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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)*

**PROPOSED ISSUE OF  
US\$600,000,000 ZERO COUPON CONVERTIBLE BONDS DUE 2021  
(WITH AN OPTION FOR THE ISSUE OF AN ADDITIONAL OF UP TO  
US\$200,000,000 ZERO  
COUPON CONVERTIBLE BONDS DUE 2021)**

**J.P.Morgan**



**UBS**



**CICC**  
**中金香港証券**

**as Joint Global Coordinators and Joint Bookrunners**

**J.P.Morgan**



**UBS**



**CICC**  
**中金香港証券**

**BofA Merrill Lynch**

**Deutsche Bank**



**HSBC**



**招銀國際**  
**CMB INTERNATIONAL**

**as Joint Bookrunners**

The Board is pleased to announce that the Company has entered into the Subscription Agreement with the Managers, under which, among other things, (i) the Company has agreed to issue and each Manager has severally agreed to subscribe and pay for, or to procure subscribers to subscribe and pay for, the Firm Bonds, in an aggregate principal amount of US\$600,000,000; and (ii) the Company has agreed to grant to the Managers an option to subscribe for all or any of the Option Bonds of up to an aggregate principal amount of US\$200,000,000, on the terms and subject to the conditions set out therein and summarised below. The Managers have not exercised the option to subscribe for any of the Option Bonds as at the date of this announcement. If the option to subscribe for the Option Bonds is exercised by the Managers in full, the maximum aggregate principal amount of the Bonds to be issued will be US\$800,000,000.

Assuming full conversion of the Firm Bonds at the initial Conversion Price of HK\$9.65 per H Share and no further issue of H Shares, the Firm Bonds will be convertible into approximately 484,364,766 H Shares, representing approximately 11.1% of the issued H share capital of the Company as at the date of this announcement and approximately 10.0% of the issued H share capital of the Company as at the date of this announcement as enlarged by the issue of the Conversion Shares upon full conversion of the Firm Bonds. Assuming full conversion of the Bonds (for the avoidance of doubt, including the Option Bonds) at the initial Conversion Price of HK\$9.65 per H Share and no further issue of H Shares, the Bonds will be convertible into approximately 645,819,689 H Shares, representing approximately 14.8% of the issued H share capital of the Company as at the date of this announcement and approximately 12.9% of the issued H share capital of the Company as at the date of this announcement as enlarged by the issue of the Conversion Shares upon full conversion of the Bonds.

The Conversion Shares will be fully paid and in all respects rank *pari passu* with the H Shares in issue on the relevant Conversion Date.

**The Bonds have not been offered or sold and may not be offered or sold in Hong Kong to the public within the meaning of the Companies (Winding Up and Miscellaneous Provisions) Ordinance of Hong Kong.**

**The Bonds and the Conversion Shares have not been and will not be registered under the US Securities Act and, subject to certain exceptions, may not be offered or sold within the United States. The Bonds are being offered and sold outside the United States in reliance on the US Securities Act.**

The estimated gross proceeds from the issue of the Bonds will be approximately US\$600 million (assuming no Option Bonds are issued) or approximately US\$800 million (assuming all Option Bonds are issued). The estimated net proceeds from the issue of the Bonds after deduction of commissions and other related expenses are estimated to be approximately US\$595.8 million (assuming no Option Bonds are issued) or approximately US\$794.4 million (assuming all Option Bonds are issued), which will be used to satisfy the production and international operation needs of the Company, including but not limited to adjusting its debt structure, increasing the capital contribution to its Subsidiaries, replenishing working capital and project investments etc., which may be utilised at the sole discretion of the Company both inside and outside of the PRC according to actual circumstances.

The Conversion Shares are to be issued under the General Mandate. The issue of the Bonds has been approved by the Shareholders in accordance with the Articles of Association on 30 October 2015.

A formal application will be made by the Company to the Hong Kong Stock Exchange for the listing of the Bonds on the Hong Kong Stock Exchange and an application will be made by the Company to the Hong Kong Stock Exchange for the listing of, and permission to deal in, the Conversion Shares on the Hong Kong Stock Exchange.

**Completion of the Subscription Agreement is subject to the satisfaction and/or waiver of the conditions precedent therein. In addition, the Subscription Agreement may be terminated in certain circumstances. Please refer to the paragraph headed “THE SUBSCRIPTION AGREEMENT” below for further information.**

**WARNING: As the issue and subscription of the Bonds may or may not complete, and the Bonds and/or the Conversion Shares may or may not be issued or listed, Shareholders and potential investors are advised to exercise caution when dealing in the Shares.**

## INTRODUCTION

The Board is pleased to announce that the Company has entered into the Subscription Agreement with the Managers, under which, among other things, (i) the Company has agreed to issue and each Manager has severally agreed to subscribe and pay for, or to procure subscribers to subscribe and pay for, the Firm Bonds, in an aggregate principal amount of US\$600,000,000; and (ii) the Company has agreed to grant to the Managers an option to subscribe for all or any of the Option Bonds of up to an aggregate principal amount of US\$200,000,000, on the terms and subject to the conditions set out therein and summarised below. The Managers have not exercised

the option to subscribe for any of the Option Bonds as at the date of this announcement. If the option to subscribe for the Option Bonds is exercised by the Managers in full, the maximum aggregate principal amount of the Bonds to be issued will be US\$800,000,000.

