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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
ESTABLISHMENT OF JOINT VENTURE

Establishment of Joint Venture

The Board hereby announces that, on 28 October 2022, Zhuzhou Institute (a wholly-owned subsidiary of the Company), Xiangyang Motor (a wholly-owned subsidiary of Zhuzhou Institute) and CRRC Electric Vehicle (a non-wholly-owned subsidiary of CRRC GROUP) entered into Joint Venture Agreement to jointly contribute to the establishment of the Joint Venture pursuant to the terms and conditions of Joint Venture Agreement. After the completion of the Transaction, Zhuzhou Institute, Xiangyang Motor and CRRC Electric Vehicle will hold 48.79%, 16.21% and 35% respectively of the equity interests of the Joint Venture. The Joint Venture will become a subsidiary of the Company.

Implications of the Hong Kong Listing Rules

As at the date of this announcement, CRRC GROUP, the controlling Shareholder of the Company, directly holds 51.35% of the shares of the Company, and therefore is a connected person of the Company under the Hong Kong Listing Rules. Zhuzhou Institute and Xiangyang Motor are subsidiaries of the Company, and CRRC Electric Vehicle is a subsidiary of CRRC GROUP. Therefore, Joint Venture Agreement entered into among Zhuzhou Institute, Xiangyang Motor and CRRC Electric Vehicle constitutes a connected transaction of the Company under Chapter 14A of the Hong Kong Listing Rules.

As the highest applicable percentage ratio of the Transaction under Joint Venture Agreement exceeds 0.1% but is less than 5%, the Transaction under Joint Venture Agreement shall be subject to annual report and announcement requirements but is exempt from the independent shareholders' approval requirement under Chapter 14A of the Hong Kong Listing Rules.

1. INTRODUCTION

The Board hereby announces that, on 28 October 2022, Zhuzhou Institute (a wholly-owned subsidiary of the Company), Xiangyang Motor (a wholly-owned subsidiary of Zhuzhou Institute) and CRRC Electric Vehicle (a non-wholly-owned subsidiary of CRRC GROUP) entered into Joint Venture Agreement to jointly contribute the establishment of the Joint Venture pursuant to the terms and conditions of Joint Venture Agreement. After the completion of the Transaction, Zhuzhou Institute, Xiangyang Motor and CRRC Electric Vehicle will hold 48.79%, 16.21% and 35% respectively of the equity interests of the Joint Venture. The Joint Venture will become a subsidiary of the Company.

2. JOINT VENTURE AGREEMENT

2.1 Date

28 October 2022

2.2 Parties

- (1) Zhuzhou Institute;
- (2) Xiangyang Motor; and
- (3) CRRC Electric Vehicle.

2.3 Registered capital of the Joint Venture and contribution from the parties

According to Joint Venture Agreement, the registered capital of the Joint Venture is RMB205,554,500. The total amount of contribution to be made by each of the parties to the Joint Venture, their respective way of contribution and shareholding in the Joint Venture are set forth below:

Parties	Total contribution amount (RMB)	Ways of contribution	Shareholding in the Joint Venture
Zhuzhou Institute	100,293,900	Monetary	48.79%
Xiangyang Motor	33,316,500	Non-monetary assets	16.21%
CRRC Electric Vehicle	71,944,100	Non-monetary assets	35%
Total	205,554, 500	–	100%

Xiangyang Motor will contribute its commercial vehicle motor production line, its ancillary equipment and patent assets held as at 31 December 2021 (the valuation benchmark date), which are subject to the asset list set out in the asset appraisal report issued by Pan-China Assets Appraisal, among which: commercial vehicle motor production line and its ancillary equipment are appraised by Pan-China Assets Appraisal using the replacement cost approach, and patent assets are appraised by Pan-China Assets Appraisal using the income approach. Upon appraisal, the appraised value of the aforesaid assets on the valuation benchmark date was RMB33,316,500.

CRRC Electric Vehicle will contribute part of its tangible assets (construction in progress and equipment) and intangible assets (software, patents and non-patent technologies) held as at 31 December 2021 (the valuation benchmark date), which are subject to the asset list set out in the asset appraisal report issued by China Enterprise Appraisals, among which: the construction in progress is appraised by China Enterprise Appraisals using the cost approach, the assets of equipment are appraised by China Enterprise Appraisals mainly using the cost approach, and part of them are appraised using the market approach, and the intangible assets are appraised by China Enterprise Appraisals using the income approach. Upon appraisal, the appraised value of the aforesaid assets on the valuation benchmark date was RMB71,944,100.

