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中國中車股份有限公司
CRRC CORPORATION LIMITED

(a joint stock limited company incorporated in the People's Republic of China with limited liability)
(Stock Code: 1766)

ANNOUNCEMENT ON CONNECTED TRANSACTION

**TRANSFER OF CHANGCHUN LAND USE RIGHT
AND RELEVANT ASSETS**

On 30 March 2020, CRRC Changchun entered into the Transfer Agreement with CRRC Science and Technology Park. Pursuant to the Transfer Agreement, CRRC Changchun agreed to transfer the Target Assets to CRRC Science and Technology Park at a consideration of RMB225,173,800.

As at the date of this announcement, CRRC GROUP is a controlling Shareholder holding, directly and indirectly, 50.73% of the shares of the Company, thus a connected person of the Company under the Hong Kong Listing Rules. CRRC Changchun is a non-wholly-owned subsidiary of the Company, and CRRC Science and Technology Park is a wholly-owned subsidiary of CRRC GROUP. Therefore, the transfer of the Target Assets from CRRC Changchun to CRRC Science and Technology Park constitutes a connected transaction of the Company under Chapter 14A of the Hong Kong Listing Rules.

As the highest of the applicable percentage ratios in respect of the Transaction under the Transfer Agreement calculated pursuant to the Hong Kong Listing Rules exceeds 0.1% but is less than 5%, the Transaction is subject to annual reporting and announcement requirements but is exempt from independent Shareholders' approval requirement under Chapter 14A of the Hong Kong Listing Rules.

1. INTRODUCTION

On 30 March 2020, CRRC Changchun entered into the Transfer Agreement with CRRC Science and Technology Park. Pursuant to the Transfer Agreement, CRRC Changchun agreed to transfer the Target Assets to CRRC Science and Technology Park at a consideration of RMB225,173,800.

2. THE TRANSFER AGREEMENT

2.1 Date

30 March 2020

2.2 Parties

- (1) CRRC Changchun; and
- (2) CRRC Science and Technology Park.

2.3 Target Assets

The Target Assets include the land use right of the Target Land located at No. 3488, Guanggu Street, High-tech Development Zone, Changchun, with an area of approximately 100,066 square meters, and 7 buildings with a gross floor area of 44,075.2 square meters, 3 structures and 23 pieces of equipment on the Target Land.

2.4 Consideration

The consideration for the Transaction is RMB225,173,800. The consideration for the asset transfer has been determined based on the appraisal value evaluated by Zhongshuizhiyuan using the cost approach on 30 September 2019, being the valuation date. It has been assessed that the book value and the appraised value of the Target Assets on the valuation date were RMB76,082,300 and RMB225,173,800, respectively.

The consideration for the Transaction shall be paid in three instalments. CRRC Science and Technology Park shall pay the consideration for the Transaction to CRRC Changchun as follows:

- (1) First instalment: CRRC Science and Technology Park shall pay 30% of the consideration (i.e. RMB67,552,140) to CRRC Changchun within 10 business days after the Transfer Agreement becomes effective;
- (2) Second instalment: CRRC Science and Technology Park shall pay 40% of the consideration (i.e. RMB90,069,520) to CRRC Changchun within 10 business days after CRRC Changchun has transferred all the Target Assets to CRRC Science and Technology Park;
- (3) Third instalment: CRRC Science and Technology Park shall pay 30% of the consideration (i.e. RMB67,552,140) to CRRC Changchun within 10 business days upon completion of the transfer procedure of the target real estate properties.

Within 20 business days after the transfer of the absolute control of the Target Assets and the signing of the “Confirmation of Transfer” between both parties, CRRC Changchun shall issue a special value-added tax (VAT) invoice at a corresponding tax rate (including a rate of 5% for the land) to CRRC Science and Technology Park. In the event of a change in national policy, a special VAT invoice will be issued based on the new tax rate. Upon receipt of the VAT invoice from CRRC Changchun, CRRC Science and Technology Park shall pay the VAT to CRRC Changchun separately based on the tax amount as indicated on the invoice.

2.5 Transfer of the Target Assets

- (1) CRRC Changchun shall transfer all Target Assets to CRRC Science and Technology Park within 10 business days after the third-party occupation is released. Both parties shall sign the “Confirmation of Transfer” on the day on which all Target Assets are transferred, which represents the completion of the transfer of the Target Assets as well as the rights, risks and obligations of the Target Assets.
- (2) CRRC Changchun shall transfer the filing materials related to the Target Assets to CRRC Science and Technology Park within 10 business days from the date of signing the “Confirmation of Transfer” or the date of actual transfer of assets (whichever earlier).