## **THE SUBSCRIPTION AGREEMENT**

### **Date:**

25 January 2016

### **Parties:**

- (a) the Company as issuer; and
- (b) J.P. Morgan Securities plc, UBS AG, Hong Kong Branch, China International Capital Corporation Hong Kong Securities Limited, Merrill Lynch Far East Limited, DEUTSCHE BANK AG, HONG KONG BRANCH, The Hongkong and Shanghai Banking Corporation Limited and CMB International Capital Limited as Managers.

### **Subscription:**

Subject to the fulfilment of the conditions set out below in the section headed “Conditions Precedents to the Subscription”, the Company has agreed to issue, and each Manager has agreed severally and not jointly to subscribe and pay for, or to procure subscribers to subscribe and pay for, the Firm Bonds on the Closing Date in an aggregate principal amount of US\$600,000,000.

In addition, the Company has agreed to grant to the Managers an option to subscribe for all or any of the Option Bonds of up to an aggregate principal amount of US\$200,000,000 at any time, on or before the 30th day following the Closing Date, on the terms and subject to the conditions of the Subscription Agreement. Such option shall be exercisable, in whole or in part, on one or more occasions, solely at the discretion of the Managers, by written notice to the Company at least two business days before the Option Closing Date. If the Option Closing Date falls on the same day as the Closing Date, the Managers shall pay the net subscription monies for the Firm Bonds and the Option Bonds on the Closing Date. For the avoidance of doubt, the Option Closing Date specified by the Managers may fall on the same day as the Closing Date.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Managers are third parties independent of the Company and are not connected persons (as defined in the Hong Kong Listing Rules) of the Company.

### **Subscribers**

The Managers have informed the Company that they intend to offer and sell the Bonds to no less than six independent placees (who will be independent individual, corporate and/or institutional investors). To the best of the Directors' knowledge, information and belief, none of the initial placees (and their ultimate beneficial owners) will be connected persons (as defined in the Hong Kong Listing Rules) of the Company.

### **Company Lock-up**

The Company has undertaken with the Managers that neither the Company nor any person acting on its behalf will (a) issue, offer, sell, pledge, encumber, contract to sell or otherwise dispose of or grant options, issue warrants or offer rights entitling persons to subscribe or purchase any interest in any H Shares or securities of the same class as the Bonds or the H Shares or any securities convertible into, exchangeable for or which carry rights to subscribe or purchase the Bonds, the H Shares or securities of the same class as the Bonds, the H Shares or other instruments representing interests in the Bonds, the H Shares or other securities of the same class as them, (b) enter into any swap or other agreement that transfers, in whole or in part, any of the economic consequences of the ownership of the H Shares, (c) enter into any transaction with the same economic effect as, or which is designed to, or which may reasonably be expected to result in, or agree to do, any of the foregoing, whether any such transaction of the kind described in (a), (b) or (c) is to be settled by delivery of H Shares or other securities, in cash or otherwise or (d) announce or otherwise make public an intention to do any of the foregoing, in any such case without the prior written consent of the Managers between the date of the Subscription Agreement and the date which is 90 days after the Closing Date (or (if later) the Option Closing Date) (both dates inclusive); except for the Bonds and the Conversion Shares. For the avoidance of doubt, the lock-up undertaking of the Company does not include the A Shares.

## **Shareholder Lock-up**

In addition, the Company has procured CRRC Group to execute a shareholder lock-up undertaking agreement that neither it nor any person acting on its behalf will (i) issue, offer, sell, pledge, encumber, contract to sell or otherwise dispose of or grant options, issue warrants or offer rights entitling persons to subscribe or purchase any interest in any H Shares or securities of the same class as the Bonds or the H Shares or any securities convertible into, exchangeable for or which carry rights to subscribe or purchase the Bonds, the H Shares or securities of the same class as the Bonds, the H Shares or other instruments representing interests in the Bonds, the H Shares or other securities of the same class as them, (ii) enter into any swap or other agreement that transfers, in whole or in part, any of the economic consequences of the ownership of the H Shares, or (iii) enter into any transaction with the same economic effect as, or which is designed to, or which may reasonably be expected to result in, or agree to do, any of the foregoing, whether any such transaction of the kind described in (i), (ii) or (iii) is to be settled by delivery of H Shares or other securities, in cash or otherwise or (iv) announce or otherwise make public an intention to do any of the foregoing, in any such case without the prior written consent of the Managers between the date of the Subscription Agreement and the date which is 90 days after the Closing Date (or (if later) the Option Closing Date) (both dates inclusive); except for the Bonds and the Conversion Shares. For the avoidance of doubt, the lock-up undertaking of CRRC Group does not include the A Shares.