The contribution amount by each of the parties under Joint Venture Agreement has been determined by the parties in arm's length negotiation after taking into account various factors such as the business nature of the Joint Venture, its working capital requirement and future development plans.

2.4 Business scope of the Joint Venture

The business scope of the Joint Venture shall cover: sales of electric accessories of new energy vehicles; sales of production and testing equipment for new energy vehicles; research and development of automobile parts and components; manufacture of automobile parts and components; electrical equipment repair; importation and exportation of technologies; software development; technology services; technology development; technology consultation; technology exchange; technology transfer and technology promotion (the specific content is subject to the industrial and commercial administration registration).

2.5 Commitment of the parties

In order to ensure the smooth development of the Joint Venture after its establishment, the parties made the following commitments:

- (1) The parties will enter into relevant related party transaction contracts with the Joint Venture after its establishment based on the principles of fairness, good faith, equal consideration and normal market conditions, and will strictly comply with the related party transaction contracts to be signed.

- (2) The parties undertake to abide by the relevant terms of the letter of intent, the entrusted management agreement, the supplemental opinion letter and framework agreement entered into by the parties during the operation of the Joint Venture.
- (3) The parties undertake to agree to inject the business assets of CRRC Electric Vehicle System Branch and commercial vehicle motor segment of Xiangyang Motor into the Joint Venture within 1 month after the establishment of the Joint Venture. The aforesaid injection of business assets shall be based on the appraised value of state-owned assets on the premise that the parties reach a consensus through negotiation. Zhuzhou Institute shall make its subscribed capital contribution in full within 1 month after the establishment of the Joint Venture.
- (4) If the assets contributed by the party(ies) are subject to other encumbrances, the party(ies) concerned shall be liable for the losses caused to the Joint Venture.
- (5) If any party to the Joint Venture transfers all or part of its capital contribution, the other parties shall have preemptive right.
- (6) During the term of the Joint Venture, in the case of operation or development needs, the parties shall be obliged to increase the capital contribution to the Joint Venture in proportion to their respective investment in the Joint Venture. If one party gives up to make the required contribution for any reasons and the other party agrees to inject the capital, the proportion of shareholding shall be adjusted according to the amount of capital injection.
- (7) The profits and losses during the transition period shall be borne by the Joint Venture.

2.6 Corporate governance structure of the Joint Venture

- (1) The Joint Venture shall have a general meeting, which shall be composed of all shareholders and shall be the highest authority of the Joint Venture. Resolutions made at the general meeting shall be guided by the strict implementation of the Joint Venture Agreement, the achievement of the Joint Venture's business objectives, the compliance with the long-term interests and development of the Joint Venture.
- (2) The board of directors of the Joint Venture shall consist of seven directors, three of whom shall be recommended by Zhuzhou Institute, two by CRRC Electric Vehicle, one by Xiangyang Motor, and one shall be employee representative director to be elected at the employee representative meeting. The chairman of the Joint Venture shall be recommended by Zhuzhou Institute and the vice chairman shall be recommended by CRRC Electric Vehicle and elected by the board. The board is held accountable to the general meeting. The term of office of the directors shall be stipulated in the articles of association of the Joint Venture but each term shall not exceed three years. Non-employee directors shall be elected and replaced at the general meeting.

- (3) The supervisory committee shall consist of three supervisors, one of whom shall be recommended by Zhuzhou Institute, one by CRRC Electric Vehicle and one is employee representative supervisor, who shall be elected at the employee representative meeting of the Joint Venture. Chairman of the supervisory committee shall be recommended by CRRC Electric Vehicle.
- (4) Under the management system of the Joint Venture, the senior management is responsible for the day-to-day management of the Joint Venture under the leadership and supervision of the board and the supervisory committee. The management team consists of a general manager and a deputy general manager who works under the leadership of the general manager; the general manager shall be recommended by the Zhuzhou Institute and appointed by the board.

2.7 Effectiveness of the agreement

Joint Venture Agreement shall come into effect on the date on which it is signed by the legal representatives or authorised representatives of all the parties to the agreement and the seals of the parties are affixed.

