

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

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
ACQUISITION OF 37.81% EQUITY INTEREST IN
CARS EQUIPMENT

The Board announces that, on 30 March 2022, Nankou, a wholly-owned subsidiary of the Company, entered into an Equity Transfer Agreement with Nankou Industrial, pursuant to which Nankou Industrial agreed to sell and Nankou agreed to acquire 37.81% equity interest in CARS Equipment at a consideration of RMB202,990,299.93. Upon completion of the Transaction, the Company will hold 37.81% equity interest in CARS Equipment and CARS Equipment will not become a subsidiary of the Company.

As at the date of this announcement, CRRC GROUP is the controlling Shareholder of the Company directly holding 51.35% of the shares of the Company, and is therefore a connected person of the Company under the Hong Kong Listing Rules. Nankou is a wholly-owned subsidiary of the Company, while Nankou Industrial is a wholly-owned subsidiary of CRRC GROUP. Therefore, the entering into of the Equity Transfer Agreement between Nankou and Nankou Industrial constitutes a connected transaction of the Company under Chapter 14A of the Hong Kong Listing Rules.

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

1. INTRODUCTION

The Board announces that, on 30 March 2022, Nankou, a wholly-owned subsidiary of the Company, entered into an Equity Transfer Agreement with Nankou Industrial, pursuant to which Nankou Industrial agreed to sell and Nankou agreed to acquire 37.81% equity interest in CARS Equipment at a consideration of RMB202,990,299.93. Upon completion of the Transaction, the Company will hold 37.81% equity interest in CARS Equipment and CARS Equipment will not become a subsidiary of the Company.

2. EQUITY TRANSFER AGREEMENT

2.1 Date

30 March 2022

2.2 Parties

- (1) Nankou, as the transferee; and
- (2) Nankou Industrial, as the transferor.

2.3 Target Equity Interest

37.81% equity interest in CARS Equipment held by Nankou Industrial.

2.4 Consideration

The consideration for the Transaction is RMB202,990,299.93. The consideration for the Transaction has been determined based on the appraised value of the net assets of CARS Equipment by Huaya Appraisal Company using the asset-based approach on 30 September 2021 (i.e. the valuation benchmark date). The appraised value of the net assets of CARS Equipment by Huaya Appraisal Company using the asset-based approach is RMB536,869,346.55, pursuant to which the appraised value of the Target Equity Interest is RMB202,990,299.93 and the consideration for the Transaction is the appraised value of the Target Equity Interest.

The consideration for the Transaction shall be paid in a lump sum by Nankou to Nankou Industrial within 30 working days upon the completion of the industrial and commercial registration.

2.5 Profit or Loss during the Transition Period

Profit or loss during the transition period (the period from the valuation benchmark date to the date of completion of the industrial and commercial registration) shall fully enjoyed or borne by Nankou.

2.6 Registration of Equity and Industrial and Commercial Registration

After the Equity Transfer Agreement has taken effect, the parties shall, within 30 working days, complete the registration of changes in state equity and various types of ownership, and the industrial and commercial registration of changes in shareholders as required by law for equity transfer at the registration authority. Taxes and fees arising from the equity transfer and registration shall be borne by the parties in accordance with laws, regulations and policies of the PRC respectively.

2.7 Effectiveness of the Agreement

The Equity Transfer Agreement shall become effective when the following conditions are satisfied:

- (1) The Equity Transfer Agreement is signed by the legal representatives of the parties or their authorized delegates and affixed with the official seal of the company.
- (2) Each party to the agreement has performed all necessary acts required for the approval of the Equity Transfer Agreement and all related documents, including but not limited to the internal decision-making procedures of both parties and the obtaining of approval from the State-owned Asset Regulation Authority by both parties in accordance with the statutory procedures.
- (3) The Equity Transfer Agreement has been considered and approved by CRRC GROUP.

3. INFORMATION ON CARS EQUIPMENT

CARS Equipment is a limited liability company incorporated in the PRC in June 2009 with a registered capital of RMB257.36 million and is principally engaged in production and sale of turnout related products. As at the date of this announcement, CARS Equipment is held as to 56.36% by China Railway Science and Technology Development Co., Ltd (中鐵科學技術開發有限公司) (100% ultimate beneficially owned by the State Council of the PRC), 37.81% by Nankou Industrial, 4.86% by Harbin Railway Industrial Group Co., Ltd (哈爾濱鐵路工業集團有限公司) (100% ultimate beneficially owned by the State Council of the PRC) and 0.97% by Shanghai Railway Economic Development Co., Ltd. (上海鐵路經濟開發有限公司) (100% ultimate beneficially owned by the State Council of the PRC). The original acquisition cost of the 37.81% equity interest in CARS Equipment paid by Nankou Industrial was RMB99,580,349.95.

