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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**

**CAPITAL CONTRIBUTION AGREEMENT FOR THE  
ESTABLISHMENT OF CRRC FINANCIAL LEASING COMPANY LIMITED**

Reference is made to the connected transaction announcement of the Company dated 23 December 2015 in relation to the establishment of CRRC Financial Leasing Company.

The Board announced that on 16 June 2016, the Company entered into the Capital Contribution Agreement with CRRC Group, Yanzhou Coal, China Energy Reserve and Tianjin Trust to establish CRRC Financial Leasing Company by contributing capital in accordance with the terms and conditions of the Capital Contribution Agreement. Upon completion of the Transaction, the equity interests of CRRC Financial Leasing Company will be held as to 41%, 9%, 25%, 15% and 10% by the Company, CRRC Group, Yanzhou Coal, China Energy Reserve and Tianjin Trust, respectively.

As at the date of this announcement, CRRC Group is a controlling shareholder holding, directly and indirectly, 55.92% equity interests of the Company (including 0.34% equity interests of the Company indirectly held through its wholly-owned subsidiary, CSR Capital Company, and 1.39% equity interests of the Company indirectly held through its wholly-owned subsidiary, CRRC Financial and Securities Investment Co., Ltd.) and is thus a connected person of the Company under the Hong Kong Listing Rules. The establishment of CRRC Financial Leasing Company constitutes a connected transaction of the Company under Chapter 14A of the Hong Kong Listing Rules.

Since all applicable percentage ratios in relation to the Transaction exceed 0.1% but are less than 5%, the Transaction is subject to annual reporting and announcement requirements but is exempt from independent Shareholders' approval requirement under Chapter 14A of the Hong Kong Listing Rules.

## **1. INTRODUCTION**

Reference is made to the connected transaction announcement of the Company dated 23 December 2015 in relation to the establishment of CRRC Financial Leasing Company. As disclosed in the announcement, the Company entered into the Agreement with CRRC Group on 23 December 2015 to establish the CRRC Financial Leasing Company by jointly contributing capital in accordance with the terms and conditions of the Agreement. If the transaction were to be completed under the Agreement, CRRC Financial Leasing Company would become a subsidiary of the Company and its equity interest would be held as to 91% and 9% respectively by the Company and CRRC Group. The establishment of CRRC Financial Leasing Company by way of jointly contributing capital by the Company and CRRC Group is subject to approval from CBRC and other relevant authorities of the PRC.

During the preparation process of establishing the CRRC Financial Leasing Company, the Company proposed to adjust the plan for the establishment of the CRRC Financial Leasing Company pursuant to the relevant policy requirements and future development needs of CRRC Financial Leasing Company; and added three other investors, namely, Yanzhou Coal, China Energy Reserve and Tianjin Trust, in addition to the original investors, CRRC Group and the Company, to contribute capital for the establishment of CRRC Financial Leasing Company. On 16 June 2016, the Company entered into the Capital Contribution Agreement with the CRRC Group, Yanzhou Coal, China Energy Reserve and Tianjin Trust to establish CRRC Financial Leasing Company by contributing capital in accordance with the terms and conditions of the Capital Contribution Agreement. Upon completion of the Transaction, the equity interests of CRRC Financial Leasing Company will be held as to 41%, 9%, 25%, 15% and 10% by the Company, CRRC Group, Yanzhou Coal, China Energy Reserve and Tianjin Trust, respectively.

## **2. Capital Contribution Agreement**

### **2.1 Date**

16 June 2016

### **2.2 Parties**

- (1) the Company
- (2) CRRC Group
- (3) Yanzhou Coal
- (4) China Energy Reserve
- (5) Tianjin Trust

### 2.3 Registered capital of CRRC Financial Leasing Company and capital contribution by the parties

The registered capital of CRRC Financial Leasing Company is RMB3 billion. Upon the granting of approval by CBRC for the establishment of CRRC Financial Leasing Company, the parties shall contribute to the registered capital of CRRC Financial Leasing Company as follows:

<b>Parties</b>	<b>Form of capital contribution</b>	<b>Amount of capital contribution (RMB million)</b>	<b>Percentage of equity interest in CRRC Financial Leasing Company (%)</b>
The Company	Cash	1,230	41%
CRRC Group	Cash	270	9%
Yanzhou Coal	Cash	750	25%
China Energy Reserve	Cash	450	15%
Tianjin Trust	Cash	300	10%

Pursuant to the Capital Contribution Agreement, the respective contributions shall be paid by the parties as a one-off payment.