3. INFORMATION ON NON-MONETARY ASSETS

3.1 Non-monetary assets used for capital contribution by Xiangyang Motor

Xiangyang Motor will contribute its commercial vehicle motor production line, its ancillary equipment and patent assets held as at 31 December 2021 (the valuation benchmark date), which are subject to the asset list set out in the asset appraisal report issued by Pan-China Assets Appraisal, among which: commercial vehicle motor production line and its ancillary equipment are appraised by Pan-China Assets Appraisal using the replacement cost approach, and patent assets are appraised by Pan-China Assets Appraisal using the income approach. Upon appraisal, the appraised value of the aforesaid assets on the valuation benchmark date was RMB33,316,500. The major equipment included the production line for new energy motors, production line for rotors, production line for final assembly of motors, testing systems, research test benches for commercial vehicle motors and research test benches for special purpose motors, etc., and the ancillary equipment included cranes, instrumentation equipment, etc., comprising a total of 192 items of machinery and equipment. The original book value of these machinery and equipment assets was RMB45,359,400 and the net book value was RMB27,198,400. The patent assets included 2 patents for inventions and 4 patents for utility models, all of which had no carrying value.

As the non-monetary assets used for capital contribution by Xiangyang Motor have not been operated as a separate asset, Xiangyang Motor is unable to separately account for the profit or loss of the subject assets and therefore has no corresponding net profit (before and after taxation and non-recurring items) from the non-monetary assets used for capital contribution by Xiangyang Motor for the financial years ended 31 December 2020 and 31 December 2021.

3.2 Non-monetary assets used for capital contribution by CRRC Electric Vehicle

CRRC Electric Vehicle will contribute part of its tangible assets (construction in progress and equipment) and intangible assets (software, patents and non-patent technologies) held as at 31 December 2021 (the valuation benchmark date), which are subject to the asset list set out in the asset appraisal report issued by China Enterprise Appraisals, among which: the construction in progress is appraised by China Enterprise Appraisals using the cost approach, the assets of equipment are appraised by China Enterprise Appraisals mainly using the cost approach, and part of them are appraised using the market approach, and the intangible assets are appraised by China Enterprise Appraisals using the income approach. Upon appraisal, the appraised value of the aforesaid assets on the valuation benchmark date was RMB71,944,100. The tangible assets comprise (i) construction in progress: 1 project of civil works and 2 projects of equipment installation, all of which had been physically completed but the completion certificates had not yet been obtained and the book value of such construction in progress was RMB3,623,300; and (ii) equipment-type assets: 255 items of machinery and equipment, mainly including air conditioners, forklifts, pickers, cranes, pre-assembly platforms, assembly boards, leak detection machines, logistics vehicle transmission master equipment, general and specialised equipment for commercial vehicle drive train production lines; 365 items of electronic equipment, including mainly desktop computers, notebook computers, projectors, vertical inquiry machines, handhelds, power supplies, various testers, probes, oscilloscopes, network switches and other office electronic equipment and various instruments and meters; and 3 items of vehicles. The carrying value of these equipment was RMB32,163,800. Intangible assets included 4 items of software, 61 items of patent technology and 65 items of non-patent technology. The carrying value of these intangible assets was RMB590,100.

As the non-monetary assets used for capital contribution by CRRC Electric Vehicle have not been operated as a separate asset, CRRC Electric Vehicle is unable to separately account for the profit or loss of the subject assets and therefore has no corresponding net profit (before and after taxation and non-recurring items) from the non-monetary assets used for capital contribution by CRRC Electric Vehicle for the financial years ended 31 December 2020 and 31 December 2021.

4. REASONS FOR AND BENEFITS OF THE TRANSACTION

The purpose of the establishment of the Joint Venture is to better capitalize on the commercial vehicle manufacturing industry platform of CRRC Electric Vehicle, give full play to the respective advantages in electric drive system key components manufacturing of Zhuzhou Institute and Xiangyang Motor, expand the application field of the electric drive system technology of the Group, extend the proprietary core technology to the application scenarios of multiple industries, and accelerate the promotion on iterative innovation of the new “electric drive + transmission” integrated electric drive system, expanding and strengthening the commercial vehicle electric drive system business.