## **Conditions Precedent to the Subscription**

The obligations of the Managers to subscribe and pay for the Bonds are subject to the following conditions precedent:

1. each of the Managers being satisfied with the results of its due diligence investigations with respect to the Company and its Subsidiaries and the Offering Circular having been prepared in form and content satisfactory to the Managers.
2. the execution and delivery (on or before the Closing Date) of the Contracts other than the Subscription Agreement, each in a form reasonably satisfactory to the Managers, by the respective parties;
3. CRRC Group shall have executed a lock-up agreement (in agreed form) on or before the Closing Date.

4. upon the publication date of the Offering Circular and on the Closing Date and the Option Closing Date (if any), there shall have been delivered to the Managers letters, in form and substance satisfactory to the Managers, dated the publication date of the Offering Circular in the case of the first letter and dated the Closing Date and the Option Closing Date (if any) in the case of subsequent letters, and addressed to the Managers from the Auditors;
5. at the Closing Date and the Option Closing Date (if any):
  - (a) the representations and warranties of the Company in the Subscription Agreement being true, accurate and correct at, and as if made on such date;
  - (b) the Company shall have performed all of its obligations under the Subscription Agreement to be performed on or before such date; and
  - (c) there having been delivered to the Managers a certificate confirming no material adverse change (in agreed form), dated as of such date, of a duly authorised officer of the Company to such effect;
6. after the date of the Subscription Agreement or, if earlier, the dates as of which information is given in the Offering Circular up to and at the Closing Date and the Option Closing Date (if any), there shall not have occurred any change (nor any development or event involving a prospective change), in the condition (financial or other), prospects, results of operations or general affairs of the Company or of the Group, which, in the opinion of the Managers, is material and adverse in the context of the issue and offering of the Bonds;
7. on or prior to the Closing Date, there shall have been delivered to the Managers copies of all resolutions, authorisations, documentations, consents and approvals required in relation to the issue of the Bonds and the performance of its obligations under the Trust Deed, the Agency Agreement and the Bonds;
8. on the date of the Subscription Agreement, there having been delivered to the Managers a certificate of no default (in agreed form) dated as of such date, of a duly authorised officer of the Company;
9. the Hong Kong Stock Exchange having agreed, subject to any conditions reasonably satisfactory to the Managers, to list the Bonds and the Conversion Shares (or, in each case, the Managers being reasonably satisfied that such listing will be granted);
10. on the Closing Date, there have been delivered to the Managers a certificate (in agreed form) as of such date and signed by the chief financial officer of the Company; and



11. on or before the Closing Date and the Option Closing Date (if any), there have been delivered to the Managers legal opinions, in form and substance satisfactory to the Managers, dated the Closing Date or the Option Closing Date, as the case may be.

The Managers may, at their discretion and upon such terms as they think fit, waive compliance with the whole or any part of the above conditions precedent (other than conditions (2) and (9) above). The above conditions precedent must be satisfied and/or (as the case may be) waived on or prior to the Closing Date or the Option Closing Date, as the case may be.

### **Termination of the Subscription**

The Managers may, by notice to the Company given at any time prior to payment of the net subscription monies for the Firm Bonds or the Option Bonds (if any) to the Company, terminate the Subscription Agreement in any of the following circumstances:

1. if there shall have come to the notice of the Managers any breach of, or any event rendering untrue or incorrect in any respect, any of the warranties and representations contained in the Subscription Agreement or any failure by the Company to perform any of its undertakings or obligations in the Subscription Agreement;
2. if any of the conditions specified in the paragraph headed “Conditions Precedent to the Subscription” has not been satisfied or waived by the Managers on or prior to the Closing Date or the Option Closing Date, as the case may be;
3. if in the opinion of the Managers, there shall have been, since the date of the Subscription Agreement, any change, or any development involving a prospective change, in national or international monetary, financial, political or economic conditions (including any disruption to trading generally, or trading in any securities of the Company on any stock exchange or in any over-the-counter market) or currency exchange rates or foreign exchange controls such as would in its view, be likely to prejudice materially the success of the offering and distribution of the Bonds or dealings in the Bonds in the secondary market;
4. if, in the opinion of the Managers, there shall have occurred any of the following events: (i) a suspension or a material limitation in trading in securities generally on the Shanghai Stock Exchange, the New York Stock Exchange, the London Stock Exchange plc, the Hong Kong Stock Exchange and/or any other stock exchange on which the Company’s securities are traded; (ii) a suspension or a material limitation in trading in the Company’s securities on the Hong Kong



Stock Exchange, the Shanghai Stock Exchange and/or any other stock exchange on which the Company's securities are traded; (iii) a general moratorium on commercial banking activities in the PRC, the United States, Hong Kong and/or the United Kingdom declared by the relevant authorities or a material disruption in commercial banking or securities settlement or clearance services in the PRC, the United States, Hong Kong or the United Kingdom; or (iv) a change or development involving a prospective change in taxation affecting the Company, the Bonds and the Conversion Shares or the transfer thereof; or

5. if, in the opinion of the Managers, there shall have occurred any event or series of events (including the occurrence of any local, national or international outbreak or escalation of disaster, hostility, insurrection, armed conflict, act of terrorism, act of God or epidemic) as would in their view be likely to prejudice materially the success of the offering and distribution of the Bonds or dealings in the Bonds in the secondary market.

