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**中國中車股份有限公司**  
**CRRC CORPORATION LIMITED**

*(a joint stock limited company incorporated in the People's Republic of China with limited liability)*  
**(Stock Code: 1766)**

**ANNOUNCEMENT ON CONNECTED TRANSACTION**  
**ESTABLISHMENT OF JOINT VENTURE**

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On 27 October 2023, the Company, CRRC Changchun, CRRC Sifang, CRRC ZELC, CRRC Dalian, CRRC Tangshan and CRRC ITET entered into the Joint Venture Agreement to jointly contribute to the establishment of the Joint Venture pursuant to the terms and conditions of the Joint Venture Agreement. Upon completion of the Transaction, the Company, CRRC Changchun, CRRC Sifang, CRRC ZELC, CRRC Dalian, CRRC Tangshan and CRRC ITET will respectively hold 40%, 20%, 5%, 5%, 5%, 5% and 20% of the equity interest of the Joint Venture and the Joint Venture will become a subsidiary of the Company.

**IMPLICATIONS OF THE HONG KONG LISTING RULES**

As at the date of this announcement, CRRC GROUP, the controlling Shareholder of the Company, directly holds 51.35% of the shares of the Company. CRRC ITET, held as to 50% by CRRC GROUP, is therefore an associate of CRRC GROUP and thus a connected person of the Company under the Hong Kong Listing Rules. Therefore, the entering into of the Joint Venture Agreement constitutes a connected transaction of the Company under Chapter 14A of the Hong Kong Listing Rules.

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

## **1. INTRODUCTION**

The Board hereby announces that, on 27 October 2023, the Company, CRRC Changchun, CRRC Sifang, CRRC ZELC, CRRC Dalian, CRRC Tangshan and CRRC ITET entered into the Joint Venture Agreement to jointly contribute to the establishment of the Joint Venture pursuant to the terms and conditions of the Joint Venture Agreement. Upon completion of the Transaction, the Company, CRRC Changchun, CRRC Sifang, CRRC ZELC, CRRC Dalian, CRRC Tangshan and CRRC ITET will respectively hold 40%, 20%, 5%, 5%, 5%, 5% and 20% of the equity interest of the Joint Venture and the Joint Venture will become a subsidiary of the Company.

## **2. JOINT VENTURE AGREEMENT**

### **2.1 Date**

27 October 2023

### **2.2 Parties**

- (1) The Company;
- (2) CRRC Changchun;
- (3) CRRC Sifang;
- (4) CRRC ZELC;
- (5) CRRC Dalian;
- (6) CRRC Tangshan; and
- (7) CRRC ITET.

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

According to the Joint Venture Agreement, the registered capital of the Joint Venture is RMB200,000,000. The total amount of contribution to be made by each of the parties to the Joint Venture, their respective way of contribution and percentage of shareholding in the Joint Venture are set forth below:

Name of shareholders	Registered capital		Way of contribution	Deadline of contribution
	contribution amount <i>(RMB'0,000)</i>	Percentage of shareholding <i>(%)</i>		
The Company	8,000	40	Monetary	31 December 2049
CRRC Changchun	4,000	20	Monetary	31 December 2049
CRRC ITET	4,000	20	Monetary	31 December 2049
CRRC Sifang	1,000	5	Monetary	31 December 2049
CRRC ZELC	1,000	5	Monetary	31 December 2049
CRRC Dalian	1,000	5	Monetary	31 December 2049
CRRC Tangshan	1,000	5	Monetary	31 December 2049
<b>Total</b>	<b>20,000</b>	<b>100</b>		

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

### 2.4 Business scope of the Joint Venture

The business scope of the Joint Venture shall cover: technical services; technology development; technical consultation; technology exchange; technology transfer; technology promotion; software development; inspection and testing services; engineering and technological research and experimental development; professional design services; market research (excluding foreign-related research); technology intermediary services; information consulting services (excluding licensing information consulting services); import and export of technologies (subject to the industrial and commercial administration registration).

## **2.5 Corporate governance structure of the Joint Venture**

The Joint Venture shall operate in accordance with the modern enterprise system as stipulated in the Company Law and have the shareholders' meeting, a board of directors, a board of supervisors and relevant operation and management organization in place. Its governance structure shall adopt the following form:

- (1) The shareholders' meeting shall be the highest authority of the Joint Venture. The shareholders shall exercise their voting rights at the general meetings in proportion to their paid-in capital contribution. The resolutions of amending the articles of association, increasing or reducing the registered capital, and the resolutions of the merger, division, dissolution, and change in the form of the Joint Venture shall be subject to approval by shareholders representing more than two-thirds of voting rights. Other resolutions shall be subject to approval by shareholders representing more than half of the voting rights.
- (2) The Joint Venture shall have a board of directors, which shall consist of five directors, two of whom shall be recommended by the Company, including one chairman; one director shall be recommended by other shareholders whose paid-in capital contribution solely exceeds 15%, and at most two directors in aggregation shall be recommended by other shareholders; one employee representative director shall be democratically elected by the congress of employee representatives or the congress of employees or in any other form. The chairman shall be the legal representative of the Joint Venture. One director shall have one vote on resolutions proposed at the meetings of the board of directors. The special resolutions of amending the articles of association, increasing or reducing the registered capital of the Joint Venture, and the special resolutions of the merger, division, dissolution, and change in the form of the Joint Venture shall obtain the consents from more than two thirds of all directors in order for such resolutions to pass; and other ordinary resolutions shall obtain the consents from more than half of all directors in order for such resolutions to pass.
- (3) The Joint Venture shall have one supervisor who shall be recommended by the Company.
- (4) The management of the Joint Venture shall consist of five managers, including one general manager and four deputy general managers (including one chief financial officer). The general manager responsibility system shall be adopted, and the general manager shall be nominated by the Company. The management shall be appointed and dismissed by the board of directors.

## **2.6 Profit distribution of the Joint Venture**

The Joint Venture shall allocate the after-tax profits for the year by formulating the proposal for profit distribution on an annual basis and implement such allocation after being passed as a resolution at the shareholders' meeting.

## **2.7 Effectiveness of the Joint Venture Agreement**

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

## **3. REASONS FOR AND BENEFITS OF THE TRANSACTION**

The establishment of the Joint Venture effectively coordinates the research and development resources of low and medium capacity rail transportation equipment of the Company, brings into play to the high-level design advantages of system integration, and fully promotes the formation of the full life cycle system solution of low and medium capacity rail transportation equipment based on “integration of vehicles and the electromechanical system on the ground”.

## **4. GENERAL INFORMATION ON THE COMPANY, CRRC GROUP AND THE PARTIES**

### **The Company**

The Company is a joint stock company incorporated in the PRC with limited liability. The Group is a world-leading and diverse rolling stock supplier with advanced technologies. The main scope of business includes: research and development, design, manufacturing, refurbishment, sales, leasing and technical services of railway locomotives, MUs, urban rail transit vehicles, engineering machinery, various electromechanical equipment, electronic equipment and components, as well as electric devices and environmental protection equipment; information consultation; industry investment and management; asset management; import and export businesses.

## **CRRC GROUP**

CRRC GROUP is a large-scale wholly state-owned enterprise established with the approval of the State Council of the PRC and is the controlling Shareholder of the Company. The principal businesses of CRRC GROUP (through the Company) include research and development, manufacturing, sales, refurbishment and leasing of rolling stock and key components, and the extended business relying on proprietary technologies of rolling stock.

## **CRRC Changchun**

CRRC Changchun is a non-wholly-owned subsidiary held as to 93.5385% by the Company, which is principally engaged in design, manufacturing, refurbishment, sales and leasing of railway passenger carriages, MUs, urban rail transit vehicles and the accessories thereof, as well as related technical services and technical consultation. As at the date of this announcement, the substantial shareholders (holding more than 5% equity interest) of CRRC Changchun also include Jindou Investment Holding Group Co., Ltd.\* (金豆投資控股集團有限公司, whose ultimate beneficial owner is Jin Mingnan (金明南), an Independent Third Party), holding 5.1601% equity interest.

## **CRRC Sifang**

CRRC Sifang is a non-wholly-owned subsidiary held as to 97.8102% by CRRC Sifang Co., Ltd. (中車四方車輛有限公司) (a wholly-owned subsidiary of the Company), which is principally engaged in research, development and manufacturing of railway MUs, passenger carriages and urban rail transit vehicles, and refurbishment services for railway MUs and high-end passenger carriages.

## **CRRC ZELC**

CRRC ZELC is a wholly-owned subsidiary of the Company, which is principally engaged in research, development and manufacturing of railway electric locomotives, MUs and urban rail transit vehicles.

## **CRRC Dalian**

CRRC Dalian is a wholly-owned subsidiary of the Company, which is principally engaged in manufacturing, refurbishment and technical consulting services of locomotives and the accessories thereof, installation and maintenance of lifting machinery and equipment, freight transportation, casting, forging, heat treatment, mechanical rivet welding processing and gas production.

## **CRRC Tangshan**

CRRC Tangshan is a wholly-owned subsidiary of the Company, which is principally engaged in the manufacturing of railway transportation equipment (operation with permits), railway locomotives, EMUs, diesel MUs, maglev trains, special vehicles, test vehicles, sales and leasing of urban railway vehicles and the accessories thereof, and technical consulting services.

## **CRRC ITET**

CRRC ITET is a non-wholly-owned subsidiary of the Company which is held as to 50% by the Company and as to 50% by CRRC GROUP. CRRC ITET is principally engaged in general construction contracting; professional contracting; technology development; sales of machinery and equipment and building materials; leasing of machinery and equipment; import and export of goods.

