the insurance.

Dividend rate of this Offering is the sum of base rate and basic interest margin:

Dividend rate = base rate + basic interest margin.

The base rate is the average level of government bond yields 20 trading days (excluding the same day) before preferred stocks issue payment deadline or the base rate adjustment under five-year repayment period. The base rate will be adjusted every five years since the payment deadline of this Offering of preferred stocks.

The base interest margin is the dividend rate of the first interest period deducted from the base rate. The basic interest margin will be fixed without adjustment since the insurance.

China Tobacco Jiangsu, China Tobacco Henan, China Tobacco Hunan, Zhuzhou Tobacco, Hengyang Tobacco, Shaoyang Tobacco, Yongzhou Tobacco, Chenzhou Tobacco, Hunan Tobacco Leaf, China Tobacco Sichuan, Chengdu Tobacco, China Tobacco Guangxi, China Tobacco Gansu, Lanzhou Tobacco and Zhongwei Capital do not participate in the quotation of the dividend rate of this preferred stocks offering and they accept the fact that the Company and sponsor institution (main underwriter) determine the final rate based on the procedure and requirements of CSRC and other authorities.

**(II) Pricing fairness**

The pricing principle of the Offering is subject to the Company Law of the People's Republic of China, Securities Law of the People's Republic of China and Administrative Measures of Preferred Stock Pilot. Such related transactions are concluded with conditions not more favorable than those for similar non-related transactions, of which transaction conditions are fair and reasonable.

**IV. Main Content of Conditionally Effective Preferred Stock Subscription Agreement**

**(I) Subject and date of execution of the Agreement**

On April 23, 2018, “Industrial Bank Co., Ltd.” (Party A) signed conditionally effective preferred stock subscription agreements with “China Tobacco Jiangsu, China Tobacco Henan, China Tobacco Hunan, Zhuzhou Tobacco, Hengyang Tobacco, Shaoyang Tobacco, Yongzhou Tobacco, Chenzhou Tobacco, Hunan Tobacco Leaf, China Tobacco Sichuan, Chengdu Tobacco, China Tobacco Guangxi, China Tobacco Gansu, Lanzhou Tobacco and Zhongwei Capital” (Party B).

**(II) Mode, Price and Payment Method of Subscription**

China Tobacco Jiangsu agrees to subscribe 15,000,000 shares of Party A’s domestic preferred stocks; China Tobacco Henan agrees to subscribe 5,000,000 shares of Party A’s domestic preferred stocks; China Tobacco Hunan agrees to subscribe 1,000,000 shares of Party A’s domestic preferred stocks; Zhuzhou Tobacco agrees to subscribe 1,000,000 shares of Party A’s domestic preferred stocks; Hengyang Tobacco agrees to subscribe 1,000,000 shares of Party A’s domestic preferred stocks; Shaoyang Tobacco agrees to subscribe 2,000,000 shares of Party A’s domestic preferred stocks; Yongzhou Tobacco agrees to subscribe 1,000,000 shares of Party A’s domestic preferred stocks; Chenzhou Tobacco agrees to subscribe 2,000,000 shares of Party A’s domestic preferred stocks; Hunan Tobacco Leaf agrees to subscribe 2,000,000 shares of Party A’s domestic preferred stocks; China Tobacco Sichuan agrees to subscribe 15,000,000 shares of Party A’s domestic preferred stocks; Chengdu Tobacco agrees to subscribe 5,000,000 shares of Party A’s domestic preferred stocks; China Tobacco Guangxi agrees to subscribe 5,000,000 shares of Party A’s domestic preferred stocks; China Tobacco Gansu agrees to subscribe 5,000,000 shares of Party A’s domestic preferred stocks; Lanzhou Tobacco agrees to subscribe 5,000,000 shares of Party A’s domestic preferred stocks; Zhongwei Capital agrees to subscribe 15,000,000 shares of Party A’s domestic preferred stocks. Final subscribed share amount does not exceed total shares of which the issuance is approved by relevant authorities.

The preferred stocks are subscribed by Party B at the par value per share of RMB 100.

Party B agrees to subscribe the preferred stocks offered by Party A as specified in agreement.

Party B does not participate in the quotation of the dividend rate of this preferred stocks offering and they accept the fact that Party A and sponsor institution (main underwriter) determine the final rate based on the procedure and requirements of CSRC and other authorities.