## **PRINCIPAL TERMS OF THE BONDS**

**The principal terms of the Bonds are summarised as follows:**

<i>Issuer</i>	The Company
<i>Principal Amount</i>	Firm Bonds in the principal amount of US\$600,000,000, and the Option Bonds of up to an additional aggregate amount of US\$200,000,000. The Managers have not exercised the option to subscribe for any of the Option Bonds as at the date of this announcement. If the option to subscribe for Option Bonds is exercised by the Managers in full, the maximum aggregate principal amount of the Bonds to be issued will be US\$800,000,000.
<i>Maturity Date</i>	Unless previously redeemed, converted or purchased and cancelled, the Company will redeem each Bond at 100 per cent. of its outstanding principal amount on 5 February 2021.
<i>Issue Price</i>	100% of the principal amount of the Bonds
<i>Interest</i>	The Bonds are zero coupon and do not bear any interest.

However, where upon due presentation of a Bond pursuant to the Conditions and the payment of principal is improperly withheld or refused, it will bear interest at the rate of two per cent. per annum (both before and after judgment) until whichever is the earlier of (a) the date on which all sums due in respect of such Bond up to that date are received by or on behalf of the relevant holder, and (b) the day which is seven days after the Trustee or the Principal Agent has notified Bondholders in receipt of all sums due in respect of all the Bonds up to that seventh day (except to the extent that there is a failure in the subsequent payment to the relevant holders under these Conditions). If interest is required to be calculated for a period of less than one year, it will be determined on the basis of a 360-day year consisting of twelve months of 30 days each.

### *Conversion*

Subject to and upon compliance with the provisions of the Conditions, the Conversion Right attaching to any Bond may be exercised, at the option of such Bondholder, at any time (i) on or after 17 March 2016 up to the close of business (at the place where the certificate evidencing such Bond is deposited for conversion) on the date falling 26 January 2021 or (ii) if such Bond shall have been called for redemption by the Company before the Maturity Date, then up to and including the close of business (at the place aforesaid) on a date no later than 10 business days (at the place aforesaid) prior to the date fixed for redemption thereof, provided that (i) no Conversion Right may be exercised in respect of a Bond where the Bondholder shall have exercised its right to require the Company to redeem or repurchase such Bond pursuant to the Conditions during a Restricted Conversion Period (both dates inclusive) and (ii) the Conversion right is exercised subject to any applicable fiscal or other laws or regulations or as otherwise provided in the Conditions.

A Conversion Right may not be exercised during a Restricted Conversion Period.

The number of Conversion Shares will be determined by dividing the principal amount of the Bond to be converted (translated into HK dollars at the fixed rate of HK\$7.7902 = US\$1.00) by the Conversion Price in effect on the Conversion Date.

#### *Conversion Price*

The initial Conversion Price will be HK\$9.65 per Conversion Share. The initial Conversion Price of HK\$9.65 represents: (i) a premium of approximately 32.2% over the closing price of HK\$7.30 per H Share as quoted on the Hong Kong Stock Exchange on the Last Trading Day; (ii) a premium of 35% over the average closing price of HK\$7.148 for the three trading days up to and including the Last Trading Day.

The initial Conversion Price is determined by the parties after arm's length negotiations with reference to the recent share price and future prospects of the Company.

The Conversion Price is subject to adjustment for, amongst other things, consolidation, subdivision or reclassification, capitalisation of profits or reserves, capital distributions, rights issues of Shares or options over Shares at less than 95% of the then current market price per Share, rights issues of other securities, issues of H Shares, options, warrants or other rights to subscribe for, purchase or otherwise acquire Shares at less than 95% of the then current market price per H Share, other issues at less than 95% of the then current market price per H Share, modification of rights of conversion price of securities to less than 95% of the then current market price per H Share, other offers to Shareholders and other dilutive events, subject to certain exceptions. The Conversion Price may not be reduced so that, on conversion of the Bonds, Conversion Shares would fall to be issued at a discount to their nominal value or would require H Shares to be issued in any other circumstances not permitted by applicable law.

*Adjustment upon  
Change of Control*

If a Change of Control shall have occurred, the Company shall give notice of that fact to the Bondholders within 7 days after it becomes aware of such Change of Control. Following the giving of a Change of Control notice, upon any exercise of Conversion Rights such that the relevant Conversion Date falls within 30 days following the later of (a) the relevant Change of Control and (b) the date on which the Change of Control notice is given to Bondholders (such period, the “**Change of Control Conversion Period**”), the Conversion Price shall be adjusted in accordance with the following formula:

$$\text{NCP} = \frac{\text{OCP}}{1 + (\text{CP} \times c/t)}$$

where:

“NCP” means the Conversion Price after such adjustment;

“OCP” means the Conversion Price before such adjustment. For the avoidance of doubt, the OCP shall be the Conversion Price in effect on the relevant conversion date;

“CP” means 35 per cent. expressed as a fraction;

“c” means the number of days from and including the first day of the Change of Control Conversion Period to but excluding the Maturity Date; and

“t” means the number of days from and including the Closing Date to but excluding the Maturity Date.