## **5. IMPLICATIONS OF THE HONG KONG LISTING RULES**

As at the date of this announcement, CRRC GROUP, the controlling Shareholder of the Company, directly holds 51.35% of the shares of the Company. CRRC ITET, held as to 50% by CRRC GROUP, is therefore an associate of CRRC GROUP, and thus a connected person of the Company under the Hong Kong Listing Rules. Therefore, the entering into of the Joint Venture Agreement constitutes a connected transaction of the Company under Chapter 14A of the Hong Kong Listing Rules.

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

Two Directors, namely Sun Yongcai and Wang An, hold positions in CRRC GROUP and have abstained from voting on the Board resolution approving the Joint Venture Agreement and the Transaction contemplated thereunder. Save as stated above, none of the Directors has a material interest in the Joint Venture Agreement and the Transaction contemplated thereunder and hence no other Directors have abstained from voting on the relevant Board resolution.

All Directors (including all independent non-executive Directors) are of the view that the Joint Venture Agreement has been entered into after negotiation on arm's length basis and on normal commercial terms, and the relevant terms are fair and reasonable and in the interests of the Company and its Shareholders as a whole. However, due to the nature of the Transaction, it is not conducted in the usual course of business of the Group.

## 6. DEFINITIONS

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

“associate(s)”	has the meaning ascribed thereto under the Hong Kong Listing Rules
“Board”	the board of directors of the Company
“Company”	CRRC Corporation Limited (中國中車股份有限公司), a joint stock company incorporated in the PRC with limited liability, the H shares and A shares of which are listed on the Hong Kong Stock Exchange and the Shanghai Stock Exchange, respectively
“connected person(s)”	has the meaning ascribed thereto under the Hong Kong Listing Rules
“CRRC Changchun”	CRRC Changchun Railway Vehicles Co., Ltd. (中車長春軌道客車股份有限公司), a joint stock company incorporated in the PRC with limited liability, a non-wholly-owned subsidiary of the Company as at the date of this announcement
“CRRC Dalian”	CRRC Dalian Co., Ltd. (中車大連機車車輛有限公司), a company incorporated in the PRC with limited liability, a wholly-owned subsidiary of the Company as at the date of this announcement
“CRRC GROUP”	CRRC GROUP Co., Ltd. (中國中車集團有限公司), a large-scale wholly state-owned enterprise and the controlling Shareholder of the Company



“CRRC ITET”	CRRC ITET Co., Ltd. (中車智能交通工程技術有限公司), a company incorporated in the PRC with limited liability, a non-wholly-owned subsidiary of the Company as at the date of this announcement
“CRRC Sifang”	CRRC Qingdao Sifang Co., Ltd. (中車青島四方機車車輛股份有限公司), a joint stock company incorporated in the PRC with limited liability, a non-wholly-owned subsidiary of the Company as at the date of this announcement
“CRRC Tangshan”	CRRC Tangshan Co., Ltd. (中車唐山機車車輛有限公司), a company incorporated in the PRC with limited liability, a wholly-owned subsidiary of the Company as at the date of this announcement
“CRRC ZELC”	CRRC Zhuzhou Locomotive Co., Ltd. (中車株洲電力機車有限公司), a company incorporated in the PRC with limited liability, a wholly-owned subsidiary of the Company as at the date of this announcement
“Director(s)”	the director(s) (including the independent non-executive director(s)) of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Hong Kong Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended from time to time
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Independent Third Party(ies)”	Any entity or person that is not a connected person of the Company, nor an associate of a connected person of the Company

“Joint Venture”	CRRC Digital Intelligent Rail Transport Technology Co., Ltd. (中車數智軌道運輸技術有限公司), a company to be incorporated in the PRC with limited liability pursuant to the Joint Venture Agreement (the company name is subject to the approval by the relevant administration of industry and commerce)
“Joint Venture Agreement”	the Shareholder Investment Agreement of CRRC Digital Intelligent Rail Transport Technology Co., Ltd. (《中車數智軌道運輸技術有限公司股東投資協議書》) entered into among the Company, CRRC Changchun, CRRC Sifang, CRRC ZELC, CRRC Dalian, CRRC Tangshan and CRRC ITET on 27 October 2023
“PRC”	the People’s Republic of China
“RMB”	Renminbi, the lawful currency of the People’s Republic of China
“Shareholder(s)”	the shareholder(s) of the Company
“Transaction”	the transaction in which the Company, CRRC Changchun, CRRC Sifang, CRRC ZELC, CRRC Dalian, CRRC Tangshan and CRRC ITET jointly contributing to the establishment of the Joint Venture pursuant to the terms and conditions of the Joint Venture Agreement
“%”	per cent

By order of the Board  
**CRRC Corporation Limited**  
**Sun Yongcai**  
*Chairman*

Beijing, the PRC  
27 October 2023

*As at the date of this announcement, the executive directors of the Company are Mr. Sun Yongcai and Mr. Wang An; the non-executive director is Mr. Jiang Renfeng; and the independent non-executive directors are Mr. Shi Jianzhong, Mr. Weng Yiran and Mr. Ngai Ming Tak.*