Party B agrees to transfer all the subscription payment to the designated collecting account in cash in accordance with the payment notice issued by Party A and the sponsoring institution (main underwriter) after agreements take effect.

**(II) Effective conditions and date of the agreement**

The agreement shall be reached on the date when the legal or authorized representatives of both parties sign and affix their official seals.

The agreement will take into effect when the following conditions are all satisfied:

1. The issuer’s Board of Directors and the General Meeting of Shareholders have approved this Offering and the agreement;

2. Party B has performed necessary internal procedures and obtained necessary approvals and authorization, which authorize it to subscribe the domestic preferred stocks issued by Party A;

3. Party B has been approved by relevant authorities to subscribe the domestic preferred stocks issued by Party A (if needed);

4. Approval of CBIRC has been obtained for the Offering and other administrative licenses involved in the Offering;

5. CSRC has approved the Offering;

6. No laws, rules, regulations, directives, orders or notices are issued, enacted or implemented by competent authorities based on which transaction proposed in the Agreement is prohibited.

**(IV) Clause for liabilities for breach of contract**

1. If there is difference between final subscription quantity of Party B and amount announced by the resolution of relevant meeting of Board of Directors of Party A agreed by the Agreement by reason of approval from competent authorities, Party A will not assume the liabilities for shortage of issuance.

2. If one party to the Agreement violates the Agreement or fails to perform or completely perform the Agreement due to its faults, liabilities arising therefrom shall be undertaken by the breaching party. If one party to the Agreement violates representations or guarantees in the Agreement and further cause the other party to suffer from losses, the breaching party shall assume correspondent compensation liability. If both parties to the Agreement are in breach of the Agreement, both parties shall respectively assume the correspondent liabilities arising from breaches thereof.

3. If the Agreement is unable to be performed due to force majeure, both parties will assume no legal responsibilities to each other. However, the party which suffers from force majeure shall inform the other party without delay and adopt necessary measures to reduce losses as much as possible.

4. After Party A's offering is approved by the China Securities Regulatory Commission and this Agreement comes into effect, if Party B fails to fulfill its corresponding subscription obligations in accordance with this agreement, or transfer adequate subscription payment to the designated account in accordance with the payment notice issued by Party A and the sponsoring institution (main underwriter) employed by Party A, or causes impact on Party A's offering for other reasons, Party B will be deemed as breach of contract. Party A has the right to unilaterally terminate this agreement after informing Party B and require Party B to pay a liquidated damage as much as 5% of its total subscription amount as agreed herein.

Where the aforementioned liquidated damages are insufficient to make up for Party A's losses, Party B shall further compensate Party A for all losses thus incurred. The liquidated damage and loss compensation agreed herein shall be paid in cash.

**V. Goal of Related Transaction and Influence of This Related Transaction on the Company**

**(I) Purpose of such related transactions**

The Company is going to supplement Tier 1 Capital through this Offering of domestic preferred stocks, satisfying increasingly stringent capital regulatory requirements and optimizing the capital structure of the company, and enhancing the risk resistance ability to support Company's sustainable and healthy development of businesses.

**(II) Influence on the Company’s operation and financial conditions**

The Company’s capital adequacy level will be further improved after this Offering, which may contribute to enhancing its risk resistance ability, maintaining a stable, healthy and harmonious development of various businesses and promoting its profitability and core competitiveness.

**VI. Opinions of Independent Directors**

The subscriptions of privately offered preferred stocks by China Tobacco Jiangsu, China Tobacco Henan, China Tobacco Hunan, Zhuzhou Tobacco, Hengyang Tobacco, Shaoyang Tobacco, Yongzhou Tobacco, Chenzhou Tobacco, Hunan Tobacco Leaf, China Tobacco Sichuan, Chengdu Tobacco, China Tobacco Guangxi, China Tobacco Gansu, Lanzhou Tobacco and Zhongwei Capital constitute related transactions; before being submitted to Board of Directors of the Company for review, such transactions have been reviewed and approved by Audit and Related Transaction Control Committee under Board of Directors, for which prior approval of independent directors of the Company has been obtained; when Board of Directors reviewed the offering proposal and relevant related transaction proposals, independent directors of the Company (Paul M. Theil, Zhu Qing, Liu Shiping, Su Xijia and Lin Hua) reached a consensus to approve the proposal for and related transactions involved in the Offering and gave special opinions of independent directors for related transactions involved in the Offering of which details are as follows:

