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# THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your stock broker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in 中國鐵建高新裝備股份有限公司 (CRCC High-Tech Equipment Corporation Limited), you should at once hand this circular to the purchaser or transferee or to the bank or licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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**中国铁建**  
**CRCC High-Tech Equipment Corporation Limited**  
**中國鐵建高新裝備股份有限公司**

*(a joint stock company incorporated in the People's Republic of China with limited liability)*

**(Stock Code: 1786)**

- (1) CONTINUING CONNECTED TRANSACTION;**
- (2) PROPOSED DISTRIBUTION OF FINAL DIVIDEND;**
- (3) PROPOSED APPOINTMENT OF AUDITORS; AND**
- (4) NOTICE OF THE 2022 ANNUAL GENERAL MEETING**

**Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders  
in respect of the Continuing Connected Transaction**

**MESSIS 大有融資**

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A letter from the Board is set out on pages 4 to 16 of this circular. A letter from the Independent Board Committee in respect of the Products and Services Procurement Framework Agreement and proposed annual caps is set out on pages 17 to 18 of this circular. A letter of advice from Messis Capital Limited, the Independent Financial Adviser, in respect of the same to the Independent Board Committee and the Independent Shareholders is set out on pages 19 to 31 of this circular.

The 2022 AGM will be held at the office building of the Company at No. 384, Yangfangwang, Jinma Town, Kunming City, Yunnan Province, the PRC at 9:00 a.m. on Friday, 30 June 2023. The notice of the 2022 AGM is set out on pages 32 to 35 of this circular.

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## DEFINITIONS

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*In this circular, unless the context otherwise requires, the following expressions have the following meanings:*

“2022 AGM”	the 2022 annual general meeting to be held by the Company at the office building of the Company at No. 384, Yangfangwang, Jinma Town, Kunming City, Yunnan Province, the PRC at 9:00 a.m. on Friday, 30 June 2023
“associates”	has the same meaning as ascribed to it under the Listing Rules
“Board”	the board of Directors of the Company
“China” or “PRC”	the People’s Republic of China, and for the purpose of this circular, excluding Hong Kong, Macau and Taiwan
“China Civil Engineering Construction”	China Civil Engineering Construction Ltd. (中國土木工程集團有限公司), a limited liability company incorporated in the PRC, a subsidiary of CRCC, our Shareholder and a connected person of our Company
“China Railway Construction Investment Group”	China Railway Construction Investment Group Co., Ltd. (中國鐵建投資集團有限公司), a limited liability company incorporated in the PRC, a subsidiary of CRCC, our Shareholder and a connected person of our Company
“Company”	CRCC High-Tech Equipment Corporation Limited (中國鐵建高新裝備股份有限公司), a joint stock limited company, whose H Shares are listed on the Main Board of the Stock Exchange
“connected person(s)”	has the same meaning as ascribed to it under the Listing Rules
“CRCC”	China Railway Construction Corporation Limited (中國鐵建股份有限公司), a joint stock limited company incorporated in the PRC and our controlling Shareholder. Its H shares are listed on the Main Board of the Stock Exchange (stock code: 01186) and its A shares are listed on the Shanghai Stock Exchange (stock code: 601186)
“CRCC China-Africa Company”	CRCC China-Africa Construction Limited (中鐵建中非建設有限公司), a limited liability company incorporated in the PRC, a subsidiary of CRCC, our Shareholder and a connected person of our Company
“CRCC International Group”	CRCC International Group Co., Ltd, (中國鐵建國際集團有限公司), a limited liability company incorporated in the PRC, a subsidiary of CRCC, our Shareholder and a connected person of our Company

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## DEFINITIONS

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“CRCC”	China Railway Construction Corporation (中國鐵道建築集團有限公司), formerly known as China Railway Construction Corporation (中國鐵道建築總公司) and China Railway Construction Co., Ltd. (中國鐵道建築有限公司), the controlling shareholder of CRCC and a connected person of the Company
“Director(s)”	the director(s) of the Company
“Domestic Share(s)”	ordinary shares in the share capital of the Company, with nominal value of RMB1.00 each, which are subscribed for and paid up in Renminbi
“Group”	the Company and its subsidiaries
“H Share(s)”	overseas listed foreign shares in the share capital of our Company with nominal value of RMB1.00 each, which are listed on the Main Board of the Stock Exchange
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	the committee of Directors consisting of Mr. Wu Yuntian, Mr. Na Pengjie and Ms. Chu Ching, who are independent non-executive Directors, which is formed to advise on the Products and Services Procurement Framework Agreement, together with proposed annual caps thereunder
“Independent Financial Adviser”	Messis Capital Limited, being the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in relation to the Products and Services Procurement Framework Agreement, together with proposed annual caps thereunder
“Independent Shareholders”	the Shareholders other than CRCC and its four subsidiaries, namely China Railway Construction Investment Group, CRCC International Group, China Civil Engineering Construction and CRCC China-Africa Company who will abstain from voting on the resolution at the 2022 AGM with respect to the Products and Services Procurement Framework Agreement, together with proposed annual caps thereunder
“Latest Practicable Date”	6 June 2023, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange (as amended from time to time)
“Macau”	the Macau Special Administrative Region of the PRC

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## DEFINITIONS

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“Main Board”	the stock market (excluding the option market) operated by the Stock Exchange which is independent from and operated in parallel with the Growth Enterprise Market of the Stock Exchange
“Previous Products and Services Procurement Framework Agreement”	the products and services procurement framework agreement dated 31 July 2020 between the Company and CRCC, pursuant to which the Company and/or its subsidiaries agreed to procure products and services from CRCC and/or its associates, including: (i) materials and equipment required by the Company and/or its subsidiaries in their productions and sales; (ii) construction services; (iii) assets and equipment leasing services; (iv) railway line usage services; (v) maintenance services; and (vi) other paid services, for the term commencing from 1 January 2021 and ending on 31 December 2023
“Products and Services Procurement Framework Agreement”	the products and services procurement framework agreement dated 9 May 2023 between the Company and CRCC, pursuant to which the Company and/or its subsidiaries agreed to procure products and services from CRCC and/or its associates, including: (i) materials and equipment required by the Company and/or its subsidiaries in their productions and sales; (ii) construction services; (iii) assets and equipment leasing services; (iv) railway line usage services; (v) maintenance services; and (vi) other paid services, for the term commencing from 1 January 2024 and ending on 31 December 2026
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder(s)”	the shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	percent

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# LETTER FROM THE BOARD

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**中国铁建**  
**CRCC High-Tech Equipment Corporation Limited**  
**中國鐵建高新裝備股份有限公司**

*(a joint stock company incorporated in the People's Republic of China with limited liability)*

**(Stock Code: 1786)**

***Executive Directors:***

Mr. Liu Feixiang (*Chairman*)

Mr. Tong Pujiang

Mr. Chen Yongxiang

Mr. Luo Jianli

***Non-executive Directors:***

Mr. Zhao Hui

Mr. Bai Yunfei

***Independent non-executive Directors:***

Mr. Wu Yuntian

Mr. Na Pengjie

Ms. Chu Ching

***Registered office and principal place of  
business in the PRC:***

No. 384, Yangfangwang

Jinma Town

Kunming City

Yunnan Province

PRC

***Principal place of business in Hong Kong:***

23/F, Railway Plaza

39 Chatham Road South

Tsim Sha Tsui

Kowloon

Hong Kong

9 June 2023

*To the Shareholders*

Dear Sir or Madam,

**(1) CONTINUING CONNECTED TRANSACTION;  
(2) PROPOSED DISTRIBUTION OF FINAL DIVIDEND;  
(3) PROPOSED APPOINTMENT OF AUDITORS; AND  
(4) NOTICE OF THE 2022 ANNUAL GENERAL MEETING**

**I. INTRODUCTION**

The purpose of this circular is, among other things, to provide you with more information in respect of: (i) continuing connected transaction in relation to the Products and Services Procurement Framework Agreement, together with proposed annual caps thereunder; (ii) proposed distribution of final dividend; and (iii) proposed appointment of auditors, to enable you to make an informed decision on whether to vote in favour of or against the relevant resolutions at the 2022 AGM.

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## LETTER FROM THE BOARD

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### II. CONTINUING CONNECTED TRANSACTION

#### 1. Background

References are made to the circular of the Company dated 9 September 2020 in relation to, among other things, the Previous Products and Services Procurement Framework Agreement, and the announcement of the Company dated 9 May 2023 in relation to the Products and Services Procurement Framework Agreement.

As the Previous Products and Services Procurement Framework Agreement will expire on 31 December 2023, the Company entered into the Products and Services Procurement Framework Agreement with CRCC on 9 May 2023 to renew the Previous Products and Services Procurement Framework Agreement, pursuant to which the Company and/or its subsidiaries agreed to procure products and services from CRCC and/or its associates for the term commencing from 1 January 2024 and ending on 31 December 2026.

#### 2. Products and Services Procurement Framework Agreement

The principal terms of the Products and Services Procurement Framework Agreement are set out below:

<b>Date:</b>	9 May 2023
<b>Parties:</b>	the Company (as the purchaser of products and services); and  CRCC (as the supplier of products and services)
<b>Nature of transactions:</b>	The Company and/or its subsidiaries agreed to procure products and services from CRCC and/or its associates, including: (i) materials and equipment required by the Company and/or its subsidiaries in their productions and sales; (ii) construction services; (iii) assets and equipment leasing services; (iv) railway line usage services; (v) maintenance services; and (vi) other paid services.
<b>Term:</b>	The term of the Products and Services Procurement Framework Agreement will commence on 1 January 2024 and end on 31 December 2026, subject to early termination by either party giving at least three months' prior written notice to the other party.  The parties may extend or renew such term by mutual agreement, provided that the requirements under the relevant laws, regulations and the Listing Rules are complied with.

