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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
ACQUISITION OF APPROXIMATELY 2.59% EQUITY INTEREST
IN FOREIGN TRADE FINANCIAL & LEASING

ENTERING INTO THE EQUITY TRANSFER CONTRACT

The Board announces that, on 30 October 2024, the Company and CRRC GROUP entered into the Equity Transfer Contract, pursuant to which, CRRC GROUP agreed to sell and the Company agreed to acquire approximately 2.59% equity interest in Foreign Trade Financial & Leasing at a consideration of RMB371,594,775.89. Upon completion of the Transaction, the Company will hold approximately 25.89% equity interest in Foreign Trade Financial & Leasing and Foreign Trade Financial & Leasing will not become a subsidiary of the Company.

IMPLICATIONS OF THE HONG KONG LISTING RULES

As at the date of this announcement, CRRC GROUP is the controlling Shareholder holding 51.45% of the shares of the Company, therefore CRRC GROUP is a connected person of the Company under the Hong Kong Listing Rules. Therefore, the Equity Transfer constitutes a connected transaction of the Company under Chapter 14A of the Hong Kong Listing Rules.

Pursuant to Rules 14A.81 and 14A.82 of the Hong Kong Listing Rules, as the Transaction contemplated under the Equity Transfer Contract and the Previous Merger were entered into or completed with CRRC GROUP, a connected person of the Company, and both involve the acquisition of equity interest in Foreign Trade Financial & Leasing, the Transaction contemplated under the Equity Transfer Contract and the Previous Merger are required to be aggregated in calculating the relevant percentage ratios for the purpose of determining the classification of the Transaction contemplated under the Equity Transfer Contract.

As the highest applicable percentage ratio (as defined in the Hong Kong Listing Rules) in respect of the Transaction contemplated under the Equity Transfer Contract, when aggregated with the Previous Merger, 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 October 2024, the Company and CRRC GROUP entered into the Equity Transfer Contract, pursuant to which, CRRC GROUP agreed to sell and the Company agreed to acquire approximately 2.59% equity interest in Foreign Trade Financial & Leasing at a consideration of RMB371,594,775.89. Upon completion of the Transaction, the Company will hold approximately 25.89% equity interest in Foreign Trade Financial & Leasing and Foreign Trade Financial & Leasing will not become a subsidiary of the Company.

2. EQUITY TRANSFER CONTRACT

2.1 Date

30 October 2024

2.2 Parties

- (1) CRRC GROUP, as the transferor; and
- (2) the Company, as the transferee.

2.3 Target equity interest

Approximately 2.59% equity interest in Foreign Trade Financial & Leasing held by CRRC GROUP.

2.4 Consideration and payment

- (1) The consideration for the Transaction is RMB371,594,775.89, which was determined after arm's length negotiations between both parties with reference to the appraised value of the total equity of the shareholders of Foreign Trade Financial & Leasing as of the valuation benchmark date (i.e. 31 December 2023) as set out in the valuation report (i.e. RMB14,355.6027 million) and the percentage of all the equity interest in Foreign Trade Financial & Leasing held by CRRC GROUP. For details of the valuation, please refer to the section headed "3. BASIS FOR DETERMINATION OF CONSIDERATION" below.
- (2) The consideration for the Equity Transfer shall be paid in a lump sum by the Company to the bank account designated by CRRC GROUP within 5 working days from the effective date of the Equity Transfer Contract.

2.5 Closing and registration of changes in equity interest

- (1) Both parties agree that from the closing date confirmed by both parties (i.e. 31 October 2024), the Company holds approximately additional 2.59% equity interest in Foreign Trade Financial & Leasing, entitles to all the rights and interests in relation to the target equity interest and assumes all relevant obligations.
- (2) CRRC GROUP shall supervise and assist Foreign Trade Financial & Leasing in the procedures for registration of changes in respect of the transfer of target equity interest.

2.6 Arrangements for the transition period

Both parties confirm and agree that the interests and liabilities in relation to the target equity interest shall be enjoyed or borne by CRRC GROUP from the valuation benchmark date (i.e. 31 December 2023) to the closing date (i.e. 31 October 2024, inclusive); following the closing date, the interests and liabilities in relation to the target equity interest shall be enjoyed or borne by the Company.