5. GENERAL INFORMATION ON THE COMPANY, CRRC GROUP AND THE PARTIES

The Company

The Company is a joint stock company incorporated in the PRC with limited liability. The Group is the largest rolling stock provider in the world, with the most diverse offerings and leading technologies. The main scope of business includes: research and development, design, manufacturing, refurbishment, sales, leasing and technical services 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; industry investment and management; asset management; import and export businesses.

CRRC GROUP

CRRC GROUP is a large-scale wholly state-owned enterprise established with the approval of the State Council of the PRC, and is 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 business relying on proprietary technologies.

Zhuzhou Institute

Zhuzhou Institute is a wholly-owned subsidiary of the Company. The principal business of Zhuzhou Institute includes: research and development, manufacture, testing and sale of railway transportation products and equipment, electric machinery and equipment, general machinery, electric machinery, electronic product, computer products and software for control, rubber, plastic products, electronic component, electronic devices and electronic insulation material; self-operation and acting as agent for the import and export business of commodities and technology (apart from those the operation is restricted by the State or prohibited for export). Design, manufacture and sale of large wind turbines and parts; construction, operation and consulting service of wind farms; general contracting for power construction; general contracting for integrated energy services; manufacture, sales and after-sales service of passenger carriages and parts.

Xiangyang Motor

Xiangyang Motor is a wholly-owned subsidiary of Zhuzhou Institute. The principal business is the development, manufacture and operation and maintenance of electric motors and components for rail transportation (traction motors, special motors, linear motors, magnetic levitation electromagnets and auxiliary fans), development, manufacture and maintenance of new energy vehicle drive motors and integrated products, special motors for industrial drives, special equipment motors and motor maintenance and accessories, power distribution products, transformers, reactors and system integration; development of bridge components, locomotive shaft tiles, electric fans for railway passenger cars, electric heaters and development, manufacture and operation and maintenance of other electrical products; development of electrical cabinets for railways and vehicles, power transmission, hydroelectric equipment and power distribution systems, general contracting of hydraulic and hydroelectric projects, electrical and mechanical installation and construction, development, manufacture and operation and maintenance of integrated microcomputer automation and computer information systems; development, manufacture and operation and maintenance of architectural and decorative materials, explosion-proof products; import and export of goods and technology (excluding goods or technology prohibited or restricted for import and export by the State); electrical and mechanical installation works.

CRRC Electric Vehicle

CRRC Electric Vehicle mainly engages in manufacturing, sales and after-sales services of passenger carriages, special purpose vehicles and components, electrical and mechanical products, sanitation vehicles equipment, ambulances, medical special purpose vehicles and modified vehicles; wholesale of Class II and III medical equipment; import and export of the above technologies and commodities; sales of communication equipment, police equipment, testing equipment and other special vehicle equipment and facility; development, production, system integration and services of computer software and products; road freight transportation; research and development, manufacturing, sales and after-sales services of battery systems; battery recycling and utilization; construction and operation services of charging systems; manufacturing of intelligent vehicle equipment; research and development and services of intelligent technology; import and export of the above technical goods. As at the date of this announcement, the major shareholders (shareholders with more than 5% shareholding) of CRRC Electric Vehicle are (1) CRRC Industrial Investment Co., Ltd.* (中車產業投資有限公司) with 51% shareholding; (2) Zhuzhou Institute with 36.37% shareholding; and (3) Shenzhen Click Technology Co., Ltd.* (深圳可立克科技股份有限公司) with 8.89% shareholding (a company listed on the Shenzhen Stock Exchange, stock code: 002782).

The major shareholders (shareholders with more than 5% shareholding) of CRRC Industrial Investment Co., Ltd. are (1) CRRC GROUP with 65.5290% shareholding; (2) China Reform Asset Management Co., Ltd.* (中國國新資產管理有限公司) with 10.1385% shareholding (ultimately 100% beneficially owned by the State Council of the PRC); (3) Zhuzhou State-owned Assets Investment Holding Group Co., Ltd.* (株洲市國有資產投資控股集團有限公司) with 10.1385% shareholding (the actual controller of which is the State-owned Assets Supervision and Administration Commission of the Zhuzhou Municipal People's Government* (株洲市人民政府國有資產監督管理委員會)); (4) Shanghai Guosheng (Group) Co., Ltd.* (上海國盛(集團)有限公司) (ultimately 100% beneficially owned by the State-owned Assets Supervision and Administration Commission of Shanghai Municipality* (上海市國有資產監督管理委員會)) with 6.0831% shareholding; and (5) Shanghai Fengxin Smart Manufacturing Development Co., Ltd.* (上海奉新智能製造發展有限公司) (the actual controller of which is Shanghai Fengxian District State-owned Assets Supervision and Administration Commission* (上海奉賢區國有資產監督管理委員會)) with 5.0693% shareholding.