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## LETTER FROM THE BOARD

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**Conditions precedent:** The Products and Services Procurement Framework Agreement is conditional upon the resolution regarding the Products and Services Procurement Framework Agreement and proposed annual caps being approved by the Independent Shareholders at the 2022 AGM.

**Pricing policy:** The prices for the products and services under the Products and Services Procurement Framework Agreement shall be determined based on the following principles and in the following order:

- (1) Where there are market prices for the relevant products and services, the prices shall be determined with reference to the prevailing market prices, which are the prices charged by CRCC and/or its associates for providing the same type of products and services to an independent third party customer on normal commercial terms.

In determining the prevailing market prices for the relevant products and services, the Company will make reference to the quotations offered by at least two independent third party suppliers for providing the same or similar products or services. The Company will also take into account the following factors to ensure that the prices offered by CRCC and/or its associates will be no less favourable than those available to the Company from the independent third party suppliers for purchasing the same type of products or services:

- (i) in respect of materials and equipment required by the Company and/or its subsidiaries in their productions and sales, we take into account the costs of the relevant products, quality requirements and logistic arrangement;
- (ii) in respect of construction services and maintenance services, we take into account the scale, complexity and specifications of the projects, nature, amount of work to be performed, the capacity and experience of the supplier and time arrangement;
- (iii) in respect of assets and equipment leasing services, we take into account the costs and operation quality requirements;
- (iv) in respect of railway line usage services, we take into account the safety of rails operations and market conditions;



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## LETTER FROM THE BOARD

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- (2) In the unlikely event, where there are no market prices for the relevant products and services that are aimed at meeting the Group's specific business requirements, mainly might be tailor-made products for carrying out rail testing and over-the-rail delivery of overhaul products in the daily productions and operation processes of the Group, the prices shall be determined according to the agreed prices between the parties.

The agreed prices will be calculated based on the actual costs incurred in providing such products and services. A detailed cost and pricing breakdown will be included in specific contracts to ensure the transparency and fairness of the price. A number of senior personnel from different aspects of the Company including engineering, procurement, finance and marketing will have to opine on the fairness and reasonableness of the prices by reference to costs of raw materials, accessories, depreciation, salary, energy, required technology and equipment maintenance, plus reasonable profits. CRCC and/or its associates will charge a mark-up rate generally not higher than 15% for all transactions under the Products and Services Procurement Framework Agreement, which is the same mark-up rate charged to an independent third party customer. The Board is of the view that such mark-up rate is fair and reasonable, on normal commercial terms and not prejudicial to the interest of the Company's minority Shareholders.

**Payment terms:**

The actual settlement prices and the method of payment shall be determined based on the principles, instructions, conditions and terms of the Products and Services Procurement Framework Agreement and set out in the specific contracts to be entered into by the parties.

The payment terms will be no less favourable than the market terms available from independent third parties.

**Other major terms:**

The parties shall enter into a specific contract for a single or a series of transactions based on the principles under the Products and Services Procurement Framework Agreement to specify the terms of each transaction thereunder.

## LETTER FROM THE BOARD

### 3. Historical Annual Caps and Historical Figures

Pursuant to the Previous Products and Services Procurement Framework Agreement, the annual caps for each of the three years ending 31 December 2023 (the “**historical annual caps**”) as well as the historical transaction amounts are set out as follows:

	<b>For the year ended 31 December 2021 (RMB million)</b>	<b>For the year ended 31 December 2022 (RMB million)</b>	<b>For the year ending 31 December 2023 (RMB million)</b>
Historical annual caps	350	350	350
Historical transaction amounts	57.49	129.86 <i>Note (1)</i>	11.63 <i>Note (2)</i>

*Notes:*

- (1) Under the Previous Products and Services Procurement Framework Agreement, the transaction amount for the year ended 31 December 2022 was RMB129.86 million, representing a significant increase compared with the year ended 31 December 2021. Such increase was primarily attributable to the increase of transaction amount for purchase of materials and equipment by the Company and/or its subsidiaries in their productions and sales.
- (2) RMB11.63 million was the transaction amount during the period from 1 January 2023 to 31 March 2023 under the Previous Products and Services Procurement Framework Agreement, which was for the purchase of materials and equipment by the Company and/or its subsidiaries in their productions and sales. According to the delivery time agreed in the on-going contracts, the materials and equipment required by the Company and/or its subsidiaries in their productions and sales and other paid services will be centrally delivered in the second half of the year ending 31 December 2023 and the transaction amount for such materials and equipment and services will be approximately RMB123.23 million. Under the Previous Products and Services Procurement Framework Agreement, the total transaction amount for the year ending 31 December 2023 is estimated to be approximately RMB153.37 million. The actual transaction amount is subject to the final accounting settlement.

### 4. Proposed Annual Caps

The proposed annual caps for the three years ending 31 December 2026 under the Products and Services Procurement Framework Agreement are as follows:

	<b>For the year ending 31 December 2024 (RMB million)</b>	<b>For the year ending 31 December 2025 (RMB million)</b>	<b>For the year ending 31 December 2026 (RMB million)</b>
<b>Proposed annual caps:</b>			
Procurement of products and services by the Group from CRCC and/or its associates	160	160	160

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## LETTER FROM THE BOARD

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### 5. Basis of Proposed Annual Caps

In arriving at the above proposed annual caps, the Company has considered the following principal factors:

- (i) the historical transaction amounts between the Group and CRCC and/or its associates. The annual transaction amount for the year ended 31 December 2022 under the Previous Products and Services Procurement Framework Agreement was RMB129.86 million. The total transaction amount for the year ending 31 December 2023 is estimated to be approximately RMB153.37 million, representing an increase of approximately 18.1% as compared to the previous year. Considering the macro-economic conditions, such as the “Belt and Road Initiative” of Chinese government, the purchase demands of the Company for products and services from CRCC and its associates are expected to maintain a steady trend in the three years ending 31 December 2026. Therefore, the Company has reserved a 20% buffer on the basis of the annual transaction amount for the year ended 31 December 2022;
- (ii) from the statistics issued by the National Bureau of Statistics, the annual growth rate of infrastructure investment has increased by 9.4% for the year ended 31 December 2022, a period by period growth rate of 12.2% is also recorded for the two months ended 28 February 2023. According to the government working report at the first session of the Fourteenth National People’s Congress issued on 5 March 2023, the PRC government proposed to issue RMB3.8 trillion in local special bonds, and the proportion of special bonds that could be applied for infrastructure investment has increased significantly. As noted from such report, one of the main focus of the PRC government’s initiatives would be speeding up the major projects set out in the 14th Five-Year Plan, which includes new infrastructure construction and thus this may impose a positive impact to the infrastructure construction industry in the PRC market in the near future. As such, the Company expects that there will be a strong demand for large railway track maintenance machines. For the three financial years ending 31 December 2026, taking into account the expected increase in equipment manufacturing businesses, the demands for parts, components and materials required by the Company and/or its subsidiaries in their productions and sales are expected to increase slightly. In addition, certain of the key parts and components of such business are of weak substitutability on the market from independent third party suppliers, and therefore need to be purchased from CRCC and/or its associates; and
- (iii) in addition to the purchase of materials and equipment by the Company and/or its subsidiaries in their productions and sales, the demands of the Company and/or its subsidiaries for the other products and services under the Product and Services Procurement Framework Agreement, including construction services, assets and equipment leasing services, railway line usage services, maintenance services and other paid services, the transaction amount for which only represents a small percentage in the total annual transaction amount under the Previous Products and Services Procurement Framework Agreement, are expected to remain stable for the three financial years ending 31 December 2026.

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## LETTER FROM THE BOARD

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### **6. Reasons for and Benefits of the Transactions under the Products and Services Procurement Framework Agreement**

In the ordinary and usual course of business, the Group procures products and services from CRCC and/or its associates, including: (i) materials and equipment required by the Company and/or its subsidiaries in their productions and sales; (ii) construction services; (iii) assets and equipment leasing services; (iv) railway line usage services; (v) maintenance services; and (vi) other paid services.

The Board (including the independent non-executive Directors) is of the view that such transactions are beneficial to the Group for the following reasons: under the Products and Services Procurement Framework Agreement, the products and related services procured by the Company from CRCC and/or its associates can meet the rigid demands of the Company for rail testing and over-the-rail delivery of overhaul products in the daily productions and operation processes of the Company. In addition, key parts and components required in the special engineering equipment manufacturing business of the Company are of weak substitutability from independent third party suppliers and therefore need to be purchased from CRCC and/or its associates. In addition, the terms (including the pricing terms and payment terms) entered into by the Company and CRCC and/or its associates will not be less favourable than the normal commercial terms available from independent third parties.

As Mr. Bai Yunfei, being a non-executive Director of the Company, concurrently holds positions in CRCC, he has abstained from voting on the Board resolution with respect to the transaction. Saved as disclosed above, none of the other Directors has any material interest in the transaction contemplated under the Products and Services Procurement Framework Agreement, and therefore none of the other Directors has abstained from voting on such Board resolution.