2.7 Entering into and effectiveness of the Equity Transfer Contract

The Equity Transfer Contract shall be entered into and take effect upon the execution by legal representatives or authorized representatives of both parties and affix of their respective official seals.

3. BASIS FOR DETERMINATION OF CONSIDERATION

The consideration of the Equity Transfer was determined by both parties in arm's length negotiation based on the appraised value of Foreign Trade Financial & Leasing as set out in the valuation report issued by China Enterprise Appraisals, which was based on the market approach. The benchmark date of the valuation report is 31 December 2023. The market approach and the income approach were adopted respectively in the valuation report. The appraised value of Foreign Trade Financial & Leasing using the income approach was RMB13,968.7867 million and RMB14,355.6027 million using the market approach. The results of valuation were calculated using the market approach. Further information on the valuations is set out below:

Evaluation Assumptions adopted in Income Approach and Market Approach

- (a) Assuming all appraisal subjects are already in the process of transaction, appraisal professionals simulate the market for valuation based on the transaction conditions of the appraised assets, etc.;
- (b) Assuming the assets traded in the market, or the assets to be traded in the market, have equal status between both parties to asset trading, have the opportunity and time to obtain sufficient market information, are voluntary and rational, and can make rational judgments on the functions, uses and transaction prices of assets;
- (c) Assuming the appraised assets continue to be utilized in accordance with their current purpose and usage, etc.;
- (d) Assuming no material changes occur in the relevant laws, regulations and policies prevailing in the PRC and the macroeconomic conditions of the PRC, and no material changes occur in the political, economic and social environment of the places where the parties to the Transaction operate;
- (e) Assuming the enterprises continue operations in respect of the actual conditions of the assets as at the valuation benchmark date;
- (f) Assuming no material changes occur in, among other things, the interest rates, exchange rates, basis and rate of taxation, and policy-based levies in relation to the appraised entities after the valuation benchmark date;
- (g) Assuming the management of the appraised entities is responsible, stable and competent to undertake their duties after the valuation benchmark date;
- (h) Unless otherwise specified, assuming the appraised entities are fully in compliance with all relevant laws and regulations;

- (i) Assuming no other force majeure factors and unforeseeable factors have caused material and adverse effects on the appraised entities after the valuation benchmark date;
- (j) Assuming the accounting policies to be adopted by the appraised entities after the valuation benchmark date and the accounting policies adopted at the time of preparing the valuation report are consistent in material aspects;
- (k) Assuming the appraised entities' scope and mode of operation after the valuation benchmark date are consistent with current orientation on the basis of the existing management method and management standard;
- (l) Assuming the appraised entities will have even cash inflow and cash outflow after the valuation benchmark date;
- (m) Assuming the products or services of the appraised entities maintain the current market competition conditions after the valuation benchmark date; and
- (n) Assuming the core management and technical personnel of the appraised entities will be relatively stable in the forecast period, and there will be no major changes that affect the business development and profit realization of the enterprises.

Reasons for Calculating the Results of Valuation Using the Market Approach

The income approach is used to measure the value of a company from the perspective of operating revenue. The returns of the company are calculated after taking into account its comprehensive operating capabilities and intangible assets as well as its development plan. The market approach is based on the recent transaction prices of comparable companies that are the same as or similar to the appraised entity. The appraised equity value of the appraised entity is determined by analyzing and comparing the characteristics of comparable companies and the appraised entity. The market approach has direct valuation perspectives and methods, visual valuation processes, direct valuation data from the market and more convincing results of valuation. The market approach can reflect more objectively the value of financial leasing companies as licensed financial institutions in the market. Where the market changes, it can also reflect the market valuation of financial leasing companies to investors in a more timely and reliable manner, which is more acceptable to investors. In respect of the income approach, the assumptions of income forecasts are restricted, leading to more uncertainties in the future income of a company. Therefore, the results of valuation using the market approach can better reflect the true value of Foreign Trade Financial & Leasing.

