

Announcement No.: Lin 2024-020

Stock Code: 601166

Stock Abbr.: Industrial Bank

Preferred Share Code: 360005, 360012, 360032

Preferred Share Abbr.: CIB Preferred 1, CIB Preferred 2, CIB Preferred 3

Convertible Bond Code: 113052

Convertible Bond Abbr.: CIB CB

## **Industrial Bank Co., Ltd.**

# **Announcement on Granting Related Party Transaction Limits to Xiamen International Bank Co., Ltd.**

The Board of Directors and all directors of Industrial Bank Co., Ltd. (hereinafter referred to as the “**Company**”) hereby warrant that there are no false representations, misleading statements, or material omissions in this announcement, and jointly and severally assume legal responsibility for the authenticity, accuracy, and completeness of its contents.

### **Important Notes:**

- **Transaction Content:**

The 23<sup>rd</sup> meeting of the 10<sup>th</sup> Board of Directors of the Company reviewed and approved the granting of a related party credit transaction limit of RMB 22 billion and a related party non-credit transaction limit of RMB 17.2 billion to Xiamen International Bank Co., Ltd. (hereinafter referred to as “**XIB**”), with a validity period of 3 years.

- The aforementioned related party transactions occur in the ordinary course of the Company’s business and will not have an adverse impact on the Company’s current or future financial condition, nor will they affect the Company’s independence.
- The aforementioned related party transactions do not need to be submitted to the general meeting of shareholders for deliberation.
- When the Board of Directors reviewed the aforementioned related party transaction proposal, Mr. Chen Gongxian, the connected director, abstained from voting.

## **I. Basic Information on the Related Party Transactions**

### **(I) Review Procedures for Related Party Transactions**

According to the *Measures for the Administration of Related Party Transactions of Banking and Insurance Institutions*, the *Measures for the Administration of*

*Independent Directors of Listed Companies, the Rules for the Listing of Stocks on the Shanghai Stock Exchange, and the Measures for the Administration of Related Party Transactions of Industrial Bank Co., Ltd.* (hereinafter referred to as the “*Measures for the Administration of Related Party Transactions*”) and other relevant regulations, the related party transaction limits with XIB exceed 1% but are less than 5% of the Company’s most recently audited net assets, and exceed 1% of the Company’s net capital at the end of the previous quarter, constituting a major related party transaction of the Company. Such transactions shall be reviewed by the Audit and Related Party Transactions Control Committee and the independent directors of the Board of Directors and then submitted to the Board of Directors for approval. It does not need to be submitted to the Company’s general meeting of shareholders for deliberation.

On April 23, 2024, the 20<sup>th</sup> meeting of the Audit and Related Party Transactions Control Committee of the 10<sup>th</sup> Board of Directors of the Company reviewed and approved the *Proposal on Granting a Related Party Transaction Limits to Xiamen International Bank Co., Ltd.* and agreed to submit it to the Board of Directors for deliberation. The 2<sup>nd</sup> Meeting of Independent Directors in 2024 reviewed the aforementioned related party transaction proposal, and all 5 independent directors agreed to the proposal. On April 25, 2024, the 23<sup>rd</sup> meeting of the 10<sup>th</sup> Board of Directors of the Company reviewed and approved the *Proposal on Granting a Related Party Transaction Limit to Xiamen International Bank Co., Ltd.* and agreed to grant a related party transaction limit of RMB 39.2 billion to XIB.

The voting results of the Board of Directors on the related party transaction proposal: 11 votes in favor, 0 votes against, and 0 abstentions. Mr. Chen Gongxian, the connected director, abstained from voting.

All independent directors of the Company issued independent opinions on the aforementioned related party transactions, believing that the aforementioned transactions are part of the Company’s daily business operations and have undergone the corresponding approval procedures. When the Board of Directors reviewed the aforementioned related party transaction proposal, the connected director abstained from voting. The aforementioned related party transactions follow the arm’s length principle, and the transaction terms are fair and reasonable. They do not harm the interests of the Company and its shareholders, especially the small and medium shareholders, nor will they have an adverse impact on the Company’s current or future financial condition or affect the Company’s independence. They comply with the relevant regulations of regulatory authorities and the Company’s *Articles of Association* and *Administrative Measures for Related Party Transactions*.