3. FINANCIAL INFORMATION ON THE TARGET ASSETS

According to the “Assets Appraisal Report on the Assets of the High-Tech Factory Site Proposed to be Disposed by CRRC Changchun Railway Vehicles Co., Ltd.” (Zhong Shui Zhi Yuan Ping Bao Zi (2019) No. 010170) (《中車長春軌道客車股份有限公司擬出售高新廠區資產項目資產評估報告》) prepared by Zhongshuizhiyuan with 30 September 2019 as the valuation date, Zhongshuizhiyuan adopted the cost approach to evaluate the Target Assets. On the valuation date, the book value of the Target Assets was RMB76,082,300 while the appraised value was RMB225,173,800. As at 31 December 2019, the book value of the Target Assets was RMB75,117,000.

In accordance with China Accounting Standards for Business Enterprises, the net profits attributable to the Target Assets for the financial years ended 31 December 2018 and 31 December 2019 are set out as follows:

Unit: RMB'0,000

	Financial Year Ended 31 December 2018	Financial Year Ended 31 December 2019
Net profits before taxation and extraordinary items	Not Applicable	Not Applicable
Net profits after taxation and extraordinary items	Not Applicable	Not Applicable

Note: Since the Target Assets did not operate separately as an independent asset, independent accounting on the profit or loss of the Target Assets cannot be carried out by CRRC Changchun. Therefore, the Target Assets do not have corresponding net profits (before and after taxation and extraordinary items) for the financial years ended 31 December 2018 and 31 December 2019.

4. REASONS FOR AND BENEFITS OF THE TRANSACTION

The Transaction aims to revitalise low-efficiency and inefficient assets, optimise corporate asset structure, reduce management cost and financial risks. At the same time, by executing this Transaction, CRRC Changchun will receive corresponding cash inflow, which is beneficial to the company's activities and safeguards the implementation of indepth reform and high-quality development of the company. After deducting the relevant expenditure such as land costs, net value of the buildings (structures), relevant taxes paid and relocation expenses (estimated), etc., it is expected that CRRC Changchun will record a gain of approximately RMB78 million from the Transaction, and the relevant proceeds will be used for the daily operation of CRRC Changchun.

5. GENERAL INFORMATION OF THE COMPANY, CRRC GROUP AND PARTIES TO THE TRANSACTION

The Company

The Company is a joint stock limited company incorporated in the PRC. The Group is the largest rolling stock provider in the world, with the most diverse offerings and leading technologies. The main scope of business of the Company includes research and development, design, manufacturing, refurbishment, sales, leasing and technical support of railway locomotives, EMUs, rapid transit vehicles, engineering machinery, various electromechanical equipment, electronic equipment and components, as well as electric devices and environmental protection equipment; information consultation; business investment and management; asset management; import and export businesses.

CRRC GROUP

CRRC GROUP is a large-scale wholly state-owned enterprise approved for establishment by the State Council of the PRC and the controlling Shareholder of the Company. The principal businesses of CRRC GROUP (through the Company) include research and development, manufacturing, sales, refurbishment and leasing of rolling stock and key components, and the extended businesses relying on the proprietary technology of rolling stock.

CRRC Changchun

CRRC Changchun is a joint stock limited company incorporated in the PRC, and a non-wholly-owned subsidiary of the Company. The principal businesses of CRRC Changchun include design, manufacturing, refurbishment, sales, leasing and related technical services and technical consulting of railway passenger cars, EMUs, urban rail vehicles and accessories; processing, wholesale and retail of wood products (operating with qualification certificates); manufacturing, refurbishment and

sale of castings and forgings; leasing of buildings and equipment; operating the export business of self-produced products and related products and technologies, the import of raw and auxiliary materials, equipment, instruments, spare parts and related technologies required by the enterprise for production and scientific research, equipment leasing, three-plus-one trading mix; contracting overseas railway industry projects and domestic international bidding projects, exporting the equipment and materials required for the above-mentioned overseas projects; production and sales of kinetic energy products (including industrial oxygen, nitrogen, argon, argon-dioxygen mixed gas products).