(I) The Company signed conditionally effective preferred stock subscription agreements with the following affiliate companies of China National Tobacco Corporation on April 23, 2018. China Tobacco Jiangsu plans to subscribe 15,000,000 shares of preferred stocks, amounting to RMB 1.5 billion; China Tobacco Henan plans to subscribe 5,000,000 shares of preferred stocks, amounting to RMB 0.5 billion; China Tobacco Hunan plans to subscribe 1,000,000 shares of preferred stocks, amounting to RMB 0.1 billion; Zhuzhou Tobacco plans to subscribe 1,000,000 shares of preferred stocks, amounting to RMB 0.1 billion; Hengyang Tobacco plans to subscribe 1,000,000 shares of preferred stocks, amounting to RMB 0.1 billion; Shaoyang Tobacco plans to subscribe 2,000,000 shares of preferred stocks, amounting to RMB 0.2 billion; Yongzhou Tobacco plans to subscribe 1,000,000 shares of preferred stocks, amounting to RMB 0.1 billion; Chenzhou Tobacco plans to subscribe 2,000,000 shares of preferred stocks, amounting to RMB 0.2 billion; Hunan Tobacco Leaf plans to subscribe 2,000,000 shares of preferred stocks, amounting to RMB 0.2 billion; China Tobacco Sichuan plans to subscribe 15,000,000 shares of preferred stocks, amounting to RMB 1.5 billion; Chengdu Tobacco plans to subscribe 5,000,000 shares of preferred stocks, amounting to RMB 0.5 billion; China Tobacco Guangxi plans to subscribe 5,000,000 shares of preferred stocks, amounting to RMB 0.5 billion; China Tobacco Gansu plans to subscribe 5,000,000 shares of preferred stocks, amounting to RMB 0.5 billion; Lanzhou Tobacco plans to subscribe 5,000,000 shares of preferred stocks, amounting to RMB 0.5 billion; Zhongwei Capital plans to subscribe 15,000,000 shares of preferred stocks, amounting to RMB 1.5 billion. According to the Administrative Measures on Related Transactions between Commercial Banks and the supervision rules of Shanghai Stock Exchange, China Tobacco and its affiliates are related legal entities of the Company and the subscription of this Offering by the above parties constitutes related transactions. The above planned subscribed parties promise not to participate in the quotation of the dividend rate of this preferred stocks offering and they accept the fact that the Company and sponsor institution (main underwriter) determine the final rate based on the procedure and requirements of CSRC and other authorities. The transaction conditions are fair and reasonable, and terms and execution procedures of Subscription Agreements conform to relevant laws and regulations, which will not impair interests of the Company and shareholders, especially medium and small-scale shareholders.

(II) On April 23, 2018, a meeting was held by Audit and Related Transaction Control Committee of the 9th Board of Directors of the Company in which relevant related transaction proposals involved in the Offering were reviewed and approved to be submitted to Board of Directors for review. The 8th Meeting of the 9th Board of Directors of the Company has also reviewed and approved on April 24, 2018. Before such proposals were submitted to Board of Directors for review, they were ratified by all independent director in advance. (VI) When Board of Directors of the Company reviewed relevant matters involved in the above-mentioned related transactions, related directors have avoided the voting, and decision-making procedures were in line with relevant regulatory requirements and Articles of Association. When general meeting of the Company reviews relevant matters of related transactions involved in the Offering, related shareholders will challenge the voting.

**VII. Reference Documents**

(I) Resolution of Audit & Related Transaction Control Committee of the 9th Board of Directors of the Company;

(II) Resolution of the 8th Meeting of the 9th Board of Directors of the Company;

(III) Conditionally effective Preferred Stock Subscription Agreements signed with China Tobacco Jiangsu, China Tobacco Henan, China Tobacco Hunan, Zhuzhou Tobacco, Hengyang Tobacco, Shaoyang Tobacco, Yongzhou Tobacco, Chenzhou Tobacco, Hunan Tobacco Leaf, China Tobacco Sichuan, Chengdu Tobacco, China Tobacco Guangxi, China Tobacco Gansu, Lanzhou Tobacco and Zhongwei Capital;

(IV) Prior approval of independent directors on related transactions involved in the private Offering of domestic preferred stocks;

(V) Special opinions of independent directors on related transactions involved in the private Offering of domestic preferred stocks;

Hereby Announced.

Board of Directors of Industrial Bank Co., Ltd.

 April 25, 2018