### **7. Internal Control Measures to Ensure the Fairness and Reasonableness of the Transactions Under the Products and Services Procurement Framework Agreement**

- (i) Before the Group enters into any specific procurement agreement with CRCC and/or its associates, the Group shall conduct public procurement for the business through methods including, among others, public tenders on governmental platforms, public tenders on corporate platforms, invitation tenders, competitive negotiation after invitation quotations, inquiry comparison purchase, direct competitive negotiation and inquiry comparison purchase. The bid-winner of the procurement will be determined with comprehensive evaluation conducted by a specialized review panel consisting of a number of professional personnel from relevant departments of the Company including the procurement department, finance department, legal affairs department, audit department and the senior management (if the comprehensive evaluation scores of CRCC and/or its associates are at disadvantages, they will not be determined as the bid-winners). The results of the bidding shall be reviewed by professional judges, professional departments and the senior management of the Company. The entering into of the specific procurement contracts is subject to the review by the finance department, legal affairs department, audit department and the senior management of the Company;

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## LETTER FROM THE BOARD

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- (ii) the procurement department, finance department, audit department and the senior management of the Company shall conduct examination on the execution of the specific procurement contracts:
  - (a) the procurement department has adopted internal procedures to administrate orders, payment and accounting procedures which cover various stages of procurement management. This helps ensure that specific procurement contracts contemplated under the framework agreement are conducted in accordance with the Products and Services Procurement Framework Agreement and are on normal commercial terms;
  - (b) finance department shall collect and analyze actual transaction amounts incurred and latest estimation on the yearly transaction amounts for the continuing connected transactions to monitor the transaction amounts under the Products and Services Procurement Framework Agreement in a timely manner and shall promptly report to the Company's chief financial officer or the Board if such transaction amounts are close to exceeding, or likely to exceed the proposed caps;
  - (c) the audit department shall monitor and assess the effectiveness and adequacy of the overall formulation and execution of internal control policies of the Company (including those in relation to the continuing connected transactions), and will make recommendation and report to the senior management and audit committee of the Company annually; and
- (iii) the auditor of the Company will also conduct annual audit on the pricing policies and annual caps of the agreement, and provide confirmation in the annual report.

### **8. Implications under the Listing Rules**

CRCC is a controlling Shareholder, which directly and indirectly holds approximately 65% of the total issued share capital of the Company as at the Latest Practicable Date, and thus is a connected person of the Company under the Listing Rules. Therefore, the transactions under the Products and Services Procurement Framework Agreement constitute continuing connected transactions of the Company under the Listing Rules.

Since the highest applicable percentage ratio for proposed annual caps for the three years ending 31 December 2026 for the transactions under the Products and Services Procurement Framework Agreement is more than 5%, the transactions are subject to the reporting, annual review, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

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## LETTER FROM THE BOARD

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### 9. General Information

The Group is principally engaged in: (i) development, manufacturing and sales of large railway track maintenance machines; (ii) manufacturing, purchase and sales of parts and components of large railway track maintenance machines; (iii) overhaul services; and (iv) railway line maintenance services.

CRCC and its subsidiaries (excluding the Group) is primarily engaged in construction operations, planning and design consulting, investment and operation, real estate development, industrial manufacturing, supplies and logistics, green environmental protection, industrial financial services, and other emerging industries.

CRCG is the controlling shareholder of CRCC, holding approximately 51.13% equity interest in CRCC as at the Latest Practicable Date. As a large central enterprise administrated by the State-owned Assets Supervision and Administration Commission, CRCG is principally engaged in construction of railways, metropolitan railways, highways, airports, ports, docks, tunnels, bridges, water conservancy and hydropower facilities, post and telecommunication facilities, mining facilities and lumbering facilities; provision of technical consultancy services for municipal engineering, general contracting and subcontracting of installation of circuitry, pipeline and equipment; construction of prevention and control of geologic disasters; provision of construction project management services; sale of automobiles and cars; wholesale and retail of ferrous metal, timber, cement, fuel, construction materials, chemical products (excluding dangerous chemicals), electromechanical products, armored concrete products and special railway equipment; organization of the production of the enterprises under direct control; overseas construction contracting and domestic international construction tendering; provision of rental services of machinery and construction installation equipment, provision of renovation and interior decoration services; provision of technical consulting, technical services, import and export related to the above businesses; advertising business.

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## LETTER FROM THE BOARD

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### III. PROPOSED DISTRIBUTION OF FINAL DIVIDEND

As recommended by the Board, the profit available for distribution by the parent company for 2022 shall be appropriated in the order set out below according to the Company Law of the PRC and the articles of association of the Company:

- (i) the distributable profit of the Group for the year was RMB623.15 million after the statutory surplus reserve fund of RMB10.27 million withdrawn based on a 10% of net profit realised for year 2022; and
- (ii) a cash dividend of RMB0.025 (tax inclusive) per Share will be distributed, based on the total issued share capital of 1,519,884,000 Shares as at 31 December 2022, totaling RMB38.00 million. Upon such distribution, the remaining undistributed profit will amount to RMB585.15 million, which will be carried forward to the next year.

If the profit distribution plan is approved by the Shareholders by way of an ordinary resolution at the 2022 AGM to be held on Friday, 30 June 2023, the final dividend is expected to be distributed on or around Tuesday, 22 August 2023 to all Shareholders whose names appear on the register of members of the Company on Tuesday, 11 July 2023.

To determine the identity of the shareholders of the Company entitled to receive the final dividend, the register of holders of H Shares of the Company will be closed from Thursday, 6 July 2023 to Tuesday, 11 July 2023 (both days inclusive) during which no transfer of H Shares will be registered. In order to qualify for entitlement to the proposed final dividend, all transfers of H Shares accompanied by the relevant share certificates and transfer forms must be lodged with the Company's H Share registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Wednesday, 5 July 2023.

Final dividend for holders of domestic shares of the Company will be declared and calculated in RMB, and paid in RMB whereas final dividend for holders of H shares of the Company will be declared and calculated in RMB, and paid in Hong Kong dollars. The exchange rate shall be determined by the average selling rates promulgated by People's Bank of China within one week before the date declaring to distribute the dividend.

As stipulated by the Notice on Issues Relating to Corporate Income Tax Withholding over Dividends Distributable to their H-share Shareholders who are Overseas Non-resident Enterprises by Chinese Resident Enterprises published by the State Administration of Taxation (Guoshuihan [2008] No. 897) (《關於中國居民企業向境外H股非居民企業股東派發股息代扣代繳企業所得稅有關問題的通知》) (國稅函[2008]897號), when Chinese resident enterprises distribute annual dividends for the year 2008 and years thereafter to their H-share shareholders who are overseas non-resident enterprises, corporate income tax shall be withheld at a uniform rate of 10%. According to this, the Company is required to withhold corporate income tax at the rate of 10% before distributing the final dividend to non-resident enterprise shareholders of the Company whose names appear on the H share register of members of the Company at the close of business on Wednesday, 5 July 2023. Any shares registered in the name of the non-individual registered shareholders of the Company, including HKSCC Nominees Limited, other nominees, trustees or other groups and organizations, will be treated as being held by non-resident enterprise shareholders and therefore their dividends receivables will be subject to the withholding of the corporate income tax.

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## LETTER FROM THE BOARD

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Pursuant to the requirements of Notice of the Ministry of Finance and the State Administration of Taxation on Certain Policies Regarding Individual Income Tax (Cai Shui Zi [1994] 020) (《財政部、國家稅務總局關於個人所得稅若干政策問題的通知》(財稅字[1994]020號)), foreign individuals are exempted from individual income tax on dividends and bonus received from foreign-invested enterprises in the PRC. As the Company is a foreign-invested joint stock limited company, thus the individual shareholders who hold the H Shares of the Company and whose names appear in the register of members of the H Shares of the Company at the close of business on Wednesday, 5 July 2023 are not required to pay the individual income tax of the PRC.

The Company assumes no liability whatsoever in respect of any claims arising from any delay in, or inaccurate determination of, the status of the Shareholders, or any disputes over the mechanism of withholding and payment.

#### **IV. PROPOSED APPOINTMENT OF AUDITORS**

##### **1. To consider and approve the payment of audit fees for 2022**

As approved by the Shareholders at the annual general meeting for 2021, the Company appointed BDO China SHU LUN PAN Certified Public Accountants LLP as the auditors of the Company for 2022. After the negotiations between the Company and BDO China SHU LUN PAN Certified Public Accountants LLP, audit fees and relevant services for 2022 amounted to RMB1.00 million (including tax).

The proposal has been considered and approved at the fourth meeting of the third session of the Board and will be put forward at the 2022 AGM as an ordinary resolution for Shareholders' approval.

##### **2. To consider and approve the appointment of auditors of the Company for 2023**

BDO China SHU LUN PAN Certified Public Accountants LLP have been providing professional services for the Company. The Board intends to re-appoint BDO China SHU LUN PAN Certified Public Accountants LLP as the international and PRC auditors of the Company respectively for the year 2023 to carry out auditing for the financial statements of the Company for the year 2023 and to review its 2023 interim financial statements. The Board will propose to the Shareholders at the 2022 AGM to authorize the Board to determine their actual remunerations.

This proposal has been considered and approved at the fourth meeting of the third session of the Board and will be put forward at the 2022 AGM as an ordinary resolution for Shareholders' approval.

