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Code of A Share: 601166 Abbreviation of A Share: Industrial Bank

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

**Code of Convertible Bonds:113052 Abbreviation of Convertible Bonds: Industrial
Convertible Bonds**

Industrial Bank Co., Ltd.

Announcement on the Allocation of Connected Transaction Quota to A Series of Related Parties of China National Tobacco Corporation

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:

- **Transaction Content**

The 22nd Meeting of the 10th Board of Directors of Industrial Bank Co., Ltd (hereinafter referred to as the Company) reviewed and approved the allocation of connected transaction quotas to a series of related parties of China National Tobacco Corporation (hereinafter referred to as CNTC). The credit-related connected transaction quota is set at RMB 23 billion, while the non-credit-related connected transaction quota is set at RMB 170.501 billion。 These quotas will be valid for 3years.

- The aforementioned connected transactions are part of the Company's daily business activities, having no significant impact on its current and future financial condition. They also do not compromise the Company's independence.
- The routine connected transactions mentioned above need to be presented to the shareholders' meeting for approval.

- During the Board of Directors' review of the aforementioned connected transactions, Mr. Xiao Hong, an affiliated director, abstained from voting.

I. Overview of Routine Connected Transactions

i. The Deliberation Procedure for the Operation of Routine Connected Transactions

According to the relevant provisions outlined in the *Administrative Measures for the Management of Connected Transactions of Banks and Insurance Institutions*, the *Administrative Measures for Independent Directors of Listed Companies*, the *Rules Governing the Listing of Stocks on the Shanghai Stock Exchange*, and the *Administrative Measures for Connected Transactions of Industrial Bank Co., Ltd* (referred to as the *Administrative Measures for Connected Transactions*), the Company's transactions with related parties of CNTC are considered significant due to their exceeding 5% of the Company's latest audited net assets and 5% of its net capital at the end of the previous quarter. As such, they require scrutiny by the Audit and Connected Transaction Control Committee of the Board of Directors, along with a special meeting of independent directors, before being presented for approval by the Board of Directors. Subsequently, they must undergo review at the general meeting of shareholders of the Company.

On March 27, 2024, the 19th meeting of the Audit and Connected Transaction Control Committee of the Tenth Board of Directors of the Company reviewed and approved the *Proposal for the Allocation of Connected Transaction Quota to a Series of Related Parties of China National Tobacco Corporation*. Subsequently, the proposal was reviewed in a special meeting held by the independent directors of the Company, with all five independent directors consenting to it. On March 28, 2024, during the 22nd Meeting of the 10th Board of Directors of the Company, it was deliberated and agreed to allocate connected transaction quotas of RMB 193.501 billion worth to a series of related parties of CNTC.

Voting on the connected transaction proposal by the Board of Directors: Assent 11, Dissent 0, Abstain 0. Mr. Xiao Hong, an affiliated director, withheld his vote.

All independent directors of the Company have provided their prior approval

and independent perspectives on the aforementioned connected transactions. They believe that these transactions are part of the Company's regular business operations and have undergone the necessary approval procedures. Furthermore, the affiliated director withheld his vote during the Board of Directors' consideration of these transactions. The mentioned connected transactions have been conducted in accordance with standard commercial practices, with fair and reasonable terms. They have not compromised the interests of the Company and its shareholders, especially the minority shareholders. Additionally, these transactions will not have any adverse effects on the Company's financial position in the present or future periods, nor will they compromise the Company's independence. They are also in compliance with the relevant provisions of regulators, the Company's Articles of Association, and the *Administrative Measures for Connected Transactions*.

(ii) Estimated Amount and Type of Current Routine Connected Transactions

The approved connected transaction quota of RMB193.501 billion for the related parties of CNTC is valid for 3 years. This includes RMB 23 billion in credit-related connected transactions and RMB170.501 billion in non-credit-related connected transactions. The credit-related connected transactions, including credit and credit-like activities, encompass a wide range of short-, medium-, and long-term business arrangements. Among the non-credit-related connected transactions, service-related transactions amount to RMB345 million, asset transfer-related transactions amount to RMB4.3 billion, deposits other than demand deposits-related transactions amount to RMB162.356 billion, and other connected transactions amount to RMB3.5 billion.

(iii) Main Considerations for Allocating Connected Transaction Quota to the Related Parties of CNTC

Regarding the credit business, it's primarily understood that CNTC is backed by funding from the State Council, boasting a stable financial position and credit rating. CNTC's affiliated entities have a history of active transactions with the Company, showcasing commendable creditworthiness, robust assets, consistent profitability, strong capacity to service debt, and manageable risks throughout the credit term. Building on past collaborations and anticipated new ventures under the current line of

credit, the Company aims to enhance customer service and actively optimize the utilization of credit.

For the non-credit business, the main considerations are as follows: (1) the Company will continue to conduct property leasing, entrusted loans, wealth management agency with the related parties of CNTC. (2) The Company will enhance its asset transfer-related businesses, such as trading bill assets, spot bond transactions, and other asset transfers with the related parties of CNTC. (3) The Company will actively expand its deposit-related businesses, including time deposits, structured deposits, notice deposits for corporate customers, large certificates of deposit for corporate customers, and other deposit-type services with the related parties of CNTC.