*Ranking of Conversion  
Shares*

The Conversion Shares will in all respects rank pari passu with, and within the same class as, the H Shares in issue on the date the name of the holder of record of the number of H Shares issuable upon conversion are registered as such in the register of members for H Shares of the Company except for any right excluded by mandatory provisions of applicable law.

*Redemption at Maturity*

Unless previously redeemed, converted or purchased and cancelled, the Company will redeem each Bond at 100 per cent of its outstanding principal amount on the Maturity Date. The Company may not redeem the Bonds at its option prior to that date except as provided below.

*Redemption at the  
option of the  
Company*

The Company may, having given not less than 30 nor more than 60 days' notice to the Bondholders, the Trustee and the Principal Agent (which notice will be irrevocable), redeem the Bonds in whole but not some only at 100 per cent of their outstanding principal amount (as defined in the Conditions) as at the relevant redemption date (i) at any time after 5 February 2019 but not less than seven business days prior to the Maturity Date, provided that no such redemption may be made unless the closing price of an H Share translated into US dollars at the Prevailing Rate applicable to each H Share Stock Exchange Business Day, for any 20 H Share Stock Exchange Business Days within a period of 30 consecutive H Share Stock Exchange Business Days, the last of such H Share Stock Exchange Business Day shall occur not more than 10 days prior to the date upon which notice of such redemption is given, was for each such 20 H Share Stock Exchange Business Days, at least 130% of the then Conversion price. If there shall occur an event giving rise to a change in the Conversion Price during any such 30 consecutive H Share Stock Exchange Business Day period, appropriate adjustments for the relevant days approved by an Independent Investment Bank shall be made for the purpose of calculating the closing price of the H Shares for such days; or (ii) if at any time the aggregate principal amount of the Bonds outstanding is less than 10% of the aggregate principal amount originally issued (including any further issue and any Option Bonds). Upon expiration of the notice, the Company will be bound to redeem the relevant Bonds at 100 per cent of their outstanding principal amount at the date fixed for such redemption.

*Redemption for taxation  
reasons*

At any time the Company may, having given not less than 30 nor more than 60 days' notice to the Trustee, the Principal Agent and the Bondholders (which notice will be irrevocable) redeem all but not some only of the Bonds at 100 per cent of their outstanding principal amount as at the relevant redemption date, if (i) the Company satisfies the Trustee immediately prior to the giving of such notice that the Company has or will become obliged to pay additional tax as a result of any change in, or amendment to, the laws or regulations of the PRC or Hong Kong or any political subdivision or any authority thereof or therein having power to tax, or any change in the general application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after 25 January 2016, and (ii) such obligation cannot be avoided by the Company taking reasonable measures available to it, provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Company would be obliged to pay such additional tax were a payment in respect of the Bonds then due.

*Redemption for  
delisting, suspension  
of trading of H  
Shares or Change of  
Control*

Each Bondholder shall have the right to require the Company to redeem in whole but not some only such Bondholder's Bonds at 100 per cent of their outstanding principal amount when the following occurs: (i) when there is a Change of Control, or (ii) when the H Shares cease to be listed or admitted to trading on the Hong Kong Stock Exchange or (iii) where there is a suspension in trading of H Shares for a consecutive period of (a) 30 consecutive H Share Stock Exchange Business Days or (b) in the case where such suspension in relation to any major acquisition or disposal of assets or securities by, or any solvent merger, consolidation or reorganisation of, the Issuer or any of its Subsidiaries which require approvals from relevant regulatory authorities and the reason for such suspension is publicly disclosed at the time of the announcement in respect of that suspension, 90 consecutive H Share Stock Exchange Business Days.

<i>Redemption at the option of the Bondholders</i>	On 5 February 2019, the holder of each Bond will have the right at such holder's option, to require the Company to redeem all or some of that holder's Bonds at 100 per cent of their outstanding principal amount.
<i>Transferability</i>	The Bonds will be freely transferable, subject to certain restricted transfer periods.
<i>Form and Denomination</i>	The Bonds are issued in registered form in the denomination of US\$250,000 each and integral multiples in excess thereof. Upon issue, the Bonds will be represented by a global certificate registered in the name of a nominee of, and deposited with, a common depository for Euroclear Bank S.A./N.V. ("Euroclear"), as operator of the Euroclear System and Clearstream Banking S.A..
<i>Status</i>	The Bonds constitute direct, unsubordinated, unconditional and (subject to the provision relating to the negative pledge below) unsecured obligations of the Company and the Bonds shall at all times rank pari passu and without any preference or priority among themselves. The payment obligations of the Company under the Bonds shall, save for such exceptions as may be provided by mandatory provisions of applicable legislation and subject to the provision relating to the negative pledge, at all times rank at least equally with all of its other present and future direct, senior, unsubordinated, unconditional and unsecured obligations.