Specific Steps of the Market Approach

For the purpose of enterprise value appraisal, the market approach is a valuation method to determine the value of the subject of valuation by comparing the subject of valuation against comparable references. Two commonly adopted methods in the market approach are the listed company comparison method and the transaction case comparison method. The valuation adopted the transaction case comparison method, due to that the transaction cases of equity transfer of financial leasing companies were relatively active in the mergers and acquisition (M&A) market in recent two years, and the relations between M&A cases, specific conditions affecting transaction prices and related index data can be obtained from the announcements of listed companies, which are suitable to analyze the transaction prices.

The basic steps of the transaction case comparison method are as follows: The Valuer selected transaction cases in the same industry as the appraised entity, with the same or similar business and same transaction type, in close periods and affected by the same economic factors. The Valuer also selected comparable companies after the detailed research and analysis of underlying entities in the transaction cases, including the main business scope, main target market, business structure, business model, company size, profitability, and operating stage.

On the basis of these standards, the Valuer, having made enquiries into the public information on the property rights transaction platforms, selected the following equity transaction cases of financial leasing companies and related comparable companies within three years preceding the valuation benchmark date, and believe that the following list contains the detailed, fair and typical samples. After analysis and adjustment of financial data of comparable companies, appropriate value ratios will be selected. Value ratios commonly adopted in the market approach include price/earning ratio (P/E), price-to-book ratio (P/B), price-to-sales ratio (P/S) and enterprise multiple (EV/EBITDA). As the appraised entity is a financial leasing company whose revenue and profit are highly relevant to the capital market, the high fluctuations of the capital market in the PRC led to significant fluctuations in the revenue and profit of financial leasing companies. The price/earning ratio (P/E), the price-to-sales ratio (P/S) and enterprise multiple (EV/EBITDA) are usually applied to industries with relatively stable profitability or revenue and low fluctuation, which are not suitable in this valuation. As financial leasing companies are capital-oriented financial companies and the size of net capital and the quality of total assets are crucial for the realization of a company's value, the price-to-book ratio (P/B) was selected in this valuation.

As set out in the table below, the arithmetic mean of the comparable price-to-book ratio (P/B) of comparable companies using the transaction case comparison method is 1.1327, which is calculated by adjusting the differences in transaction date, profitability, operating capacity, risk management capacity and growth potential, multiplied by the net assets of Foreign Trade Financial & Leasing of RMB12,673.7907 million as of 31 December 2023 as set out in the audited pro forma financial statements, leading to the appraised value of Foreign Trade Financial & Leasing of RMB14,355.6027 million.

Comparable Companies	China Huarong Financial Leasing Co., Ltd.	Luoyin Financial Leasing Co., Ltd.	CRRC Financial Leasing Co., Ltd.	Cinda Financial Leasing Co., Ltd.	Foshan Haisheng Financial Leasing Co., Ltd.	Suyin Financial Leasing Co., Ltd.
Transaction shareholding ratio	60.00%	6.88%	100.00%	0.0030%	9.00%	6.25%
Transaction consideration (RMB'0,000)	1,199,754.32	32,500.00	407,573.85	25.37	30,600.00	73,250.00
Overall market capitalization (RMB'0,000)	1,999,590.53	472,727.27	407,573.85	845,666.67	340,000.00	1,172,000.00
Carrying amount of net assets (RMB'0,000)	1,979,792.61	400,544.58	342,499.03	783,058.42	295,840.08	875,500.31
P/B of comparable companies	1.0100	1.1802	1.1900	1.0800	1.1493	1.3387
Adjustment coefficient on transaction date	1.00000	0.9901	0.9901	0.9804	0.9901	0.9804
Profitability	1.0466	1.0038	1.0285	1.0654	1.0173	1.0074
Operating capacity	0.9570	1.0001	0.9858	0.9805	1.0051	0.9853
Risk management capacity	1.0136	1.0003	0.9438	1.0173	1.0081	1.0040
Growth potential	1.0136	1.0101	1.0112	0.9560	0.9494	0.9499
Adjustment coefficient for individual factors	1.0289	1.0143	0.9676	1.0159	0.9785	0.9466
Comparable P/B of comparable companies	1.0392	1.1852	1.1400	1.0757	1.1135	1.2424
Arithmetic mean of comparable P/B				1.1327		

Opinions of the Board

The Board has reviewed and discussed the valuation report. Having taken into full account the valuation approaches adopted by the Valuer (including the selection of value ratios and comparable transaction cases) and valuation assumptions, the Board believes that the calculation results using the market approach can better reflect the true value of Foreign Trade Financial & Leasing, and is fair and reasonable.