As at 30 September 2021 (i.e. the valuation benchmark date), the book value of the consolidated net assets of CARS Equipment was RMB440,136,880.04. According to the asset valuation report issued by Huaya Appraisal Company, the appraised value of the net assets of CARS Equipment using the asset-based approach was RMB536,869,346.55.

According to the PRC Accounting Standards for Business Enterprises, the consolidated net profit attributable to CARS Equipment for the financial years ended 31 December 2020 and 31 December 2021 are set out below:

Unit: RMB

	Financial year ended 31 December 2020 <i>(audited)</i>	Financial year ended 31 December 2021 <i>(unaudited)</i>
Net profit before taxation and extraordinary items	83,817,990.38	130,091,081.83
Net profit after taxation and extraordinary items	71,326,840.40	113,111,950.82

4. REASONS FOR AND BENEFITS OF THE TRANSACTION

The Transaction is conducive to the improvement of the Company's high-end rail transit equipment products series and the addition of key product series involving traffic safety under the lines of high-speed rail lines, i.e. high-speed turnouts and related components and other products. The continued profitability of CARS Equipment will enhance the stability, sustainability and anti-risk capabilities of Nankou's future development.

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 leading 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, MUs, urban rail 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.

Nankou

Nankou is a company incorporated in the PRC with limited liability and is a wholly-owned subsidiary of the Company. Nankou's principal businesses include the manufacture of motor vehicle parts, rail transportation machinery products, gears and transmission systems, compressors and air source systems, general machinery; processing and repair of machinery parts; general freight transportation; technology development; technical services; repair of machinery and equipment; and sale of machinery and equipment, construction materials, hardware and electrical appliances and chemical products.

Nankou Industrial

Nankou Industrial is a company incorporated in the PRC with limited liability and is a wholly-owned subsidiary of CRRC GROUP. Nankou Industrial's principal businesses include the manufacture of motor vehicle parts, bearings, paper products, plastic products, synthetic detergents and rubber seals; accommodation and catering services; processing of machinery parts; sale of beverages and foods; transportation of motor vehicles; film projection; repair of machinery parts and bearings; sale of construction materials, hardware and electrical appliances, chemicals and daily necessities; storage of materials; import and export of goods, technology and agents; property management; economic information consultation (excluding intermediary); lease of commercial building and office; and lease of vehicle.

6. IMPLICATIONS OF THE HONG KONG LISTING RULES

As at the date of this announcement, CRRC GROUP is the controlling Shareholder of the Company directly holding 51.35% of the shares of the Company, and is therefore a connected person of the Company under the Hong Kong Listing Rules. Nankou is a wholly-owned subsidiary of the Company, while Nankou Industrial is a wholly-owned subsidiary of CRRC GROUP. Therefore, the entering into of the Equity Transfer Agreement between Nankou and Nankou Industrial constitutes a connected transaction of the Company under Chapter 14A of the Hong Kong Listing Rules.

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

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

All Directors (including all independent non-executive Directors) are of the view that the Equity 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. However, due to the nature of the Transaction, it is not in the usual course of business of the Group.

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
“CARS Equipment”	CARS (Beijing) Railway Equipment Technology Co., Ltd (鐵科(北京)軌道裝備技術有限公司)
“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 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
“Director(s)”	the directors of the Company (including independent non-executive directors)
“Equity Transfer Agreement”	the equity transfer agreement entered into between Nankou and Nankou Industrial on 30 March 2022, pursuant to which Nankou Industrial agreed to sell and Nankou agreed to acquire 37.81% equity interest in CARS Equipment at a consideration of RMB202,990,299.93
“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
“Huaya Appraisal Company”	Beijing Huaya Zhengxin Assets Appraisal Co., Ltd (北京華亞正信資產評估有限公司), an independent valuer
“Nankou”	CRRC Beijing Nankou Co., Ltd (中車北京南口機械有限公司) a wholly-owned subsidiary of the Company as at the date of this announcement
“Nankou Industrial”	CRRC Beijing Nankou Industrial Co., Ltd (中車集團北京南口實業有限公司) a wholly-owned subsidiary of CRRC GROUP as at the date of this announcement
“PRC”	the People’s Republic of China

“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder(s)”	the shareholders of the Company
“Target Equity Interests”	the 37.81% equity interest in CARS Equipment held by Nankou Industrial
“Transaction”	the transaction in respect of the transfer of the Target Equity Interest under the Equity Transfer Agreement
“%”	percent

By order of the Board
CRRC Corporation Limited
Sun Yongcai
Chairman

Beijing, the PRC
30 March 2022

As at the date of this announcement, the executive directors of the Company are Mr. Sun Yongcai, Mr. Lou Qiliang and Mr. Wang An; the non-executive director is Mr. Jiang Renfeng; and the independent non-executive directors are Mr. Shi Jianzhong, Mr. Weng Yiran and Mr. Ngai Ming Tak.