### *Negative Pledge*

So long as any Bond remains outstanding (as defined in the Trust Deed), the Company will not create or permit to subsist, and will procure that none of its Subsidiaries will, create, or have outstanding, any mortgage, charge, pledge, lien or other form of encumbrance or security interest upon the whole or any part of its undertaking, assets or revenues, present or future, to secure any Investment Securities, or to secure any guarantee or indemnity in respect of any Investment Securities unless, at the same time or prior thereto according to the Bonds the same security as is created or subsisting to secure any such Investment Securities, guarantee or indemnity or such other security as either (x) the Trustee shall in its absolute discretion deem not materially less beneficial to the interests of the Bondholders or (y) shall be approved by an Extraordinary Resolution (as defined in the Trust Deed) of the Bondholders.

### **GENERAL MANDATE TO ISSUE THE CONVERSION SHARES**

The issue of the Bonds has been approved by the Shareholders in accordance with the Articles of Association on 30 October 2015. The issue of the Conversion Shares is not subject to Shareholders' approval. The Conversion Shares will be issued pursuant to the General Mandate, subject to the limit of up to 874,213,208 H Shares. As at the date of this announcement, the General Mandate has not been utilised. The Conversion Shares will utilise, based on the initial Conversion Price, approximately 645,819,689 H Shares under the General Mandate.

### **APPLICATION FOR LISTING**

A formal application will be made by the Company to the Hong Kong Stock Exchange for the listing of the Bonds on the Hong Kong Stock Exchange and an application will be made by the Company to the Hong Kong Stock Exchange for the listing of, and permission to deal in, the Conversion Shares on the Hong Kong Stock Exchange.

**Completion of the Subscription Agreement is subject to the satisfaction and/or waiver of the conditions precedent therein. In addition, the Subscription Agreement may be terminated in certain circumstances. Please refer to the paragraph headed "THE SUBSCRIPTION AGREEMENT" above for further information.**

**WARNING: As the issue and subscription of the Bonds may or may not complete, and the Bonds and/ or the Conversion Shares may or may not be issued or listed, Shareholders and potential investors are advised to exercise caution when dealing in the Shares.**

## **REASONS FOR THE SUBSCRIPTION AND USE OF PROCEEDS**

The Company is principally engaged in research and development, design, manufacturing, refurbishment, sales, leasing and technical support of locomotives, MUs, 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 and import and export businesses.

The gross proceeds from the subscription of the Bonds (assuming the Option Bonds are issued in full) are estimated to be approximately US\$800 million. The net proceeds from the subscription of the Bonds (assuming the Option Bonds are issued in full and after deduction of commissions and other related expenses), are estimated to be approximately US\$793.6 million, which will be used to satisfy the production and operation needs of the Company, adjust its debt structure, increase the capital contribution to Subsidiaries, replenish working capital and project investments etc., which may be utilised at the sole discretion of the Company according to actual circumstances both inside and outside of the PRC. The net price for each Conversion Share, based on the initial Conversion Price, is approximately HK\$9.57.

## **FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS**

The Company has not carried out any issue of equity securities during the 12 months immediately preceding the date of this announcement.

## **EFFECTS ON SHAREHOLDING STRUCTURE**

Assuming full conversion of the Firm Bonds at the initial Conversion Price of HK\$9.65 per H Share and no further issue of H Shares, the Firm Bonds will be convertible into approximately 484,364,766 H Shares, representing approximately 11.1% of the issued H share capital of the Company as at the date of this announcement and approximately 10.0% of the issued H share capital of the Company as at the date of this announcement as enlarged by the issue of the Conversion Shares upon full conversion of the Firm Bonds. Assuming full conversion of the Bonds (for the avoidance of doubt, including the Option Bonds) at the initial Conversion Price of HK\$9.65 per H Share and no further issue of H Shares, the Bonds will be convertible into approximately 645,819,689 H Shares, representing

approximately 14.8% of the issued H share capital of the Company as at the date of this announcement and approximately 12.9% of the issued H share capital of the Company as at the date of this announcement as enlarged by the issue of the Conversion Shares upon full conversion of the Bonds.

The Conversion Shares will rank *pari passu* in all respects with the H Shares then in issue on the relevant Conversion Date.

The following table summarises the potential effects on the shareholding structure of the Company as a result of the Subscription (by reference to the information on shareholdings available to the Company as at the date of this announcement and assuming full conversion of the Bonds and no further issue of H Shares):

Name of Shareholders	As at the date of this announcement		Assuming the Firm Bonds (excluding the Option Bonds) are converted into Conversion Shares at the initial Conversion Price		Assuming the Bonds (including Option Bonds) are fully converted into Conversion Shares at the initial Conversion Price	
	Number of Shares	% of total issued	Number of Shares	% of the enlarged issued	Number of Shares	% of the enlarged issued
		Shares		Shares		Shares
CRRC Group <i>(Note)</i>	15,259,580,738	55.92	15,259,580,738	54.94	15,259,580,738	54.63
	A Shares		A Shares		A Shares	
<b>Public Shareholders:</b>						
Subscribers	—	—	484,364,766	1.74	645,819,689	2.31
			H Shares		H Shares	
Other public	7,658,111,555	28.06	7,658,111,555	27.57	7,658,111,555	27.41
Shareholders	A Shares		A Shares		A Shares	
	4,371,066,040	16.02	4,371,066,040	15.74	4,371,066,040	15.65
	H Shares		H Shares		H Shares	
Total Issued Shares	27,288,758,333	100	27,773,123,099	100	27,934,578,022	100

*Note:*

380,172,012 A Shares and 93,085,715 A Shares are held by Beijing CNR Investment Co., Ltd and CSR Capital Company respectively, which are wholly-owned Subsidiaries of CRRC Group.

## DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context otherwise requires:

“A Share(s)”	domestic share(s) with a nominal value of RMB1.00 each in the share capital of the Company which are listed on the Shanghai Stock Exchange (Stock Code: 601766)
“Agency Agreement”	the paying, conversion and transfer agency agreement to be entered into between the Company, the Trustee and the other agents named therein
“Articles of Association”	the articles of association of the Company
“Auditors”	Deloitte Touche Tohmatsu CPA LLP, Certified Public Accountants, the external auditor of the Company
“Board”	the board of Directors
“Bonds” or “Convertible Bonds”	the Firm Bonds and the Option Bonds
“Bondholders”	holder(s) of the Bond(s) from time to time
“Change of Control”	<p>occurs when:</p> <ul style="list-style-type: none"><li>(i) State-owned Assets Supervision and Administration Commission of the State Council of the PRC or its successor ceases to control CRRC Group;</li><li>(ii) CRRC Group ceases to hold 35 per cent., directly or indirectly, of the voting rights of the Company;</li><li>(iii) other than CRRC Group, any person or persons, acting together, acquires control of the Company if such person or persons does not or do not have, would not be deemed to have, control of the Company on or about 5 February 2016;</li></ul>

(iv) the Company consolidates with or merges into or sells or transfers all or substantially all of the Company's assets to any other person, unless the consolidation, merger, sale or transfer will not result in the other person or persons acquiring control over the Company or the successor entity; or

(v) one or more other persons acquires the legal or beneficial ownership of all or substantially all of the Company's issued share capital.

“China International Capital Corporation Hong Kong Securities Limited”	China International Capital Corporation Hong Kong Securities Limited, one of the Managers relating to the Bonds
“Closing Date”	on or about 5 February 2016 or such other date (being not later than 19 February 2016) on which the Firm Bonds are issued
“CMB International Capital Limited”	CMB International Capital Limited, one of the Managers relating to the Bond
“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 A Shares of which are listed on the Hong Kong Stock Exchange and the Shanghai Stock Exchange respectively
“Conditions”	the terms and conditions in relation to the Bonds
“Contracts”	the Subscription Agreement, the Agency Agreement and the Trust Deed
“Control”	means (a) the acquisition or control of more than 50 per cent. of the Voting Rights of the issued share capital of the Company or the right to appoint and/or remove all or the majority of the members of the Board or other governing body, whether obtained directly or indirectly, and whether obtained by ownership of share capital, the possession of Voting Rights, contract or otherwise
“Conversion Date”	the conversion date in respect of the Bonds

“Conversion Price”	the price per H Share at which the H Shares will be issued upon conversion 100 per cent of and the initial conversion price being HK\$9.65 per Conversion Share (subject to adjustment)
“Conversion Ratio”	equals to the principal amount of each Bond converted into HK dollars by the Fixed Exchange Rate divided by the then Conversion Price
“Conversion Right”	the right of a Bondholder to convert any Bond into H Shares
“Conversion Shares”	the H Share(s) to be issued by the Company upon conversion of the Bonds
“CRRC Group”	CRRC Group Co., Ltd. (中國中車集團公司), a large-scale state-owned enterprise and controlling Shareholder of the Company
“DEUTSCHE BANK AG, HONG KONG BRANCH”	Deutsche Bank AG, Hong Kong Branch, one of the Managers relating to the Bond
“Director(s)”	director(s) of the Company
“Firm Bonds”	zero coupon convertible bonds with an initial aggregate principal amount of US\$600,000,000 due 2021 to be issued by the Company pursuant to the Subscription Agreement
“Fixed Exchange Rate”	the fixed rate of HK\$7.7902 =US\$1.00
“General Mandate”	the general mandate granted to the Directors by the Shareholders pursuant to a special resolution passed at the extraordinary general meeting of the Company held on 30 October 2015
“H Share(s)”	overseas listed foreign invested share(s) with a nominal value of RMB1.00 each in the share capital of the Company which are listed on the Hong Kong Stock Exchange and traded in Hong Kong dollars (Stock Code: 1766)

