**Code of A shares: 601166 Abbreviation of A Shares: Industrial Bank Code: 2018-035**

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

Industrial Bank Co., Ltd.

Announcement on Related Transactions with Xiamen Airlines Co., Ltd.

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 responsible for the truthfulness, accuracy and integrity of the announcement.

**Prompt of Important Content:**

(I) Transaction content: The company approved to grant the main body of Xiamen Airlines Co., Ltd. a line of credit of RMB 4 billion with a risk exposure of no more than RMB 3 billion. The validity period is 3 years. The exposure limit is guaranteed by Xiamen Airlines Hotel Management Co., Ltd.

(II) Influence of Related Transaction: above 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.

(III) The above related transaction accounted for more than 0.5% of the absolute value of the company's latest audited net assets, but less than 1% of the absolute value of the company's latest audited net assets, which is a general related transaction and should be disclosed and don't need to submit to the board of directors for review and discussion.

**I. Overview of Related Transaction**

The company approved to grant the main body of Xiamen Airlines Co., Ltd. a line of credit of RMB 4 billion with a risk exposure of no more than RMB 3 billion. The validity period is 3 years. The exposure limit is guaranteed by Xiamen Airlines Hotel Management Co., Ltd. According to the provisions of *Regulations on Disclosure and Publication of Company's Information that Public Issued Securities No. 26 – Special Provisions on Information Disclosure of Commercial Banks (Revised in 2014)* of China Securities Regulatory Commission, *Guidelines for the Implementation of Related Transactions of Listed Companies* and *Linked Transactions of Industrial Bank* of Shanghai Stock Exchange, the above related transaction accounted for more than 0.5% of the absolute value of the company's latest audited net assets, but less than 1% of the absolute value of the company's latest audited net assets, which is a general related transaction and should be disclosed.

Peng Jinguang resigned as a supervisor of the Company in April 2018. During his tenure as a supervisor of the Company, he also served as a director of Xiamen Airlines Co., Ltd.. In accordance with the relevant provisions of *Stock Listing Rules of Shanghai Stock Exchange* and *Guidelines on the Implementation of Related Transactions of Listed Companies of Shanghai Stock Exchange*, in the 12 months after his departure, Xiamen Airlines Co., Ltd. is a related legal person of our company. This transaction constitutes a related transaction of our Company.

**II. Introduction of Related Parties**

Xiamen Airlines Co., Ltd. was established on August 11, 1984, with Xiamen, Fujian as its registered location. The legal representative is Che Shanglun and the registered capital is 8 billion yuan. The shareholding structure is: China Southern Airlines Co., Ltd. holds 55%, Xiamen C&D Co., Ltd. holds 34% of shares and Fujian Investment and Development Group Co., Ltd. holds 11% of shares. The company is mainly engaged in domestic and international air passenger and cargo transportation business, and also engages in aircraft maintenance, airline meals, hotels, tourism, advertising and other business. As of the end of 2017, the company's total assets were RMB 38.448 billion, and the owner's equity of RMB 15.699 billion. From January to December of 2017, its operation revenue realized RMB 22.981 billion with a total profit of RMB 2.637 billion.

**III. Pricing Policy for Related Transactions**

For related transactions between our company and Xiamen Airlines Co., non-related transaction price of an independent third party will be referenced for the pricing of such transactions. Credit related transactions will follow general business principles and conducted on the condition that are not better than other trusted 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.

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

Relevant businesses conducted by our company and Xiamen Airlines Co. will facilitate continuous promotion of cooperation between both parties. With regard to the said related transactions, our company 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, 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:

(I) Procedure. According to the relevant laws and regulations, regulatory rules, the company's articles of association, and the provisions of *Measures for the Administration of Related Transactions*, the amount of intended related transactions between our company and Xiamen Airlines Co., Ltd. has not reached 1% of the latest audited net assets, which is generally disclosed and is in line with the company's relevant business review process and doesn't need be submitted to the board of directors for review and discussion.

(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 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**

Independent Opinion signed and confirmed by independent directors.

Hereby Announced.

Board of Directors of Industrial Bank Co., Ltd.

December 12, 2018