4. GENERAL INFORMATION ON FOREIGN TRADE FINANCIAL & LEASING

Foreign Trade Financial & Leasing is a limited liability company incorporated in the PRC in March 1985. Its main business is financial leasing. As at the date of this announcement, Minmetals Capital Holdings, CRRC GROUP, the Company, Orient Asset and Tianjin Trust held approximately 66.40%, approximately 2.59%, approximately 23.30%, approximately 4.84% and approximately 2.88% equity interest of Foreign Trade Financial & Leasing, respectively. For details of the general information on Minmetals Capital Holdings, Oriental Asset and Tianjin Trust, please refer to the announcement of the Company dated 27 October 2023 in relation to the Previous Merger. The original acquisition cost of the approximately 2.59% equity interest in Foreign Trade Financial & Leasing paid by CRRC GROUP was RMB366,816,462.92.

According to the China Accounting Standards for Business Enterprises, the total assets and net assets of Foreign Trade Financial & Leasing as of 31 December 2023 as set out in the audited pro forma financial statements were RMB70,164.0263 million and RMB12,673.7907 million, respectively. The net profit attributable to Foreign Trade Financial & Leasing for the two financial years ended 31 December 2022 and 2023 and the six months ended 30 June 2024 are set out as follows:

	For the year ended 31 December 2022 (Audited) (RMB0'000)	For the year ended 31 December 2023 (Audited) (RMB0'000)	For the six months ended 30 June 2024 (Unaudited) (RMB0'000)
Net profit before taxation and extraordinary items	151,219.67 ⁽¹⁾ 181,709.36 ⁽²⁾	156,948.42 ⁽¹⁾ 184,695.29 ⁽²⁾	88,226.32 ⁽³⁾
Net profit after taxation and extraordinary items	97,382.55 ⁽¹⁾ 111,513.04 ⁽²⁾	118,874.50 ⁽¹⁾ 139,911.35 ⁽²⁾	66,169.74 ⁽³⁾

Notes:

- (1) These are the financial data as set out in the audited financial statements of Foreign Trade Financial & Leasing on a standalone basis (without taking into account the effect of the Previous Merger).
- (2) These are the financial data as set out in the audited pro forma financial statements of Foreign Trade Financial & Leasing (taking into account the effect of the Previous Merger).
- (3) Given that the Previous Merger was completed on 30 December 2023, the financial statements of Foreign Trade Financial & Leasing for the six months ended 30 June 2024 have taken into account the effect of the Previous Merger.

5. REASONS FOR AND BENEFITS OF THE TRANSACTION

Reference is made to the announcement of the Company dated 27 October 2023 in relation to the Previous Merger. The Equity Transfer is conducive to the continuous optimization and integration between Foreign Trade Financial & Leasing and CRRC Financial Leasing Co., Ltd., which facilitates the consolidation and deepening of the professional integration achievements of the two financial leasing companies, and further optimizing the management structure and the enhancement of the core competitiveness of the Company. The Transaction is in line with the development strategy of the Company and will have a positive impact on the development of the Company. The Transaction will not have a material impact on the Company's normal operations and financial position and will not damage the interests of the Company and its Shareholders.

6. GENERAL INFORMATION OF THE COMPANY AND CRRC GROUP

The Company

The Company is a joint stock company incorporated in the PRC with limited liability. The Group is a world-leading and diverse rolling stock supplier with advanced 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 of rolling stock.