#### **V. 2022 AGM**

At the 2022 AGM, the following ordinary resolutions, among other things, will be put forward for the Shareholders to consider and, if appropriate, to approve: (i) continuing connected transaction in relation to the Products and Services Procurement Framework Agreement, together with proposed annual caps thereunder; (ii) proposed distribution of final dividend; and (iii) proposed appointment of auditors.



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## LETTER FROM THE BOARD

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An Independent Board Committee comprising the independent non-executive Directors has been formed to advise the Independent Shareholders in respect of the Products and Services Procurement Framework Agreement, together with the proposed annual caps thereunder. The Independent Financial Adviser, Messis Capital Limited, has been appointed to advise the Independent Board Committee and the Independent Shareholders on the same in accordance with the Listing Rules.

CRCC and its four subsidiaries, namely China Railway Construction Investment Group, CRCC International Group, China Civil Engineering Construction and CRCC China-Africa Company, which directly and indirectly hold approximately 65% of the issued share capital of the Company as at the Latest Practicable Date, are required to abstain from voting on the resolution at the 2022 AGM with respect to the Products and Services Procurement Framework Agreement, together with the proposed annual caps thereunder.

The 2022 AGM will be held at the office building of the Company at No. 384, Yangfangwang, Jinma Town, Kunming City, Yunnan Province, the PRC at 9:00 a.m. on Friday, 30 June 2023. Please refer to the notice of the 2022 AGM dated 9 June 2023 published on the Stock Exchange's website and the Company's website. Reply slip and proxy form to be used at the 2022 AGM are also published on the Stock Exchange's website and the Company's website. If you are eligible and intend to attend the 2022 AGM, please complete the reply slip for attending the 2022 AGM and return the same to the office of the Board on or prior to Monday, 26 June 2023.

Shareholders who intend to appoint a proxy to attend the 2022 AGM shall complete and return the form of proxy in accordance with the instructions printed thereon not less than 24 hours before the time fixed for holding the 2022 AGM or any adjournment thereof (as the case may be). Completion and return of the form of proxy will not preclude you from attending the 2022 AGM or any adjourned meeting and voting in person if you so wish.

The H Share register of members of the Company will be closed from Tuesday, 27 June 2023 to Friday, 30 June 2023 (both days inclusive), during which period no transfer of H Shares of the Company will be registered. Any holders of H Shares and Domestic Shares, whose names appear on the Company's register of members on Tuesday, 27 June 2023, are entitled to attend and vote at the 2022 AGM after completing the registration procedures for attending the 2022 AGM.

### **VI. VOTING BY WAY OF POLL**

In accordance with the relevant provisions of the Listing Rules, any vote of shareholders at a general meeting must be taken by poll. As such, the resolutions set out in the notice convening the 2022 AGM will be voted by poll.

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## LETTER FROM THE BOARD

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### VII. RECOMMENDATION

The Directors, including independent non-executive Directors, are of the view that the transactions under the Products and Services Procurement Framework Agreement are entered into in the ordinary and usual course of business of the Company, on normal commercial terms, which are fair and reasonable and in the interest of the Company and the Shareholders as a whole. Accordingly, the Directors recommend the Independent Shareholders to vote in favour of the relevant resolution at the 2022 AGM so as to approve the Products and Services Procurement Framework Agreement and proposed annual caps.

Your attention is drawn to the letter from the Independent Board Committee set out on pages 17 to 18 of this circular and the letter of advice from Messis Capital Limited to the Independent Board Committee and the Independent Shareholders set out on pages 19 to 31 of this circular.

The Directors, including independent non-executive Directors, are of the view that the resolutions set out in the notice of the 2022 AGM are all in the best interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend the Shareholders to vote in favour of the other resolutions to be proposed at the 2022 AGM.

### VIII. ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in the appendix I to this circular.

By Order of the Board  
**CRCC High-Tech Equipment Corporation Limited**  
**Liu Feixiang**  
*Chairman*

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# LETTER FROM THE INDEPENDENT BOARD COMMITTEE

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**中国铁建**  
**CRCC High-Tech Equipment Corporation Limited**  
**中國鐵建高新裝備股份有限公司**  
*(a joint stock company incorporated in the People's Republic of China with limited liability)*  
**(Stock Code: 1786)**

9 June 2023

*To the Independent Shareholders,*

Dear Sir or Madam,

## **CONTINUING CONNECTED TRANSACTION**

We refer to the circular dated 9 June 2023 issued by the Company (the “**Circular**”), of which this letter forms a part. Terms defined in the Circular shall have the same meaning when used herein, unless the context requires otherwise.

We have been appointed as the members of the Independent Board Committee to advise you as to whether in our opinion, the Products and Services Procurement Framework Agreement and proposed annual caps, details of which are set out in the letter from the Board, are fair and reasonable so far as the interests of the Independent Shareholders are concerned.

Messis Capital Limited has been appointed by the Company as the Independent Financial Adviser to advise us and the Independent Shareholders on the fairness and reasonableness of the Products and Services Procurement Framework Agreement and proposed annual caps. Details of the advice from Mesis Capital Limited, together with the principal factors taken into consideration in arriving at such advice, are set out in its letter on pages 19 to 31 of the Circular.

Your attention is also drawn to the letter from the Board set out on pages 4 to 16 of the Circular.

Having considered the terms and conditions of the Products and Services Procurement Framework Agreement and proposed annual caps, the interests of the Independent Shareholders and the advice and recommendation of Mesis Capital Limited, we are of the view that: (i) the transactions under the Products and Services Procurement Framework Agreement are entered into in the ordinary and usual course of business of the Company, on normal commercial terms, which are fair and reasonable and in the interest of the Company and the Shareholders as a whole; and (ii) proposed annual caps under the Products and Services Procurement Framework Agreement are fair and reasonable and in the interest of the Company and the Shareholders as a whole.

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## LETTER FROM THE INDEPENDENT BOARD COMMITTEE

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Accordingly, we recommend the Independent Shareholders to vote in favour of the relevant resolution at the 2022 AGM so as to approve the Products and Services Procurement Framework Agreement and proposed annual caps.

Yours faithfully,  
For and on behalf of  
Independent Board Committee  
**Mr. Wu Yuntian**, *Independent non-executive Director*  
**Mr. Na Pengjie**, *Independent non-executive Director*  
**Ms. Chu Ching**, *Independent non-executive Director*

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# LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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*The following is the full text of the letter from the Independent Financial Adviser which sets out its advice to the Independent Board Committee and the Independent Shareholders for inclusion in this circular.*

**MESSIS** 大有融資

9 June 2023

*To: The Independent Board Committee and the Independent Shareholders  
of CRCC High-Tech Equipment Corporation Limited*

Dear Sir/Madam,

## CONTINUING CONNECTED TRANSACTION

### INTRODUCTION

We refer to our engagement as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the continuing connected transactions in relation to the Products and Services Procurement Framework Agreement and the relevant annual caps, details of which are set out in the letter from the Board (the “**Board Letter**”) contained in the circular of the Company dated 9 June 2023 (the “**Circular**”), of which this letter forms part. Terms defined in the Circular shall have the same meanings in this letter unless the context of this letter otherwise requires.

Reference is made to the announcement of the Company dated 9 May 2023 in relation to, among other things, the renewal of the Previous Products and Services Procurement Framework Agreement with CRCC and the relevant annual caps for the transactions thereunder.

As at the Latest Practicable Date, CRCC is a controlling Shareholder, which directly and indirectly holds approximately 65% of the total issued share capital of the Company as at the Latest Practicable Date, and thus is a connected person of the Company under the Listing Rules. Therefore, the transactions under the Products and Services Procurement Framework Agreement constitute continuing connected transactions of the Company under the Listing Rules.

Since the highest applicable percentage ratio for proposed annual caps for the three years ending 31 December 2026 for the transactions under the Products and Services Procurement Framework Agreement is more than 5%, the transactions are subject to the reporting, annual review, announcement and Independent Shareholders’ approval requirements under Chapter 14A of the Listing Rules.

An Independent Board Committee comprising all independent non-executive Directors has been established to advise the Independent Shareholders in respect of such continuing connected transactions.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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We, Messis Capital Limited, have been appointed by the Company as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders as to (i) whether the continuing connected transactions contemplated thereunder are in the ordinary and usual course of business of the Company, on normal commercial terms, fair and reasonable so far as the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole; and (ii) how the Independent Shareholders should vote in respect of the relevant resolutions to approve the Products and Services Procurement Framework Agreement and the proposed annual cap at the AGM.

### OUR INDEPENDENCE

As at the Latest Practicable Date, we did not have any relationship with or interest in the Company or any other parties that could reasonably be regarded as relevant to our independence. In the last two years, we have acted as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders of the Company for the following transaction (the “**Previous Appointment**”):

**Date of the relevant circular and  
our letter of advice**

**Nature of the transaction**

5 October 2022

Continuing connected transactions

With regard to our independence from the Company, it is noted that (i) apart from normal professional fees paid or payable to us in connection with the Previous Appointment as well as the current appointment as the Independent Financial Adviser, no arrangements exist whereby we had received or will receive any fees or benefits from the Company or any other parties that could reasonably be regarded as relevant to our independence; (ii) we have maintained our independence from the Company during the Previous Appointment; (iii) the service fees received separately or aggregately from the Previous Appointment and the current appointment do not constitute a significant portion of our total revenue; and (iv) our independence from the Company has not been compromised because of the Previous Appointment. Accordingly, we consider that we are independent pursuant to Rule 13.84 of the Listing Rules.