## **(II) Estimated Amount and Category of This Routine Related Party Transaction**

The approved related party transaction limit granted to XIB is RMB 39.2 billion, with a validity period of 3 years, including: a related party credit transaction limit of RMB 22 billion for various business types such as investment and financing; a related party non-credit transaction limit of RMB 17.2 billion, of which the service-related transaction limit is RMB 570 million, the asset transfer-related transaction limit is RMB 7.5 billion, the deposit-related (excluding demand deposits) transaction limit is RMB 3.5 billion, and the limit for other related party transactions is RMB 5.63 billion.

## **(III) Main Considerations for Granting Related Party Transaction Limits to XIB**

In terms of credit business, the main considerations are that XIB, as a provincial

commercial bank under the State-owned Assets Supervision and Administration Commission of the People's Government of Fujian Province, is the largest city commercial bank customer within Xiamen. XIB has high-quality assets, good profitability, strong debt repayment ability, high credit rating, and good contribution to the Company's overall benefits. The risks during the credit period are controllable. With the limits determined based on previous business cooperation and expected new business volume, the Company will increase its customer service efforts and deepen business cooperation.

In terms of non-credit business, it is mainly based on the following factors: (1) The Company and XIB will continue to carry out service-related businesses such as asset custody, bond underwriting, and institutional sales; (2) The Company actively conducts bond transactions and other asset transfers with XIB; (3) The Company and its subsidiaries will continue to carry out deposit-related and other business cooperation with XIB.

## **II. Introduction to Related Parties and Related Relationships**

### **(I) Basic Information of the Related Party**

XIB, the first joint venture bank in China, was established on August 31, 1985, with a unified social credit code of 91350000612017727Q, legal representative of Wang Xiaojian, registered capital of RMB 15.497 billion, registered place at Xiamen City, and principal place of business at International Bank Building, No. 8-10, Lujiang Road, Siming District, Xiamen City. As a city commercial bank under the State-owned Assets Supervision and Administration Commission of the People's Government of Fujian Province, XIB's business scope includes: absorbing public deposits; granting short-term, medium-term, and long-term loans; handling domestic and foreign settlements; handling bill acceptance and discounting; issuing financial bonds; acting as an agent for the issuance, redemption, and underwriting of government bonds; trading in government bonds and financial bonds; engaging in interbank lending; buying, selling, and acting as an agent for the purchase and sale of foreign exchange; providing letters of credit services and guarantees; acting as an agent for the collection and payment of funds and insurance business; providing safe deposit box services; fund sales; and other businesses approved by the China Banking Regulatory Commission and other authorities.

As of September 30, 2023, XIB had total consolidated assets of RMB 1,127.1 billion, total liabilities of RMB 1,038.7 billion, total owner's equity of RMB 88.4 billion, and net profit of RMB 1.735 billion for the first nine months of 2023.

### **(II) Relationship with the Listed Company**

Mr. Chen Gongxian, a director of the Company, is also a director of XIB. According to the *Measures for the Administration of Related Party Transactions of Banking and Insurance Institutions*, the *Rules for the Listing of Stocks on the Shanghai Stock Exchange*, the *Measures for the Administration of Related Party Transactions of Industrial Bank Co., Ltd.* and other relevant regulations, XIB is a related party of the Company under the regulatory framework of the National Financial Regulatory Administration, the China Securities Regulatory Commission and the Shanghai Stock Exchange.

## **III. Main Content and Pricing Policy of Related Party Transactions**

## **(I) Main Content of Related Party Transactions**

The approved related party transaction limit granted to XIB is RMB 39.2 billion, with a validity period of 3 years, specifically as follows: (1) a related party credit transaction limit of RMB 22 billion, used for various business types such as investment and financing; (2) a related party non-credit transaction limit of RMB 17.2 billion, of which the service-related transaction limit is RMB 570 million, the asset transfer-related transaction limit is RMB 7.5 billion, the deposit-related (excluding demand deposits) transaction limit is RMB 3.5 billion, and the limit for other related party transactions is RMB 5.63 billion.