7. IMPLICATIONS OF THE HONG KONG LISTING RULES

As at the date of this announcement, CRRC GROUP is the controlling Shareholder holding 51.45% of the shares of the Company, therefore CRRC GROUP is a connected person of the Company under the Hong Kong Listing Rules. Therefore, the Equity Transfer constitutes a connected transaction of the Company under Chapter 14A of the Hong Kong Listing Rules.

Pursuant to Rules 14A.81 and 14A.82 of the Hong Kong Listing Rules, as the Transaction contemplated under the Equity Transfer Contract and the Previous Merger were entered into or completed with CRRC GROUP, a connected person of the Company, and both involve the acquisition of equity interest in Foreign Trade Financial & Leasing, the Transaction contemplated under the Equity Transfer Contract and the Previous Merger are required to be aggregated in calculating the relevant percentage ratios for the purpose of determining the classification of the Transaction contemplated under the Equity Transfer Contract.

As the highest applicable percentage ratio (as defined in the Hong Kong Listing Rules) in respect of the Transaction contemplated under the Equity Transfer Contract, when aggregated with the Previous Merger, 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, Ma Yunshuang and Wang An, hold positions in CRRC GROUP and have abstained from voting on the Board resolution approving the Equity Transfer Contract and the Transaction thereunder. Save as stated above, none of the Directors have any material interest in the Equity Transfer Contract 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 Contract 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.

8. 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” or “Valuer”	China Enterprise Appraisals Consultation Co., Ltd.* (北京中企華資產評估有限責任公司), an independent qualified 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 in 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 director(s) of the Company (including independent non-executive directors)
“Equity Transfer” or “Transaction”	the acquisition of approximately 2.59% equity interest in Foreign Trade Financial & Leasing held by CRRC GROUP by the Company under the Equity Transfer Contract
“Equity Transfer Contract”	the contract between CRRC GROUP Co., Ltd. and CRRC Corporation Limited in relation to the Transfer of Equity Interest in China National Foreign Trade Financial & Leasing Co., Ltd. entered into between the Company and CRRC GROUP on 30 October 2024

“Foreign Trade Financial & Leasing”	China National Foreign Trade Financial & Leasing Co., Ltd. (中國外貿金融租賃有限公司), a limited liability company incorporated in the PRC
“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 Hong Kong Stock Exchange (as amended from time to time)
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Minmetals Capital Holdings”	Minmetals Capital Holdings Limited (五礦資本控股有限公司), a limited liability company incorporated in the PRC
“Orient Asset”	China Orient Asset Management Co., Ltd. (中國東方資產管理股份有限公司), a joint stock company incorporated in the PRC with limited liability
“PRC”	the People’s Republic of China
“Previous Merger”	the merger of CRRC Financial Leasing Co., Ltd., a former subsidiary of the Company with Foreign Trade Financial & Leasing, as disclosed in the Company’s announcement dated 27 October 2023

“pro forma financial statements”	the pro forma financial statements of Foreign Trade Financial & Leasing for 2022 and 2023 are based on the assumption of the company’s operating continuity, and are prepared in accordance with the relevant provisions of the China Accounting Standards for Business Enterprises and the relevant significant accounting policies and accounting estimates based on the actual transactions that have occurred, in addition to the consolidation on a pro forma basis of the opening assets and liabilities as at the beginning of the current period for the Previous Merger, as well as the profit and loss of for the current period for the Previous Merger and the previous corresponding period, assuming that Foreign Trade Financial & Leasing and CRRC Financial Leasing Co., Ltd. have been the same entity in accounting terms from the beginning to the end of the corresponding periods
“RMB”	Renminbi, the lawful currency of the People’s Republic of China
“Shareholder(s)”	the shareholders of the Company
“Tianjin Trust”	Tianjin Trust Co., Ltd. (天津信託有限責任公司), a limited liability company incorporated in the PRC
“%”	per cent

By order of the Board
CRRC Corporation Limited
Sun Yongcai
Chairman

Beijing, the PRC
30 October 2024

As at the date of this announcement, the executive directors of the Company are Mr. Sun Yongcai, Mr. Ma Yunshuang 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.