### 2.4 Business scope of CRRC Financial Leasing Company

CRRC Financial Leasing Company shall be established as a non-banking financial institution in the PRC subject to the applicable laws and regulations of the PRC and regulated by CBRC. Subject to review and approval by CBRC and registration with the administrative department of industry and commerce of the PRC, the business scope of CRRC Financial Leasing Company will include financial leasing business, outward or inward transfer of financial leasing assets, fixed income securities investment business, acceptance of leasing deposits from lessee, intake of fixed deposits with maturity of 3 months or above from non-bank Shareholders, interbank borrowings, borrowings from financial institutions, offshore borrowings, leasing asset sale and disposal business, economic consultancy and other businesses approved by CBRC.

CRRC Financial Leasing Company may or may not extend its services and businesses to CRRC Group and its associates. If CRRC Financial Leasing Company extends its services and businesses to CRRC Group and its associates, such transactions will constitute connected transactions of the Company under the Hong Kong Listing Rules, and the Company will then be required to comply with the applicable disclosure and independent Shareholders' approval requirements under the Hong Kong Listing Rules.

## **2.5 Pre-emptive right and restrictions**

Parties to the Capital Contribution Agreement shall not transfer their equity interests in CRRC Financial Leasing Company to any third party or pledge such equity interests or subject such equity interests under a trust within 5 years of the Capital Contribution Agreement.

## **3. REASONS FOR AND BENEFITS OF ENTERING INTO THE TRANSACTION WITH CRRC GROUP**

The establishment of CRRC Financial Leasing Company is expected to be beneficial in promoting the operational and financial integration of the Company, assisting in the development of the main businesses of the Company, and enhancing the core competitiveness of the Company.

The Directors (including independent non-executive Directors) consider that the Capital Contribution Agreement has been entered into on normal commercial terms and the relevant terms of the Transaction are fair and reasonable, and are in the interests of the Company and its Shareholders as a whole.

## **4. IMPLICATIONS UNDER THE HONG KONG LISTING RULES**

As at the date of this announcement, CRRC Group is a controlling shareholder holding, directly and indirectly, 55.92% equity interests of the Company (including 0.34% equity interests of the Company indirectly held through its wholly-owned subsidiary, CSR Capital Company, and 1.39% equity interests of the Company indirectly held through its wholly-owned subsidiary, CRRC Financial and Securities Investment Co., Ltd.) and is thus a connected person of the Company under the Hong Kong Listing Rules. The establishment of CRRC Financial Leasing Company constitutes a connected transaction of the Company under Chapter 14A of the Hong Kong Listing Rules.

Since all applicable percentage ratios in relation to the Transaction exceed 0.1% but are less than 5%, the Transaction is subject to annual reporting and announcement requirements but is exempt from independent Shareholders' approval requirement under Chapter 14A of the Hong Kong Listing Rules.

Five Directors, namely Cui Dianguo, Zheng Changhong, Liu Hualong, Xi Guohua and Fu Jianguo (who hold positions in CRRC Group), have abstained from voting on the Board resolution approving the Transaction. Save as stated above, none of the Directors have a material interest in the Transaction contemplated under the Capital Contribution Agreement and hence no other Directors have abstained from voting on the relevant Board resolution.

All Directors (including all independent non-executive Directors) consider that the Capital Contribution 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.

## **5. GENERAL INFORMATION ON THE PARTIES TO THE CAPITAL CONTRIBUTION AGREEMENT**

### ***The Company***

The Company is a joint stock limited company incorporated in the PRC. The Group is the largest rolling stock provider in the world, with the most diverse offerings and leading technologies. The main scope of business of the Company includes research and development, design, manufacturing, refurbishment, sales, leasing and technical support of 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.

### ***CRRC Group***

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

### ***Yanzhou Coal***

Yanzhou Coal is a joint stock limited company incorporated in the PRC, the H shares, American depositary shares and A shares of which are listed on the Hong Kong Stock Exchange, New York Stock Exchange and the Shanghai Stock Exchange,

respectively. Yanzhou Coal is primarily engaged in mining, preparation, processing and sales of coal and coal chemicals. The main products of Yanzhou Coal are steam coal for use in large-scale power plants, coking coal for metallurgical production and prime quality low-sulphur coal for use in pulverized coal injection.