## **(II) Pricing Policy**

The related party transactions between the Company and XIB are priced with reference to the non-related party transaction prices of independent third parties. For example, in terms of credit-related related party transactions, the relevant credit conditions are not superior to those of similar credits granted to other credit subjects, the prices of related party transactions are determined with reference to the prices of non-related party transactions of independent third parties, and the settlement methods are the same as those for non-related party transactions of independent third parties; related party non-credit transactions are reasonable transactions in the Company's daily business operations, follow the arm's length principle, and are conducted on terms not superior to similar transactions with non-related parties.

## **IV. Purpose of Related Party Transactions and Their Impact on the Listed Company**

The aforementioned related party transactions are all reasonable transactions in the Company's daily business operations, follow the arm's length principle, and are conducted on terms not superior to similar transactions with non-related parties. The transaction terms are fair and reasonable, comply with the relevant legal requirements of regulatory authorities and the relevant provisions of the Company's internal systems, do not harm the interests of the Company and its shareholders, especially the small and medium shareholders, and will not have an adverse impact on Company's current or future financial condition, nor will they affect Company's independence.

## **V. List of Documents Available for Inspection**

1. Resolution of the 20<sup>th</sup> Meeting of the Audit and Related Party Transactions Control Committee of the 10<sup>th</sup> Board of Directors;
2. Resolution of the 23<sup>rd</sup> Meeting of the 10<sup>th</sup> Board of Directors;
3. Resolution of the 2<sup>nd</sup> Meeting of Independent Directors in 2024;
4. Independent Opinions Confirmed by the Signatures of Independent Directors.

It is hereby announced.

**Attachment:** Industrial Bank Co., Ltd. Independent Opinions of Independent Directors on Major Related Party Transactions

**Board of Directors of Industrial Bank Co., Ltd.**

**April 25, 2024**

## **Attachment:**

### **Industrial Bank Co., Ltd.**

## **Independent Opinions of Independent Directors on Major Related Party Transactions**

In accordance with the *Corporate Governance Guidelines for Banking and Insurance Institutions*, the *Measures for the Administration of Related Party Transactions of Banking and Insurance Institutions*, the *Rules for the Listing of Stocks on the Shanghai Stock Exchange*, and the *Articles of Association* and the *Measures for the Administration of Related Party Transactions* of Industrial Bank Co., Ltd. (hereinafter referred to as “CIB”), in view of the fact that CIB’s granting of related party transaction limits to XIB constitutes a major related party transaction, we, as independent directors, hereby issue the following independent opinions on this related party transaction:

**I. Procedural Aspects.** CIB’s granting of related party transaction limits to XIB has undergone the corresponding review procedures. When the Board of Directors deliberated on the aforementioned related party transaction proposals, the connected director abstained from voting. The relevant procedures comply with the regulations issued by regulatory authorities such as the National Financial Regulatory Administration, the China Securities Regulatory Commission, and the Shanghai Stock Exchange, as well as CIB’s *Articles of Association* and *Measures for the Administration of Related Party Transactions*.

**II. Fairness.** The aforementioned related party transactions are reasonable transactions in CIB’s daily business operations, follow the arm’s length principle, and are conducted on terms not superior to similar transactions with non-related parties. The transaction terms are fair and reasonable, comply with the relevant laws and regulations of regulatory authorities and the relevant provisions of CIB’s internal systems, do not harm the interests of CIB and its shareholders, especially the small and medium shareholders, and will not have an adverse impact on CIB’s current or future financial condition, nor will they affect CIB’s independence.

**Independent Directors:** Ben Shenglin, Xu Lin, Wang Hongmei, Qi Yuan, Zhang Xuewen

April 25, 2024