### BASIS OF OUR OPINION AND RECOMMENDATION

In formulating our opinion to the Independent Board Committee and the Independent Shareholders, we have relied on the statements, information, opinion and representations contained or referred to in the Circular and the representations made to us by the Company, the Directors and the management of the Company. We have assumed that all statements, information and representations provided by the Company, the Directors and the management of the Company, for which they are solely responsible, are true and accurate at the time when they were provided and continue to be so as at the Latest Practicable Date. We have also assumed that all statements of belief, opinion, expectation and intention made by the Directors in the Circular were reasonably made after due enquiry and careful consideration. We have no reason to suspect that any material facts or information have been withheld or to doubt the truth, accuracy and completeness of the information and facts contained in the Circular, or the reasonableness of the opinions expressed by the Company and/or the Directors, which have been provided to us.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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The Directors jointly and severally accept full responsibility for the accuracy of the information contained in the Circular and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in the Circular have been arrived at after due and careful consideration and there are no other facts not contained in the Circular the omission of which would make any statement contained in the Circular, including this letter, incorrect or misleading.

We have not carried out any independent investigation into the business and affairs of the Company. However, we have taken the steps pursuant to the Listing Rules which include the following:

- (a) obtained all the information and documents relevant to an assessment of the fairness and reasonableness of the transactions, including but not limited to the Products and Services Procurement Framework Agreement, the contract of sales of products and provision of services by the CRCC to each of the Group and its independent third parties, the annual reports of the Company for the three years ended 31 December 2022 (collectively the “**Annual Reports**”);
- (b) reviewed the background of, the reasons for and benefits of the transactions under the Products and Services Procurement Framework Agreement;
- (c) reviewed the fairness, reasonableness and completeness of any assumptions or projections relevant to the transactions; and
- (d) confirmed that no third-party expert opinion being relevant to the transactions.

Our opinion is based on the information made available to us as at the Latest Practicable Date. Shareholders should note that subsequent developments (including any material change in market and economic conditions) may affect and/or change our opinion and we have no obligation to update this opinion to take into account events occurring after the Latest Practicable Date or to update, revise or reaffirm our opinion. In addition, nothing contained in this letter should be construed as a recommendation to hold, sell or buy any Shares or any other securities of the Company. This letter is issued for the information of the Independent Board Committee and the Independent Shareholders solely in connection with their consideration of the transactions and, except for its inclusion in the Circular, is not to be quoted or referred to, in whole or in part, nor shall this letter be used for any other purposes, without our prior written consent.

### PRINCIPAL FACTORS TAKEN INTO ACCOUNT

In arriving at our opinions and recommendations to the Independent Board Committee and the Independent Shareholders in respect of whether the transactions are in the interests of the Company and the Shareholders as a whole and fair and reasonable so far as the Independent Shareholders are concerned, we have considered the individual factors and reasons in relation to the transactions set out below:

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# LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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## PRODUCTS AND SERVICES PROCUREMENT FRAMEWORK AGREEMENT

### 1. Background of, reasons for and benefits of the entering into the Products and Services Procurement Framework Agreement

The Group is principally engaged in (i) the research, development, manufacture and sales of large railway track maintenance machines; (ii) the manufacture and sales of parts and components; and (iii) the provision of overhaul services, railway line maintenance services, railway locomotive and vehicle engineering services and technical services.

CRCC and its subsidiaries (excluding the Group) are primarily engaged in (i) the engineering contracting businesses; (ii) the provision of survey, design and consultancy services; (iii) manufacturing operations (except the business of the Group); (iv) the real estate development business; and (v) the logistics and materials trading business.

Reference is made to the announcement of the Company dated 3 August 2020 in relation to the Previous Products and Services Procurement Framework Agreement. As the Previous Products and Services Procurement Framework Agreement is expected to expire on 31 December 2023, the Company entered into the Products and Services Procurement Framework Agreement with CRCC on 9 May 2023 to renew the Previous Products and Services Procurement Framework Agreement, pursuant to which the Company and/or its subsidiaries agreed to procure products and services from CRCC and/or its associates for the term commencing from 1 January 2024 to 31 December 2026.

With reference to the Board Letter, the Group procures products and services from CRCC and/or its associates, including (i) materials required by the Company and/or its subsidiaries in their production and sales; (ii) construction services; (iii) assets and equipment leasing services; (iv) railway line usage services; (v) maintenance services; and (vi) other paid services, in the ordinary and usual course of the Group's business. The Board is of the view that such transactions are beneficial to the Group for the following reasons:

- (i) under the Products and Services Procurement Framework Agreement, the products and related services procured by the Company from CRCC and/or its associates can meet the rigid demands of the Company for rail testing and over-the-rail delivery of overhaul products in the daily productions and operation processes of the Company;
- (ii) key parts and components required are of weak substitutability from independent third-party suppliers and therefore need to be purchased from CRCC and/or its associates; and
- (iii) the terms (including the pricing terms and payment terms) entered into by the Company and CRCC and/or its associates will not be less favourable than the normal commercial terms available from independent third parties.



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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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We have discussed with the management, obtained and reviewed the sample purchase order from the Company and noted that (i) the Company and CRCC and/or its associates have established a long-term relationship, and understand respective planning of operations, quality control as well as certain specific requirements of both parties; and (ii) some of the products or services required or asset to be leased by the Group from CRCC and/or its associates are owned or controlled exclusively by CRCC and/or its associates.

Given that (i) the Group's principal business is manufacturing and sale of large railway track maintenance machinery, parts and components; (ii) the Group has a demand of products for carrying out rail testing and over-the-rail delivery of overhaul products in the daily productions and operation processes of the Company; (iii) certain key parts and components required cannot be easily substituted and purchased from independent third-party suppliers; and (iv) the pricing terms and payment terms for the transactions entered into by the Company and CRCC and/or its associates will be no less favourable to the Company than the normal commercial terms available from Independent Third Parties, we are of the view that the entering into the Products and Services Procurement Framework Agreement is in the ordinary and usual course of business of the Company and in the interests of the Company and the Shareholders as a whole.

### 2. Principal terms of the Products and Services Procurement Framework Agreement

Details of the Products and Services Procurement Framework Agreement are set out as follows:

<b>Date:</b>	9 May 2023
<b>Parties:</b>	the Company (as the purchaser of products and services); and  CRCC (as the supplier of products and services)
<b>Nature of transactions:</b>	The Company and/or its subsidiaries agreed to procure products and services from CRCC and/or its associates, including: (i) materials and equipment required by the Company and/or its subsidiaries in their productions and sales; (ii) construction services; (iii) assets and equipment leasing services; (iv) railway line usage services; (v) maintenance services; and (vi) other paid services.
<b>Term:</b>	The term of the Products and Services Procurement Framework Agreement will commence on 1 January 2024 and end on 31 December 2026, subject to early termination by either party giving at least three months' prior written notice to the other party.  The parties may extend or renew such term by mutual agreement, provided that the requirements under the relevant laws, regulations and the Listing Rules are complied with.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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**Conditions precedent:** The Products and Services Procurement Framework Agreement is conditional upon the resolution regarding the Products and Services Procurement Framework Agreement and proposed annual caps being approved by the Independent Shareholders at the 2022 AGM.

**Pricing policy:** The prices for the products and services under the Products and Services Procurement Framework Agreement shall be determined based on the following principles and in the following order:

- (1) Where there are market prices for the relevant products and services, the prices shall be determined with reference to the prevailing market prices, which are the prices charged by CRCC and/or its associates for providing the same type of products and services to an independent third party customer on normal commercial terms.

In determining the prevailing market prices for the relevant products and services, the Company will make reference to the quotations offered by at least two independent third party suppliers for providing the same or similar products or services. The Company will also take into account the following factors to ensure that the prices offered by CRCC and/or its associates will be no less favourable than those available to the Company from the independent third party suppliers for purchasing the same type of products or services:

- (i) in respect of materials and equipment required by the Company and/or its subsidiaries in their productions and sales, we take into account the costs of the relevant products, quality requirements and logistic arrangement;
- (ii) in respect of construction services and maintenance services, we take into account the scale, complexity and specifications of the projects, nature, amount of work to be performed, the capacity and experience of the supplier and time arrangement;
- (iii) in respect of assets and equipment leasing services, we take into account the costs and operation quality requirements;
- (iv) in respect of railway line usage services, we take into account the safety of rails operations and market conditions;

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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- (2) In the unlikely event where there are no market prices for the relevant products and services that are aimed at meeting the Group's specific business requirements, mainly might be tailor-made products for carrying out rail testing and over-the-rail delivery of overhaul products in the daily productions and operation processes of the Group, the prices shall be determined according to the agreed prices between the parties.

The agreed prices will be calculated based on the actual costs incurred in providing such products and services. A detailed cost and pricing breakdown will be included in specific contracts to ensure the transparency and fairness of the price, which include the A number of senior personnel from different aspects of the Company including engineering, procurement, finance and marketing will have to opine on the fairness and reasonableness of the prices by reference to the costs of raw materials, accessories, depreciation, salary, energy, required technology and equipment maintenance, plus reasonable profits. CRCC and/or its associates will charge a mark-up rate generally not higher than 15% for all transactions under the Products and Services Procurement Framework Agreement, which is the same mark-up rate charged to an independent third party customer. The Board is of the view that such mark-up rate is fair and reasonable, on normal commercial terms and not prejudicial to the interest of the Company's minority Shareholders.