6. IMPLICATIONS OF THE HONG KONG LISTING RULES

As at the date of this announcement, CRRC GROUP, the controlling Shareholder of the Company, directly holds 51.35% of the shares of the Company, and therefore is a connected person of the Company under the Hong Kong Listing Rules. Zhuzhou Institute and Xiangyang Motor are subsidiaries of the Company, and CRRC Electric Vehicle is a subsidiary of CRRC GROUP. Therefore, Joint Venture Agreement entered into among Zhuzhou Institute, Xiangyang Motor and CRRC Electric Vehicle constitutes a connected transaction of the Company under Chapter 14A of the Hong Kong Listing Rules.

As the highest applicable percentage ratio of the Transaction under Joint Venture Agreement exceeds 0.1% but is less than 5%, the Transaction under Joint Venture Agreement shall be subject to annual report and announcement requirements but is exempt from the 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 the Transaction under Joint Venture Agreement. Save as stated above, none of the Directors have a material interest in the Transaction contemplated under Joint Venture Agreement and hence no other Directors have abstained from voting on the relevant Board resolution.

All Directors (including all independent non-executive Directors) are of the view that Joint Venture Agreement has been 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. DEFINITIONS

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
“China Enterprise Appraisals”	China Enterprise Appraisals Consultation Co., Ltd.* (北京中企華資產評估有限責任公司), an independent valuer
“Company”	CRRC Corporation Limited* (中國中車股份有限公司), a joint stock company incorporated in the PRC with limited liability, the H shares and 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 Electric Vehicle”	CRRC Times Electric Vehicle Co., Ltd.* (中車時代電動汽車股份有限公司), a non-wholly-owned subsidiary of CRRC GROUP as at the date of this announcement
“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 director(s) (including the independent non-executive director(s)) of the Company
“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

“Joint Venture”	Hunan CRRC Commercial Vehicle Power Technology Co., Ltd.* (湖南中車商用車動力科技有限公司), a company incorporated in the PRC with limited liability pursuant to Joint Venture Agreement (provisional name, final name to be approved by the administration authority of industry and commerce)
“Joint Venture Agreement”	the Joint Venture Agreement of Commercial Vehicle Electric Drive System Joint Venture Project* (《商用車電驅系統合資項目合資協議》) entered into among Zhuzhou Institute (a wholly-owned subsidiary of the Company), Xiangyang Motor (a wholly-owned subsidiary of Zhuzhou Institute) and CRRC Electric Vehicle (a non-wholly-owned subsidiary of CRRC GROUP) on 28 October 2022
“Pan-China Assets Appraisal”	Pan-China Assets Appraisal Co., Ltd.* (北京天健興業資產評估有限公司), an independent valuer
“PRC”	the People’s Republic of China
“RMB”	Renminbi, the lawful currency of the People’s Republic of China
“Shareholder(s)”	the shareholder(s) of the Company
“Transaction”	the transaction in which Zhuzhou Institute (a wholly-owned subsidiary of the Company), Xiangyang Motor (a wholly-owned subsidiary of Zhuzhou Institute) and CRRC Electric Vehicle (a non-wholly-owned subsidiary of CRRC GROUP) jointly contributing to the establishment of a Joint Venture pursuant to the terms and conditions of Joint Venture Agreement
“Xiangyang Motor”	Xiangyang CRRC Electric Motor Technology Co., Ltd.* (襄陽中車電機技術有限公司), a wholly-owned subsidiary of Zhuzhou Institute as at the date of this announcement

“Zhuzhou Institute”

CRRC Zhuzhou Institute Co., Ltd.* (中車株洲電力機車研究所有限公司), a wholly-owned subsidiary of the Company as at the date of this announcement

“%”

per cent

By order of the Board
CRRC Corporation Limited
Sun Yongcai
Chairman

Beijing, the PRC
28 October 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.