“H Share Stock Exchange Business Day”	any day (other than a Saturday or Sunday) on which the Hong Kong Stock Exchange is open for the business of dealing in securities
“HK\$” or “HK dollars”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region
“Hong Kong Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“The Hongkong and Shanghai Banking Corporation Limited”	The Hongkong and Shanghai Banking Corporation Limited, one of the Managers relating to the Bond
“Independent Investment Bank”	an independent investment bank of international repute selected by the Company and notified in writing to the Trustee. If the Company fails to select an Independent Investment Bank when required by the Conditions, the Trustee may (at its absolute discretion) (but shall not be obliged to) select the Independent Investment Bank
Investment Securities”	any present or future indebtedness in the form of, or represented by, bonds, debentures, notes, loan stock, bearer participation certificates, depositary receipts, certificates of deposit or other investment securities which represent indebtedness and are for the time being, or are intended to be or capable of being, quoted, listed, ordinarily dealt in or traded on any stock exchange or over-the-counter or other securities market, and for the avoidance of doubt, shall not include indebtedness under any loan or loan facility obtained by the Company or its Subsidiary in the ordinary course of business
“Issue Price”	100% of the principal amount
“J.P. Morgan Securities plc”	J.P. Morgan Securities plc, one of the Mangers relating to the Bonds
“Last Trading Day”	25 January 2016



“Merrill Lynch Far East Limited”	Merrill Lynch Far East Limited, one of the managers relating to the Bond
“Maturity Date”	5 February 2021, being the date on which the Convertible Bonds mature
“Offering Circular”	the offering circular which the Company shall use for issue of the Bonds and the listing of the Bonds on the Stock Exchange
“Option Bonds”	the additional Convertible Bonds to be issued by the Company upon the exercise of an option granted by the Company to the Managers pursuant to the Subscription Agreement
“Option Closing Date”	the date the Option Bonds are to be issued by the Company against payment for the Option Bonds
“PRC”	the People’s Republic of China, which for the purpose of this announcement, shall exclude Hong Kong, Macau Special Administrative Region and Taiwan
“Prevailing Rate”	in respect of any currency on any day, the bid exchange rate between the relevant currencies prevailing as at or about 12:00 noon (Hong Kong time) on that date as appearing on or derived from the Relevant Page or, if such a rate cannot be determined at such time, the rate prevailing as at or about 12:00 noon (Hong Kong time) on the immediately preceding day on which such rate can be so determined
“Principal Agent”	The Hongkong and Shanghai Banking Corporation Limited
“Relevant Page”	the relevant Bloomberg BFIX page (or its successor page) or, if there is no such page, on the relevant Reuters HKDFIX page (or its successor page) or such other information service provider that displays the relevant information;

“Restricted Conversion Period”	the period (a) commencing on the date falling 30 days prior to a Shareholders’ meeting and ending on the date of that meeting; or (b) commencing the date falling five days prior to the record date set by the Company for the purpose of distribution of any dividend and ending on such record date; or (c) commencing on such date and for such period as determined by applicable law from time to time that the Company is required to close its register, during which a Conversion Right may not be exercised in relation to any Bond
“Shareholder(s)”	shareholder(s) of the Company
“Share(s)”	A Share(s) and H Share(s)
“Subscription”	the subscription and issue of the Bonds pursuant to the Subscription Agreement
“Subscription Agreement”	a conditional subscription agreement dated 25 January 2016 entered into between the Company and the Managers in relation to, among other things, the Subscription
“Subsidiary”	means (i) in relation to any person, any company or other business entity of which that person owns or controls (either directly or through one or more other Subsidiaries) more than 50 per cent. of the issued share capital or other ownership interest having ordinary voting power to elect directors, managers or trustees of such company or other business entity or (ii) any company or other business entity which at any time has its accounts consolidated with those of that person or which, under the laws of the Hong Kong or the PRC, or in accordance with generally accepted accounting principles applicable in the PRC from time to time, should have its accounts consolidated with those of that person.
“Trustee”	The Hongkong and Shanghai Banking Corporation Limited, the trustee to be appointed in relation to the Bonds
“Trust Deed”	the trust deed to be executed into between the Company and the Trustee

“UBS AG, Hong Kong Branch”	UBS AG, Hong Kong Branch, one of the Mangers relating to the Bonds
“United States”	the United States of America, its territories and possessions, any states of the United States, and the District of Columbia
“US\$” or “US dollars”	United States dollars, the lawful currency of the United States of America
“US Securities Act”	the United States Securities Act of 1933, as amended
“Voting Rights”	means the right generally to vote at a general meeting of shareholders of the Company (irrespective of whether or not, at the time, stock of any other class or classes shall have, or might have, voting power by reason of the happening of any contingency).

By order of the Board  
**CRRC Corporation Limited**  
**Cui Dianguo**  
*Chairman*

Beijing, the PRC  
26 January 2016

*As at the date of this announcement, the executive directors of the Company are Mr. Cui Dianguo, Mr. Zheng Changhong, Mr. Liu Hualong, Mr. Xi Guohua and Mr. Fu Jianguo; the non-executive director is Mr. Liu Zhiyong; and the independent non-executive directors are Mr. Li Guo'an, Mr. Zhang Zhong, Mr. Wu Zhuo, Mr. Sun Patrick and Mr. Chan Ka Keung, Peter.*