II. Introduction of Related Parties and Connection

(i) Company Profile of Related Parties

China National Tobacco Corporation (CNTC) is a prominent state-owned enterprise authorized by the State Council, with the State Council as its investor and oversight of its state-owned assets resting with the Ministry of Finance. Established on December 15, 1983, with a unified social credit code of 91100000101619881W, CNTC operates under the ownership structure of the entire populace and is registered in Beijing, with its primary office located at No. 55 Yuetan South Street, Xicheng District. It boasts a registered capital of 57 billion yuan, with Zhang Jianmin serving as its legal representative. The company's business scope encompasses the production of tobacco monopoly products, as well as engaging in domestic and international trade. Furthermore, its state-owned assets business activities include tobacco monopoly production, operation, import-export trade, as well as the operation and management of state-owned assets.

(ii) Connection with Listed Companies

As of the end of December 2023, CNTC and its subsidiaries held 9.90% of the Company's RMB ordinary shares, making them above-5% shareholder of the Company. According to the *Administrative Measures for Connected Transactions of Banks and Insurance Institutions*, *Rules for Listing of Stocks on the Shanghai Stock Exchange*, and *Administrative Measures for Connected Transactions of Industrial Bank Co., Ltd.*, as well as other relevant regulations, the related parties of CNTC are

considered the Company's related parties under the supervision of the CBIRC and the CSRC/SSE.

III. Main Content and Pricing Policy of Related Transaction

(i) Main Content of Connected Transaction

The approved quota of RMB193.501 billion was allocated to the related parties of the CNTC for a period of 3 years, distributed as follows: (1) A credit-related connected transaction quota of RMB23 billion, intended for various short-, medium-, and long-term business activities. (2) Non-credit related connected transactions totaling RMB170.501 billion, including: service-related transactions amounting to RMB345 million; asset transfer-related transactions totaling RMB4.3 billion; deposits other than demand deposits of RMB 162.356 billion; and other related transactions of RMB3.5 billion.

(ii) Pricing Policy

For the pricing of transactions between the Company and related parties of CNTC, rates applied in non-connected transactions between independent third parties are referred. In credit connected transactions, if the terms are not more favorable than those offered to other entities, pricing and settlement methods follow those of independent third-party non-connected transactions. Non-credit related transactions are conducted in line with standard commercial practices in the Company's daily operations, with terms no more advantageous than those for similar transactions with unrelated parties.

IV. Purpose of Connected Transactions and Their Influence on Listed Companies

The mentioned connected transactions have been conducted in accordance with standard commercial practices, with fair and reasonable terms in line with the regulatory requirements and provisions of the Company's internal policies. They have not compromised the interests of the Company and its shareholders, especially the minority shareholders. Additionally, these transactions will not have any adverse effects on the Company's financial position in the present or future periods, nor will they compromise the Company's independence.

V. List of Documents for Reference

1. Resolution of the 19th Meeting of the Audit and Connected Transaction Control Committee of the 10th Board of Directors.

2. Resolution of the 22nd Meeting of the 10th Board of Directors.
3. Resolution of the First Special Meeting of Independent Directors in 2024.
4. Independent Opinions Signed and Confirmed by the Independent Directors.

It is hereby announced.

Annex: Industrial Bank Co., Ltd Independent Opinion of Independent Directors on Matters of Significant Connected Transactions

Board of Directors of Industrial Bank Co., Ltd.

March 28, 2024

Industrial Bank Co., Ltd
Independent Opinion of Independent Directors
on Matters of Significant Connected
Transactions

In accordance with the *Corporate Governance Guidelines for Banks and Insurance Institutions, Administrative Measures for Connected Transactions of Banks and Insurance Institutions, Rules for Listing of Stocks on the Shanghai Stock Exchange*, as well as the *Articles of Association and Administrative Measures for Connected Transactions of Industrial Bank Co., Ltd* (referred to as the Bank), I, as an independent director, hereby provide my independent opinion on the Bank's allocation of connected transaction quota to a series of related parties of China National Tobacco Cooperation, considering it a material connected transaction. My opinion is as follows:

- (I) Procedures: The Bank's allocation of connected transaction quotas to a series of related parties of China National Tobacco Cooperation underwent appropriate review and approval procedures. During the deliberation of the aforementioned connected transaction proposal by the Board of Directors, the affiliated director withheld his vote. The relevant procedures complied with regulations issued by the CBIRC, CSRC, SSE, and other supervisory authorities, as well as with the Articles of Association and the *Regulations on the Management of Connected Transactions* of the Bank.
- (II) Fairness: The aforementioned connected transactions are part of the Bank's routine business operations. They are conducted in line with

general commercial principles and on terms no more favorable than those for similar transactions with unrelated parties. The transaction terms are fair and reasonable, complying with relevant laws, regulations, and the Bank's internal policies. They do not undermine the interests of the Bank and its shareholders, particularly minority shareholders, nor do they have adverse effects on the Bank's current or future financial position. Additionally, these transactions do not compromise the Bank's independence.

Independent directors: Ben Shenglin, Xu Lin, Wang Hongmei, Qi Yuan, Zhang Xuewen
March 28, 2024