### ***China Energy Reserve***

China Energy Reserve is a joint stock limited company incorporated in the PRC. The principal businesses of China Energy Reserve include oil and gas exploration and development, energy reserves and its integrated utilization, energy trading, development and production of energy chemical products, research and development of new energy, energy investment, etc.

### ***Tianjin Trust***

Tianjin Trust is a non-bank financial institution incorporated in the PRC and subject to the supervision and administration of the Tianjin Bureau of CBRC. The principal businesses of Tianjin Trust include trust of funds; trust of movable properties; trust of immovable properties; trust of marketable securities; trust of other properties or property rights; conducting investment fund businesses as a promoter of investment funds or fund management companies; reorganization, merger and acquisition of corporate assets, and project financing, corporate wealth management and financial advisory businesses; trustee for underwriting business of securities approved by the relevant authority under the State Council; engaging in intermediary, consulting and credit investigation businesses; custodian and safe deposit box businesses; utilization of inherent properties by way of deposits in financial institutions, lending to financial institutions, loans, leasing and investments; providing guarantees with inherent properties; engaging in interbank lending; and other businesses in compliance with the requirements of the laws and regulations or approved by CBRC.

## **6. SUBSEQUENT EVENT**

The establishment of CRRC Financial Leasing Company through the contribution of capital by the Company, CRRC Group, Yanzhou Coal, China Energy Reserve and Tianjin Trust is subject to approval from CBRC. Therefore, completion of the Transaction is subject to uncertainties.

In addition, since CBRC will review the qualifications of the parties after the formal submission of the relevant materials, the parties to the Transaction (other than the Company and CRRC Group) and their respective shareholding may change. In order to proceed with the establishment of the CRRC Financial Leasing Company, the president of the Company is authorised by the Board to change the parties to the Transaction (other than the Company and CRRC Group) and their respective

shareholding in accordance with the requirements of the relevant PRC regulatory authority. The Company will publish further announcements in relation to the establishment of the CRRC Financial Leasing Company in due course in accordance with the applicable regulatory requirements.

## 7. DEFINITION

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

“Agreement”	the Agreement on the Establishment of CRRC Financial Leasing Company Limited through capital contribution by the Company and CRRC Group (中國中車股份有限公司與中國中車集團公司之出資設立中車金融租賃有限公司協議書) entered into between the Company and CRRC Group on 23 December 2015
“Articles of Association”	the Articles of Association of the Company
“Board”	the Board of Directors of the Company
“CBRC”	China Banking Regulatory Commission (中國銀行業監督管理委員會);
“Capital Contribution Agreement”	the CRRC Financial Leasing Company Limited Capital Contribution Agreement (中車金融租賃有限公司出資協議書) entered into between the Company, CRRC Group, Yanzhou Coal, China Energy Reserve and Tianjin Trust on 16 June 2016
“China Energy Reserve”	China Energy Reserve and Chemicals Group Company Limited (中國國儲能源化工集團股份公司), a joint stock limited company incorporated in the PRC
“connected person(s)”	has the meaning ascribed thereto under the Hong Kong Listing Rules
“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

“CRRC Financial Leasing Company”	CRRC Financial Leasing Company Limited (中車金融租賃有限公司), a limited liability company to be incorporated in the PRC according to the Capital Contribution Agreement, the name of which is for temporary use and is subject to approval by the administrative department of industry and commerce of the PRC
“CRRC Group”	CRRC Group (中國中車集團公司), a large-scale state-owned enterprise and controlling shareholder of the Company
“Director(s)”	the directors (including the independent non-executive directors) of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Hong Kong Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended from time to time
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“PRC”	the People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder(s)”	shareholder(s) of the Company
“Tianjin Trust”	Tianjin Trust Co., Ltd. (天津信託有限責任公司), a non-bank financial institution incorporated in the PRC and subject to the supervision and regulation of the Tianjin Bureau of CBRC
“Transaction”	the transaction in respect of the establishment of CRRC Financial Leasing Company through the contribution of capital by the Company, CRRC Group, Yanzhou Coal, China Energy Reserve and Tianjin Trust in accordance with the terms and conditions of the Capital Contribution Agreement



“Yanzhou Coal”

Yanzhou Coal Mining Company Limited (兗州煤業股份有限公司), a joint stock limited company incorporated in the PRC, the H shares, American depositary shares and A shares of which are listed on the Hong Kong Stock Exchange, New York Stock Exchange and the Shanghai Stock Exchange, respectively

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

Beijing, the PRC  
16 June 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.*