**Payment terms:**

The actual settlement prices and the method of payment shall be determined based on the principles, instructions, conditions and terms of the Products and Services Procurement Framework Agreement and set out in the specific contracts to be entered into by the parties.

The payment terms will be no less favourable than the market terms available from independent third parties.

**Other major terms:**

The parties shall enter into a specific contract for a single or a series of transactions based on the principles under the Products and Services Procurement Framework Agreement to specify the terms of each transaction thereunder.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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As mentioned above, the Company has designed and implemented internal control procedures in relation to its pricing policy under the Products and Services Procurement Framework Agreement. We have obtained and reviewed (i) the Products and Services Procurement Framework Agreement; (ii) the relevant procedure manual in relation to the pricing policy; and (iii) on a sampling basis, three sets of purchase agreements for the purchase of products and services entered into between the Company and each of CRCC Group and independent third party. In reviewing the samples, we have compared the prices and terms offered by each of CRCC Group and independent third party to the Company and we noted that when procuring similar type of product from each of CRCC Group and independent third party, the prices of the products and services offered by CRCC Group to the Company were lower and no less favourable than those offered by independent third parties and the terms of the agreements including payment terms, warranty, product transportation and credit period were similar. As informed by the management of the Company, under the Previous Products and Services Procurement Framework Agreement, there were no purchase agreement entered into where there were no market prices for reference when determining the prices. We have further discussed with the management of the Company and noted that in the event that no comparable market prices can be taken which are applicable to determine the purchase price, a number of senior personnel from different aspects including engineering, procurement, finance and marketing will have to opine on the fairness and reasonableness of the prices to ensure that the prices would be fair and reasonable to the Company and no less favourable to the Company than the prices the CRCC Group offers to the independent third parties. We also noted from the sample contract that a detailed cost and pricing breakdown was included in order to ensure the transparency and fairness of the price. We are of the view that these experts opinion together with the transparent pricing schedule with reference to the historical transaction prices of the most similar types of machines and also take into account other factors, which include technical specifications, actual costs, payment terms, product quality and geographical areas where the Company procure products, etc., makes a fair and reasonable pricing model. It is also noted that the mark-up rate charged by the CRCC Group is not higher than 15% for all cases, which is the same mark-up rate charged to an independent third party customer. Therefore, we are of the view that the terms of the Products and Services Procurement Framework Agreement are fair and reasonable, on normal commercial terms and in the interest of the Company and the Shareholders as a whole.

### **3. Historical transaction amounts**

The Group and CRCC and/or its associates have conducted relevant transactions under the Previous Products and Services Framework Agreement since 1 January 2021. As set out in the Annual Reports, the historical transaction amounts with respect to the purchase of products and services by the Group from CRCC Group for each of the two years ended 31 December 2022 and three months ended 31 March 2023 were approximately RMB57.49 million, RMB129.86 million and RMB11.63 million, respectively.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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As discussed with the management of the Company, the volume of historical transactions under the Previous Products and Services Framework Agreement depended on the actual business operations in the relevant financial years, such increase was primarily attributable to the increase of transaction amount for purchase of materials and equipment by the Company and/or its subsidiaries in their productions and sales. As advised by the management, RMB11.63 million was the transaction amount during the period from 1 January 2023 to 31 March 2023 under the Previous Products and Services Procurement Framework Agreement, which was for the purchase of materials and equipment by the Company and/or its subsidiaries in their productions and sales. According to the delivery time agreed in the on-going contracts, the materials and equipment required by the Company and/or its subsidiaries in their productions and sales and other paid services will be centrally delivered in the second half of the year ending 31 December 2023 and the transaction amount for such materials and equipment and services will be approximately RMB123.23 million. Under the Previous Products and Services Procurement Framework Agreement, the total transaction amount for the year ending 31 December 2023 is estimated to be approximately RMB153.37 million. The actual transaction amount is subject to the final accounting settlement.

#### 4. Proposed annual caps under the Products and Services Procurement Framework Agreement

The existing annual caps for the three years ending 31 December 2026 for the transactions under the Previous Products and Services Procurement Framework Agreement are RMB160 million, RMB160 million and RMB160 million, respectively. The proposed annual caps for the Products and Services Procurement Framework Agreement (the “**Proposed Annual Caps**”) are as follows:

	Year ending 31 December		
	2024	2025	2026
	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>
Proposed Annual Caps	160	160	160

As noted from the Board Letter, the Proposed Annual Caps have been determined by the Company based on the following principal factors:

- (i) the historical transaction amounts between the Group and CRCC and/or its associates. The annual transaction amount for the year ended 31 December 2022 under the Previous Products and Services Procurement Framework Agreement was RMB129.86 million. Considering the macro-economic conditions, such as the “Belt and Road Initiative” of Chinese government, the purchase demands of the Company for products and services from CRCC and its associates are expected to maintain a steady growth trend in the three years ending 31 December 2026. Taking into account the (a) historical transaction; (b) current on-going projects; and (c) contracts to be delivered, the Company prepared a proposed list of products and services to be purchased for the three years ending 31 December 2026. Also, based on the historical transaction amounts with respect to the purchase of products and services by the Group from CRCC Group for the year ended 31 December 2022 has increased for 125.88% as compared to the previous year, the Company has reserved a 20% buffer on the basis of the annual transaction amount for the year ended 31 December 2022;

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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- (ii) from the statistics issued by the National Bureau of Statistics, the annual growth rate of infrastructure investment has increased by 9.4% for the year ended 31 December 2022, a period by period growth rate of 12.2% is also recorded for the two months ended 28 February 2023. According to the government working report at the first session of the Fourteenth National People's Congress issued on 5 March 2023, the PRC government proposed to issue RMB3.8 trillion in local special bonds, and the proportion of special bonds that could be applied for infrastructure investment has increased significantly. As noted from such report, one of the main focus of the PRC government's initiatives would be speeding up the major projects set out in the 14th Five-Year Plan, which includes new infrastructure construction and thus this may impose a positive impact to the infrastructure construction industry in the PRC market in the near future. As such, the Company expects that there will be a strong demand for large railway track maintenance machines. For the three financial years ending 31 December 2026, taking into account the expected increase in equipment manufacturing businesses, the demands for parts, components and materials required by the Company and/or its subsidiaries in their productions and sales are expected to increase slightly. In addition, certain of the key parts and components of such business are of weak substitutability on the market from independent third party suppliers, and therefore need to be purchased from CRCC and/or its associates;
- (iii) for the three financial years ending 31 December 2026, according to the 14th Five-Year Railway Standardization Development Plan published by the National Railway Administration of the PRC, it is expected that the construction business volume of the Company and/or its subsidiaries will keep increasing, together with a corresponding increase in their purchase demands for construction services; and
- (iv) in addition to the above business and services, the demands of the Company and/or its subsidiaries for other products and services under the Product and Services Procurement Framework Agreement, including assets and equipment leasing services, railway line usage services, maintenance services and other paid services are expected to remain stable for the three financial years ending 31 December 2026.

We noted from the Annual Reports that the Company recorded increase in revenue and profit for the two years ended 31 December 2022 by approximately 40.3% and 29.1% as compared to the corresponding period in the previous year, respectively, which was mainly due to the recovery from global economic downturn as resulted from the COVID-19 pandemic. As discussed with the management of the Company, the impact of the COVID-19 pandemic in the past three years, including considerable decline in product orders, delay in delivering overseas projects, and stagnation in the return of vehicles for overhaul, are diminishing and business is recovering steadily as reflected by the financial results. According to the Directors, the Company is endeavoured in the continuing recovery of the business opportunities in the second half of 2023 and onwards as the pandemic has been gradually under control and there are no more pandemic-related restrictions, as well as the Chinese government's initiatives in infrastructure development.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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In assessing the fairness and reasonableness of the Proposed Annual Caps, we have performed independent research on the statistics and prospect of the industry in which the Company is operating in. We noted from the statistics issued by the National Bureau of Statistics (國家統計局), the annual growth rate of infrastructure investment has increased by 9.4% for the year ended 31 December 2022, a period by period growth rate of 12.2% is also recorded for the two months ended 28 February 2023. According to the government working report (政府工作報告) at the first session of the Fourteenth National People's Congress issued on 5 March 2023 by Mr. Li Keqiang, Premier of the State Council, the PRC government proposed to issue RMB3.8 trillion in local special bonds (地方專項債), and the proportion of special bonds that could be applied for infrastructure investment has increased significantly. As noted from such report, one of the main focus of the PRC government's initiatives would be speeding up the major projects set out in the 14th Five-Year Plan, which includes new infrastructure construction and thus we are of the view that this may impose a positive impact to the infrastructure construction industry in the PRC market in the near future and the Company is likely to enjoy the benefits from the PRC government's initiatives to boost the infrastructure industry in the PRC.

