**Code of A shares: 601166 Abbreviation of A Shares: Industrial Bank Code: TEMP 2018-039**

**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 December 21, 2018, the 12th Meeting of the 9th Board of Directors of the Company reviewed and passed the Proposal on Offer of Related Transaction Quota to Part of Related Parties, and agreed to give Zhejiang Energy Group Co., Ltd. and its affiliated companies (hereinafter referred to as "Zhejiang Energy Group Series") RMB 8 billion of credit related translation quota and RMB 0.1 billion of non-credit related translation quota; the term of validity is 2 years; agreed to give Longyan Huijin Development Group Co., Ltd. and its affiliated companies (hereinafter referred to as “Longyan Huijin Group Series”) RMB 1 billion of credit related translation quota and RMB 9.1 billion of non-credit related translation quota; the term of validity is 2 years.

**(II) Voting Challenge:** this transaction is a related transaction, and no related director should avoid 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 12th 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. Zhejiang Energy Group Series was given RMB 8 billion of credit related transaction quota, of which: the main credit line is RMB 6 billion for short, medium and long-term business types, and the investment amount under non-principal guarantee financial management is RMB 2 billion; RMB 100 million of non-credit related transactions quota with the transaction categories including bond underwriting, asset custody and other asset transfer or integrated services. The term of validity is 2 years.

2. Longyan Huijin Group Series RMB was given RMB 1 billion of credit related transaction quota for various short, medium and long-term business types; RMB 9.1 billion of non-credit related transaction quota was offered for the transaction categories including structural deposits, corporate financial management, asset transfer, bond underwriting, asset custody and other asset transfer or integrated services, wherein: the annual transaction amount of structured deposits and corporate financial management shall not exceed RMB 31.2 billion, that of asset custody business and private equity service shall not be more than RMB 9 billion. The term of validity is 2 years.

The related transaction quota granted to Zhejiang Energy Group Series and Longyan Huijin Group Series this time are all not more than 5% of the absolute value of the audited net assets of the Company in the nearest period, so it 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**

1. Zhejiang Energy Group Co., Ltd.

Zhejiang Energy Group Co., Ltd. was established on March 21, 2001 with Hangzhou, Zhejiang as its registered location, and the legal representative is Tong Yahui. The company registered capital is RMB 10 billion. The company is a state-owned sole proprietorship liability limited company approved by the People's Government of Zhejiang Province and established on the basis of the assets of the former Zhejiang Electric Power Development Co., Ltd. and Zhejiang Coal Group Co., Ltd. It is a provincial-level energy-typed state-owned asset operation enterprise, mainly engaged in investment, development, construction, operation and management of energy basic industries (electricity, coal, natural gas). As of the end of June, 2018, the company's total assets were RMB 200.152 billion, and the owner's equity of RMB 106.039 billion, with asset liability ratio of 47.02%. From January to June of 2018, its operation revenue realized RMB 44.379 billion with the net profit of RMB 3.76 billion.

2. Longyan Huijin Development Group Co., Ltd.

Longyan Huijin Development Group Co., Ltd. was established on November 9, 2010 with Longyan, Fujian as its registered location, and the legal representative is Wang Lansheng. The registered capital is 2 billion yuan. The company is a state-owned sole proprietorship company that is funded by Longyan Municipal State-owned Assets Management Center to exercise operation, benefits, investment, and value keeping and adding of state-owned assets in accordance with the law, and is mainly engaged in the operation and management of operational state-owned assets, and focuses on participating in equity investment of local financial enterprises and high-quality industries, developing diversified businesses such as foreign trade, asset leasing and red tourism. As of the end of June, 2018, the company's total assets were RMB 15.733 billion, and the owner's equity of RMB 8.23 billion, with asset liability ratio of 47.69%. From January to June of 2018, its operation revenue realized RMB 0.566 billion with the net profit of RMB 0.145 billion.

**(II) Related Relationship with Listed Companies**

Zhejiang Energy Group Co., Ltd. and its affiliates Zhejiang Zheneng Electric Power Co., Ltd. and Zhejiang Provincial Energy Group Finance Co., Ltd. hold a total of 0.62% shares of the Company, and Mr. He Xudong is stationed as a supervisor of the Company. Longyan Huijin Development Group Co., Ltd. holds a total of 1.05% shares of the Company, and has placed Mr. Yuan Jun as the supervisor of the Company. According to the Regulations on the Administration of Related Transactions between Commercial Banks and Insiders and Shareholders and the Interim Measures for Equity Management of Commercial Banks, the Guidelines for the Implementation of Related Transactions of Listed Companies of the Shanghai Stock Exchange and the Administrative Measures on Related Transactions of the Company (Revised in December 2016) and other relevant regulations, Zhejiang Energy Group Co., Ltd. and its affiliates, Longyan Huijin Development Group Co., Ltd. and its affiliates belong to related legal persons of the Company.

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

**(I) Main Content of Related Transaction**

1. Zhejiang Energy Group Series Zhejiang Energy Group Series was given RMB 8 billion of credit related transaction quota, of which: the main credit line is RMB 6 billion for short, medium and long-term business types, and the investment amount under non-principal guarantee financial management is RMB 2 billion; RMB 100 million of non-credit related transactions quota with the transaction categories including bond underwriting, asset custody and other asset transfer or integrated services.

2. Longyan Huijin Group Series Longyan Huijin Group Series RMB was given RMB 1 billion of credit related transaction quota for various short, medium and long-term business types; RMB 9.1 billion of non-credit related transaction quota was offered for the transaction categories including structural deposits, corporate financial management, asset transfer, bond underwriting, asset custody and other asset transfer or integrated services, wherein: the annual transaction amount of structured deposits and corporate financial management shall not exceed RMB 31.2 billion, that of asset custody business and private equity service shall not be more than RMB 9 billion.

**(II) Pricing Policy**

For related transactions between the Company and Zhejiang Energy Group Series and Longyan Energy Group Series, 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 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 Zhejiang Energy Group Series and Longyan Huijin Group Series will facilitate continuous promotion of cooperation between both parties. 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 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:

(I） Procedure. The Company giving Zhejiang Energy Group Co., Ltd. and its affiliates, Longyan Huijin Development Group Co., Ltd. and its affiliates related transaction quotes have fulfill the procedures such as audited by the Board of Directors and revised by Related Transaction Control Committee and approved by the Board of Directors, which is in line with the regulations issued by the China Banking and Insurance Regulatory Commission, the China Securities Regulatory Commission, the Shanghai Stock Exchange and other regulatory authorities, the Articles of Association of the Company, and the Administrative Measures on Related Transactions.

(II） 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.

Saturday, December 22, 2018