**Code of A share: 601166 Abbreviation of A Share: Industrial Bank Code: TEMP 2019-010**

**Code of Preferred Stock:** **360005, 360012, 360032 Abbreviation of Preferred Stocks:** **Industrial Preferred 1, Industrial Preferred 2, Industrial Preferred 3**

Industrial Bank Co., Ltd.’s

Proposal on Announcement of Addition of Related Transaction Quota to

Fujian Yango Group 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.

**Important notes:**

**(I) Transaction Content:**

On April 29, 2019, the 14th Meeting of the 9th Board of Directors of the Company reviewed and passed the Proposal on Announcement of Addition of Related Transaction Quota to Fujian Yango Group Co., Ltd., agreed to give Fujian Yango Group Co., Ltd. and its affiliated companies (hereinafter called as "Yango Series") additional RMB 4 billion of credit related translation quota, wherein: The main credit quota is 3 billion yuan, and the investment limit under non-guarantee financial management is 1 billion yuan. The validity period is extended to June 30, 2021.

**(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 transactions:** 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 14th Meeting of the 9th Board of Directors of the Company reviewed and passed the Proposal on Announcement of Addition of Related Transaction Quota to Fujian Yango Group Co., Ltd., agreed to give Yango Series additional 4 billion of credit related translation quota, wherein: The main credit quota is 3 billion yuan, and the investment limit under non-guarantee financial management is 1 billion yuan. The validity period is extended to June 30, 2021.

After the change, the company intends to grant Yango Series related transactions amounting to RMB 41.2 billion, valid until June 30, 2021. Specifically: (1) RMB 22 billion of credit related transaction quota for various short, medium and long-term business types undertaken by related companies; (2) RMB 19.2 billion of non-credit related transaction quota was offered, and transaction typies includes the structured deposits, public wealth management, capital business, credit asset transfer, commissioned sales, bond underwriting and trust service.

After the addition application, the related transaction quota granted to Yango Series this time is more than 5% of the absolute value of the audited net assets of the company in the nearest period, and above related transaction matters have been audited and passed by the Board of Directors and the Related Transaction Control Committee and the Board of Directors, and still need to be approved 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. Shareholders 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, Lin Tengjiao and Wu Jie are persons acting in concert, 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.

As of the end of September, 2018, Fujian Yango Group's total consolidated assets were RMB 308.844 billion, and the owner's equity of RMB 46.873 billion, with asset liability ratio of 84.82%. From January to September of 2018, its operation revenue realized RMB 48.86 billion with the net profit of RMB 1.673 billion and operational net cash inflow of RMB 10.226 billion.

(II) Related Relationship with Listed Companies

Fujian Yango Group Co., Ltd. is the subsidiary of Yango Holdings Limited. 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 original 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 are related legal entities of the Company.

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

(I) Main Content of Related Transaction

In May 2018, the company's annual shareholder meeting in 2017 approved the grant the Yango Series credit related transaction quota of RMB 18 billion and non-credit related transaction quota of RMB 19.2 billion, valid until April 30, 2021. According to the company's further business cooperation needs with the Yango Series, the company intends to add a total of 4 billion yuan of credit related transction quota to the Yango Series, including: The main credit quota is 3 billion yuan, and the investment limit under non-guarantee financial management is 1 billion yuan. The validity period is extended to June 30, 2021.

After this change, the company intends to grant Yango Series related transactions amounting to RMB 41.2 billion, valid until June 30, 2021. Specifically: (1) RMB 22 billion of credit related transaction quota for various short, medium and long-term business types undertaken by related companies; (2) RMB 19.2 billion of non-credit related transaction quota was offered, and transaction typies includes the structured deposits, public wealth management, capital business, credit asset transfer, commissioned sales, bond underwriting and trust service.

(II) Pricing Policy

For related transactions between the Company and Yango 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 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**

Considering that the cooperation between the company and the Yango Series in various business areas continues to advance, the related business needs are increasing, and the related business carried out by the company and the Yango Series related parties is conducive to further cooperation.

The said related transactions is entered based on market principles and general business rules or according to conditions not more favorable than those for similar transactions of non-related parties during the daily business operation of the Company. 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.

**V. Opinion of Independent Directors**

Independent Director 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 fulfilled the deliberation process of the Board of Directors and are still subject to the approval of the shareholders' meeting. 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 and Insurance Regulatory Commission, China Securities Regulatory Commission, Shanghai Stock Exchange and other regulatory departments, as well as other regulations in the Articles of Association and the Administrative Measures 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.

April 30, 2019