CRRC Science and Technology Park

CRRC Science and Technology Park, a wholly-owned subsidiary of CRRC GROUP, is a company incorporated in the PRC with limited liability. CRRC Science and Technology Park's principal businesses include park management service; investment and asset management; real estate development; real estate brokerage service; property management; enterprise management; construction project management; planning and management; engineer surveying design; urban landscaping service; land remediation service; supply chain management service; business start-up mentorship service; conference and exhibition service; computer system service; basic software service, application software service; technology development, technology promotion, technology transfer, technology service, technology intermediary service; design, production, agency, release of advertisements; sales of building materials, building services.

6. IMPLICATIONS OF THE HONG KONG LISTING RULES

As at the date of this announcement, CRRC GROUP is a controlling Shareholder holding, directly and indirectly, 50.73% of the shares of the Company, thus a connected person of the Company under the Hong Kong Listing Rules. CRRC Changchun is a non-wholly-owned subsidiary of the Company, and CRRC Science and Technology Park is a wholly-owned subsidiary of CRRC GROUP. Therefore, the transfer of the Target Assets from CRRC Changchun to CRRC Science and Technology Park constitutes a connected transaction of the Company under Chapter 14A of the Hong Kong Listing Rules.

As the highest of the applicable percentage ratios in respect of the Transaction under the Transfer Agreement calculated pursuant to the Hong Kong Listing Rules exceeds 0.1% but is less than 5%, the Transaction is subject to annual reporting and announcement requirements but is exempt from independent Shareholders' approval requirement under Chapter 14A of the Hong Kong Listing Rules.

Three Directors, namely Liu Hualong, Sun Yongcai and Lou Qiliang, hold positions in CRRC GROUP and have abstained from voting on the Board resolution approving for entering into the Transfer Agreement and the transaction thereunder. Save as stated above, none of the Directors have any material interest in the Transaction, and hence no other Director has abstained from voting on the relevant Board resolution.

All Directors (including all independent non-executive Directors) consider that the Transfer Agreement was entered into after negotiation on arm's length basis and on normal commercial terms, and the relevant terms are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

7. DEFINITION

In this announcement, unless the context otherwise requires, the terms used herein shall have the following meanings:

“Board”	the board of directors of the Company
“Changchun Land Use Right”	the land use right of the Target Land with an area of 100,066 square meters
“Company”	CRRC Corporation Limited (中國中車股份有限公司), a joint stock limited company incorporated in the PRC with limited liability, the H shares and the A shares of which are listed on the Hong Kong Stock Exchange and the Shanghai Stock Exchange, respectively
“connected person(s)”	has the meaning ascribed thereto under the Hong Kong Listing Rules
“CRRC Changchun”	CRRC Changchun Railway Vehicles Co., Ltd. (中車長春軌道客車股份有限公司), a non-wholly-owned subsidiary of the Company
“CRRC GROUP”	CRRC GROUP Co., Ltd. (中國中車集團有限公司), a large-scale wholly state-owned enterprise and the controlling shareholder of the Company
“CRRC Science and Technology Park”	CRRC Science and Technology Park Development Co., Ltd. (中車科技園發展有限公司), a wholly-owned subsidiary of CRRC GROUP
“Director(s)”	directors of the Company (including independent non-executive directors)
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People's Republic of China
“Hong Kong Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended from time to time

“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“PRC”	the People’s Republic of China
“Relevant Assets”	7 buildings with a gross floor area of 44,075.2 square meters, 3 structures and 23 pieces of equipment on the Target Land
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder(s)”	shareholders of the Company
“Target Assets”	the Changchun Land Use Right and Relevant Assets
“Target Land”	the industrial land located at No. 3488 Guanggu Street, High-tech Industrial Development Zone, Changchun, with an area of 100,066 square meters
“Transaction”	the transaction under the Transfer Agreement for the transfer of Target Assets
“Transfer Agreement”	the Transfer Agreement entered into between CRRC Changchun and CRRC Science and Technology Park on 30 March 2020 in relation to the transfer of the Target Assets, pursuant to which CRRC Changchun agreed to transfer the Target Assets to CRRC Science and Technology Park for a consideration of RMB225,173,800
“Zhongshuizhiyuan”	Zhongshuizhiyuan Assets Appraisal Co., Ltd. (中水致遠資產評估有限公司), an independent evaluation agency
“%”	per cent

By order of the Board
CRRC Corporation Limited
Liu Hualong
Chairman

Beijing, the PRC
30 March 2020

As at the date of this announcement, the executive Directors of the Company are Mr. Liu Hualong, Mr. Sun Yongcai and Mr. Lou Qiliang; and the independent non-executive Directors are Mr. Li Guo'an, Mr. Wu Zhuo and Mr. Sun Patrick.