We have also obtained and reviewed the proposed list of products and services to be purchased and leased by the Company from CRCC Group for the three years ended 31 December 2026 and noted that the aggregate purchase and lease value of the Company's purchase and right to use of such machines amounted to approximately RMB420 million, of which the total transaction amount for the year ending 31 December 2023 is estimated to be approximately RMB153.37 million, representing an increase of approximately 18.1% as compared to the previous year. In particular, we have discussed with the management regarding the assumptions adopted by the management in preparing the list of proposed list of products and services to be procured by the Company from CRCC Group and/or its associates and on a sampling basis, obtained and reviewed one sample contract falling into each of the (i) historical transaction; (ii) current on-going projects; and (iii) contracts to be delivered categories, it is noted that the list is built based on (i) historical transaction; (ii) current on-going projects; and (iii) contracts to be delivered, while anticipating a growth in purchase for the year ended 31 December 2023 and expecting the amount of purchase to be maintained from 2024 to 2026. We noted from the proposed list of products and services to be procured by the Company from CRCC Group that (i) the type of products and services to be procured are consistent and the purchase prices and amount of each order are slightly increased as compared to the historical transaction prices and amount for the year ended 31 December 2022; and (ii) orders on the proposed list are in accordance with the need of products and services for the current and up-coming projects of the Company. We are of the view that the aggregate purchase and lease value of the Company's purchase and right to use of such machines of approximately RMB420 million is substantiated and the basis and assumptions of building such list is fair and reasonable. Also, based on the estimated transaction amount with respect to the purchase of products and services by the Group from CRCC Group for the year ended 31 December 2023 has increased for 18.1% as compared to the year ended 31 December 2022, we are of the view that reserving a 20% buffer on the basis of the annual transaction amount for the year ended 31 December 2022 is fair and reasonable.

Having considered that (i) the decreased Proposed Annual Caps as compared to the historical annual caps mainly represented the annual transaction amount for the year ended 31 December 2022 plus 20% buffer as mentioned above; and (ii) the Company has recorded growth in revenue and profit for two consecutive years and it is expected that the demands for parts, components and materials required by the Company and/or its subsidiaries in their productions and sales are to increase slightly, we consider that the Proposed Annual Caps are fair and reasonable and in the interest of the Company and the Shareholders as a whole.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### 5. Internal control procedures

As set out in the Board Letter, the following internal control procedures have been implemented by the Group in order to ensure and safeguard that the transactions will not be prejudicial to the interests of the Company and the Shareholders as a whole:

- (i) Before the Group enters into any specific procurement agreement with CRCC and/or its associates, the Group shall conduct public procurement for the business through methods including, among others, public tenders on governmental platforms, public tenders on corporate platforms, invitation tenders, competitive negotiation after invitation quotations, inquiry comparison purchase, direct competitive negotiation and inquiry comparison purchase. The bid-winner of the procurement will be determined with comprehensive evaluation conducted by a specialized review panel consisting of a number of professional personnel from relevant departments of the Company including the procurement department, finance department, legal affairs department, audit department and the senior management (if the comprehensive evaluation scores of CRCC and/or its associates are at disadvantages, they will not be determined as the bid-winners). The results of the bidding shall be reviewed by professional judges, professional departments and the senior management of the Company. The entering into of the specific procurement contracts is subject to the review by the finance department, legal affairs department, audit department and the senior management of the Company;
- (ii) the procurement department, finance department, audit department and the senior management of the Company shall conduct examination on the execution of the specific procurement contracts:
  - (a) the procurement department has adopted internal procedures to administrate orders, payment and accounting procedures which cover various stages of procurement management. This helps ensure that specific procurement contracts contemplated under the framework agreement are conducted in accordance with the Products and Services Procurement Framework Agreement and are on normal commercial terms;
  - (b) finance department shall collect and analyze actual transaction amounts incurred and latest estimation on the yearly transaction amounts for the continuing connected transactions to monitor the transaction amounts under the Products and Services Procurement Framework Agreement in a timely manner and shall promptly report to the Company's chief financial officer or the Board if such transaction amounts are close to exceeding, or likely to exceed the proposed caps;
  - (c) the audit department shall monitor and assess the effectiveness and adequacy of the overall formulation and execution of internal control policies of the Company (including those in relation to the continuing connected transactions), and will make recommendation and report to the senior management and audit committee of the Company annually; and
- (iii) the auditor of the Company will also conduct annual audit on the pricing policies and annual caps of the agreement, and provide confirmation in the annual report.



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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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As set out in the annual report for the year ended 31 December 2022, the Directors (including independent non-executive Directors) reviewed and the external auditor issued an unqualified letter pursuant to Rule 14A.56 of the Listing Rules, in relation to the Company's continuing connected transactions for the year ended 31 December 2022.

In light of the above and we have obtained and reviewed samples of transactions conducted under the Previous Products and Services Procurement Framework Agreement (as discussed in the above section headed "2. Principal terms of the Products and Services Procurement Framework Agreement"), we noted that (i) the prices of the products and services offered by CRCC Group to the Company were lower and no less favourable than those offered by independent third parties; and (ii) in the event that the quoted price from CRCC Group is higher than that offered by independent third party, CRCC Group will not be procured, therefore we are of the view that are sufficient internal control procedures to ensure that the transactions under the Products and Services Procurement Framework Agreement will be conducted on normal commercial terms which are no less favourable to those conducted with Independent Third Parties, and will not be prejudicial to the interests of the Company and the Shareholders.

### RECOMMENDATION

We are of the view that (i) the Product and Services Procurement Framework Agreement is entered into in the ordinary and usual course of business of the Company, on normal commercial terms, fair and reasonable so far as the Independent Shareholders are concerned and in the interests of the Company and Shareholders as a whole; and (ii) the Proposed Annual Caps are fair and reasonable so far as the Independent Shareholders are concerned. Accordingly, we recommend the Independent Shareholders, as well as the Independent Board Committee to advice the Independent Shareholders, to vote in favour of the relevant resolutions at the EGM so as to approve the relevant continuing connected transactions.

Yours faithfully,  
For and on behalf of  
**Messis Capital Limited**  
**Thomas Lai**  
*Chief Executive Officer*

*Mr. Thomas Lai is a licensed person registered with the Securities and Futures Commission of Hong Kong and regarded as a responsible officer of Messis Capital Limited to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulatory activity under the SFO and has over 28 years of experience in corporate finance industry.*

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# NOTICE OF THE 2022 ANNUAL GENERAL MEETING

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## 中国铁建 CRCC High-Tech Equipment Corporation Limited 中國鐵建高新裝備股份有限公司

*(a joint stock company incorporated in the People's Republic of China with limited liability)*

**(Stock Code: 1786)**

### NOTICE OF THE 2022 ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that the 2022 annual general meeting (the “**2022 AGM**”) of CRCC High-Tech Equipment Corporation Limited (the “**Company**”) will be held at the office building of the Company at No. 384, Yangfangwang, Jinma Town, Kunming City, Yunnan Province, the PRC at 9:00 a.m. on Friday, 30 June 2023 for the purposes of considering, and if thought fit, passing the following resolutions:

#### ORDINARY RESOLUTIONS

1. To consider and approve the 2022 annual report and annual results for the year ended 31 December 2022 of the Company.
2. To consider and approve the report of the board (the “**Board**”) of directors of the Company (“**Directors**”) for the year ended 31 December 2022. (Please refer to the “**Directors’ Report**” in the 2022 annual report of the Company for details.)
3. To consider and approve the report of the supervisory committee of the Company for the year ended 31 December 2022. (Please refer to the “**Supervisory Committee’s Report**” in the 2022 annual report of the Company for details.)
4. To consider and approve the audited financial statements of the Company for the year ended 31 December 2022. (Please refer to the audited financial statements in the 2022 annual report of the Company for details.)
5. To consider and approve the proposed distribution of final dividend of the Company for the year ended 31 December 2022.
6. To consider and approve the remuneration standards of the directors and supervisors of the Company for 2022. (Please refer to the “**Notes to Financial Statements**” in the 2022 annual report of the Company for details.)
7. To consider and approve the payment of audit fees for 2022 and the proposed appointment of auditors for the year ending 31 December 2023 and the authorization to the Board to fix the remuneration thereof.

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## NOTICE OF THE 2022 ANNUAL GENERAL MEETING

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8. To consider and approve:
- (i) the entering into of the products and services procurement framework agreement dated 9 May 2023 between the Company and China Railway Construction Corporation Limited, the transactions contemplated thereunder and proposed annual caps; and
  - (ii) any one of the Directors be and is hereby authorized to do, approve and transact all such acts and things as the Director may in his/her discretion consider necessary or desirable in connection therewith. (The full text is set out in the circular of the Company dated 9 June 2023.)

By Order of the Board  
**CRCC High-Tech Equipment Corporation Limited**  
**Liu Feixiang**  
*Chairman*

Kunming, the PRC, 9 June 2023

*As at the date of this notice, the Board of the Company comprises Mr. Liu Feixiang, Mr. Tong Pujiang, Mr. Chen Yongxiang and Mr. Luo Jianli, as executive directors; Mr. Zhao Hui and Mr. Bai Yunfei, as non-executive directors; and Mr. Wu Yuntian, Mr. Na Pengjie and Ms. Chu Ching, as independent non-executive directors.*

*Notes:*

- (a) Unless otherwise specified, details of the resolutions will be set out in the circular to be despatched to the shareholders of the Company in due course.
- (b) The H Share register of members of the Company will be closed from Tuesday, 27 June 2023 to Friday, 30 June 2023 (both days inclusive), during which period no transfer of H Shares of the Company will be registered. In order to attend the 2022 AGM, all share transfers, accompanied by the relevant share certificates, must be lodged for registration with the Company's H Share registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Monday, 26 June 2023. Any holders of H Shares and Domestic Shares, whose names appear on the Company's register of members on Tuesday, 27 June 2023 are entitled to attend and vote at the 2022 AGM after completing the registration procedures for attending the 2022 AGM.

The address of the H Share registrar of the Company, Computershare Hong Kong Investor Services Limited is as follows:

Shops 1712-1716  
17th Floor  
Hopewell Centre  
183 Queen's Road East  
Wanchai  
Hong Kong

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## NOTICE OF THE 2022 ANNUAL GENERAL MEETING

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- (c) The Board has recommended a final dividend of RMB0.025 per share (tax inclusive) for the year ended 31 December 2022, totalling approximately RMB38.00 million. If the profit distribution plan is approved by the shareholders of the Company by way of an ordinary resolution at the 2022 AGM to be held on Friday, 30 June 2023, the final dividend is expected to be distributed on or around Tuesday, 22 August 2023 to all shareholders of the Company whose names appear on the register of members of the Company on Tuesday, 11 July 2023.

To determine the identity of the shareholders of the Company entitled to receive the final dividend, the register of holders of H Shares of the Company will be closed from Thursday, 6 July 2023 to Tuesday, 11 July 2023 (both days inclusive) during which no transfer of H Shares will be registered. In order to qualify for entitlement to the proposed final dividend, all transfers of H Shares accompanied by the relevant share certificates and transfer forms must be lodged with the Company's H Share registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Wednesday, 5 July 2023.

Final dividend for holders of domestic shares of the Company will be declared and calculated in RMB, and paid in RMB whereas final dividend for holders of H shares of the Company will be declared and calculated in RMB, and paid in Hong Kong dollars. The exchange rate shall be determined by the average selling rates promulgated by People's Bank of China within one week before the date declaring to distribute the dividend.

As stipulated by the Notice on Issues Relating to Corporate Income Tax Withholding over Dividends Distributable to their H-share Shareholders who are Overseas Non-resident Enterprises by Chinese Resident Enterprises published by the State Administration of Taxation (Guoshuihan [2008] No. 897)(《關於中國居民企業向境外H股非居民企業股東派發股息代扣代繳企業所得稅有關問題的通知》)(國稅函[2008]897號), when Chinese resident enterprises distribute annual dividends for the year 2008 and years thereafter to their H-share shareholders who are overseas non-resident enterprises, corporate income tax shall be withheld at a uniform rate of 10%. According to this, the Company is required to withhold corporate income tax at the rate of 10% before distributing the final dividend to non-resident enterprise shareholders of the Company whose names appear on the H share register of members of the Company at the close of business on Wednesday, 5 July 2023. Any shares registered in the name of the non-individual registered shareholders of the Company, including HKSCC Nominees Limited, other nominees, trustees or other groups and organizations, will be treated as being held by non-resident enterprise shareholders and therefore their dividends receivables will be subject to the withholding of the corporate income tax.

Pursuant to the requirements of Notice of the Ministry of Finance and the State Administration of Taxation on Certain Policies Regarding Individual Income Tax (Cai Shui Zi [1994] 020) (《財政部、國家稅務總局關於個人所得稅若干政策問題的通知》(財稅字[1994]020號)), foreign individuals are exempted from individual income tax on dividends and bonus received from foreign-invested enterprises in the PRC. As the Company is a foreign-invested joint stock limited company, thus the individual shareholders who hold the H Shares of the Company and whose names appear in the register of members of the H Shares of the Company at the close of business on Wednesday, 5 July 2023 are not required to pay the individual income tax of the PRC.

The Company assumes no liability whatsoever in respect of any claims arising from any delay in, or inaccurate determination of, the status of the Shareholders, or any disputes over the mechanism of withholding and payment.

- (d) Holders of H shares and domestic shares of the Company, who intend to attend the 2022 AGM, must complete the reply slip for attending the 2022 AGM and return the same to the office of the Board on or prior to Monday, 26 June 2023.

Details of the office of the Board are as follows:

No. 384, Yangfangwang  
Jinma Town, Kunming City  
Yunnan Province  
PRC  
Postal code: 650215  
Fax: +86 871 6383 1000

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## NOTICE OF THE 2022 ANNUAL GENERAL MEETING

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- (e) Each holder of H shares of the Company who has the right to attend and vote at the 2022 AGM is entitled to appoint in writing one or more proxies, whether a shareholder or not, to attend and vote on his behalf at the 2022 AGM.
- (f) The instrument appointing a proxy by the shareholders must be signed by the person appointing the proxy or an attorney duly authorized by such person in writing. If the instrument is signed by an attorney of the person appointing the proxy, the power of attorney authorising the attorney to sign, or other documents of authorization, shall be notarially certified.
- (g) To be valid, for holder of H shares of the Company, the form of proxy, and if the form of proxy is signed by a person under a power of attorney or other authority on behalf of the appointer, a notarially certified copy of that power of attorney or other authorization documents, must be delivered to the Company's H Share registrar, Computershare Hong Kong Investor Services Limited at the 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, not less than 24 hours before the time fixed for holding the 2022 AGM (i.e. 9:00 a.m. on Thursday, 29 June 2023) or any adjournment thereof.
- (h) Each holder of domestic shares of the Company is entitled to appoint in writing one or more proxies, whether a shareholder or not, to attend and vote on his behalf at the 2022 AGM. Notes (e) and (f) also apply to holder of Domestic Shares, only that the form of proxy or other documents of authorization must be delivered to the office of the Board, the address of which is set out in Note (d) above, not less than 24 hours before the time fixed for holding the 2022 AGM (i.e. 9:00 a.m. on Thursday, 29 June 2023) or any adjournment thereof in order for such documents to be valid.
- (i) If a proxy attends the 2022 AGM on behalf of a shareholder, he shall produce his identification document and the instrument or document signed by the appointer or his legal representative specifying the date of its issuance. If a legal person shareholder appoints a corporate representative to attend the 2022 AGM, such representative shall produce his identification document and the notarised copy of the resolution passed by the board of directors or other authority or other notarised copy of the license issued by such legal person shareholder.
- (j) Shareholders attending the 2022 AGM are responsible for their own transportation and accommodation expenses.

**1. RESPONSIBILITY STATEMENTS**

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

**2. MATERIAL ADVERSE CHANGE**

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 December 2022, the date to which the latest published audited consolidated financial statements of the Group were made up.

**3. DIRECTORS', CHIEF EXECUTIVE'S AND SUPERVISORS' INTEREST IN SHARES OF THE COMPANY**

As at the Latest Practicable Date, none of the Directors, Supervisors and chief executive of the Company and their respective associates had any interests and/or short positions in the shares, underlying shares and debentures of the Company and its associated corporations which are required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and/or short positions which they have taken or which they are deemed to have taken under such provisions of the SFO), or which were required to be recorded in the register maintained by the Company pursuant to Section 352 of the SFO, or otherwise required to be notified to the Company pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers under Appendix 10 of the Listing Rules.

As at the Latest Practicable Date, Mr. Bai Yunfei, being a non-executive Director of the Company, concurrently holds positions in CRCC. Save as disclosed above, none of the other Directors, Supervisors and chief executive was a director, supervisor or employee of a company which had an interest or short position in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

**4. COMPETING INTEREST**

As at the Latest Practicable Date, none of the Directors or, so far as is known to them, any of their respective close associates (as defined in the Listing Rules) was interested in any business (apart from the Group's business) which competes or is likely to compete either directly or indirectly with the Group's business (as would be required to be disclosed under Rule 8.10 of the Listing Rules as if each of them were a controlling Shareholder).

**5. SERVICE CONTRACTS**

As at the Latest Practicable Date, none of the Directors or Supervisors had any existing or proposed service contract with any member of the Group (excluding contracts expiring or terminable by the employer within a year without payment of any compensation (other than statutory compensation)).

**6. INTERESTS IN THE GROUP'S ASSETS OR CONTRACTS OR ARRANGEMENTS SIGNIFICANT TO THE GROUP**

As at the Latest Practicable Date, none of the Directors or Supervisors had any interest in any assets which have been, since 31 December 2022 (being the date to which the latest published audited accounts of the Company were made up), acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group.

As at the Latest Practicable Date, none of the Directors or Supervisors was materially interested in any contract or arrangement subsisting at the date of this circular, which is significant in relation to the business of the Group.

**7. EXPERT'S QUALIFICATION AND CONSENT**

- (a) The following is the qualification of the expert who has given its opinion or advice which is contained in this circular:

<b>Name</b>	<b>Qualifications</b>
Messis Capital Limited	a licensed corporation to carry on type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO

- (b) As at the Latest Practicable Date, the expert mentioned in paragraph (a) above did not have any shareholding in the Group nor any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in the Group.
- (c) The expert has on 9 June 2023 given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter and opinion dated 9 June 2023 and reference to its name in the form and context in which they appear.
- (d) The letter and recommendation given by MESSIS Capital Limited are given as of the date of this circular for incorporation herein.
- (e) The expert has no direct or indirect interest in any assets which have been acquired or disposed of by, or leased to, or which are proposed to be acquired or disposed of by, or leased to, the Company or any of its subsidiaries since 31 December 2022, being the date to which the latest published audited consolidated financial statements of the Group were made up.

**8. DOCUMENTS ON DISPLAY**

The following documents are available on display (i) on the website of the Company at <http://www.crcce.com.cn/> and (ii) on the website of the Stock Exchange at [www.hkexnews.com.hk](http://www.hkexnews.com.hk) for 14 days from the date of this circular:

- (a) the Products and Services Procurement Framework Agreement; and
- (b) the Previous Products and Services Procurement Framework Agreement.